



**Seed**

# **Exhibit M SEF Rulebook**

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BY ACCESSING, OR ENTERING ANY ORDER INTO, THE PLATFORM, AND WITHOUT ANY NEED FOR ANY FURTHER ACTION, UNDERTAKING OR AGREEMENT, ANY PARTICIPANT, SUPERVISED PERSON OF A PARTICIPANT, AUTHORIZED TRADER AND ANY MARKET PARTICIPANT THAT DIRECTLY OR INDIRECTLY EFFECTS A TRANSACTION ON SEED SEF AGREES TO (A) BE BOUND BY AND COMPLY WITH THE RULES OF SEED SEF LLC AND APPLICABLE LAW; (B) BECOME SUBJECT TO THE JURISDICTION OF SEED SEF LLC WITH RESPECT TO ANY AND ALL MATTERS ARISING FROM, RELATED TO, OR IN CONNECTION WITH, THE STATUS, ACTIONS OR OMISSIONS OF SUCH PERSON, AND (C) ASSIST SEED SEF LLC IN COMPLYING WITH ITS LEGAL AND REGULATORY OBLIGATIONS, COOPERATE WITH SEED SEF LLC AND THE COMMODITY FUTURES TRADING COMMISSION IN ANY INQUIRY, INVESTIGATION, AUDIT, EXAMINATION OR PROCEEDING, AND AUTHORIZES THE PLATFORM TO PROVIDE INFORMATION REGARDING IT TO THE COMMODITY FUTURES TRADING COMMISSION OR TO ANY SELF REGULATORY ORGANIZATION.

# CHAPTER 1: DEFINITIONS

## Rule 101. Definitions

Except where the context requires otherwise, as used herein, (i) use of the singular shall include the plural and vice versa; (ii) the term "include" means "include without limitation"; (iii) reference to the masculine, feminine or neuter gender includes each other gender; (iv) any reference to a number of days shall mean calendar days unless business days are specified; (v) any reference to a time shall mean the local time in Chicago, IL unless otherwise specified; (vi) any reference to dollars, \$ or USD shall mean U.S. dollars; (vii) any reference to a Rule, Chapter, Appendix or Exhibit refers to a Rule, Chapter, Appendix or Exhibit of these Rules; and (viii) any reference to these Rules, and the words herein, hereof, hereto and hereunder and words of similar import refer to these Rules as a whole and not to any particular Rule.

The following terms shall have the following meanings when used herein:

**AAA Rules** has the meaning set forth in Rule 1011.

**Account** means a segmented ledger used to track SEF Activity under a Participant for a particular purpose, Customer, strategy, or any other reason as desired by the Participant.

**Advisory Committees** has the meaning set forth in Rule 206.

**Affiliate** means with respect to any Person, any Person who, directly or indirectly through one or more intermediaries, Controls, is Controlled by, or is under common Control with such other Person.

**Alleged Error Trade** has the meaning set forth in Rule 509.

**Applicable Law** means, with respect to any Person, any statute, law, regulation, rule or ordinance of any governmental or Self-Regulatory Organization applicable to such Person, including the CEA and CFTC Regulations.

**Appropriate Minimum Block Size** means the minimum notional or principal amount or number of contracts for a category of swaps that qualifies a swap within such category as a Block Trade or large notional off-facility swap.

**Authorized Representative** means any Person who is authorized by another Person to represent such Person in matters related to Seed SEF.

**Authorized Trader** means any natural person who (i) has Trading Access to the Platform using a Participant ID and (ii) is assigned a valid User ID.

**Block Trade** means a privately negotiated swap that (i) meets the criteria set forth in CFTC Regulation 43.2 and (ii) is executed away from the Platform in accordance with Seed SEF Rules and Applicable Law.

**Board** means the Board of Directors of Seed SEF, which manages Seed SEF and is constituted from time to time in accordance with the Seed SEF LLC Agreement.

**Broker** means an Authorized Trader who acts on behalf of a Participant to execute a Block Trade or enter an Order into the Platform.

**Business Day** means the 24-hour day, on all days except Saturdays, Sundays and legal holidays, in Chicago, Illinois or the location of the reporting party.

**CCO** or **Chief Compliance Officer** means the individual appointed by the President as Seed SEF's chief compliance officer.

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

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

**CFTC Regulations** means the rules and regulations promulgated by the CFTC, as amended, as well as any guidance, no-action letters or other form of interpretation issued by the CFTC.

**CLOB** means an Order Book that will match Orders pursuant to pre-determined, non-discretionary methods specified in Rule 604.

**Confirmation Data** has the meaning set forth in CFTC Regulation § 45.1 or any successor regulation thereto.

**Contract** means any Swap listed for trading on the Platform pursuant to Seed SEF Rules.

**Contract Specifications** means the specified terms and conditions for each Contract as set forth in Chapter 11.

**Compliance Department** means all SEF Officials and/or agents of SEF (including any Regulatory Services Provider) that assist Seed SEF with the implementation, surveillance and enforcement of Seed SEF Rules and other Obligations.

**Continuation Data** has the meaning ascribed to the term "Required Swap Continuation Data" in CFTC Regulations 45.1 and 45.4 and as provided in Rule 502(b).

**Control** means, the possession, direct or indirect, of the power to direct or cause the direction of the affairs or management of a Person, whether through the ownership of securities, as trustee, personal representative or executor, by contract, credit arrangement or otherwise.

**Counterparty** means a Participant whose Legal Entity Identifier (LEI) is reported by the Platform to an SDR as a Counterparty to a trade.

**Creation Data** has the meaning ascribed to the term "Required Swap Creation Data" in CFTC Regulation § 45.1 and as provided in Rule 502(a).

**CTI Code** means Customer Type Indicator, which has the meaning set forth in CFTC Regulation § 1.35(e), and identifies the type of account.

**Customer** means a Person that is (i) an Eligible Contract Participant, and (ii) is a customer, as defined in CFTC Regulation 1.3(k), of a Participant that is authorized by the customer to transmit Orders on its behalf or is authorized by a Participant to directly transmit Orders to Seed SEF through the Participant's Trading Privileges.

**DCM** means a designated contract market, which has the meaning set forth in CEA section 5, and any Commission regulation implementing that Section.

**DCO** means a derivatives clearing organization which has the meaning set forth in CEA section 1a(9), and any Commission regulation implementing that Section, including, without limitation, CFTC Regulation § 39.5.

**Director** means any member of the Board.

**Disciplinary Action** means a disciplinary proceeding, summary imposition of fines, summary suspension or other summary action.

**Disciplinary Panel** means the panel appointed pursuant to Rule 805 to conduct hearings in connection with disciplinary proceedings (other than summary impositions of fines pursuant to Rule 811), to make findings, render decisions, and impose sanctions pursuant to Chapter 8 of the Rules. The Disciplinary Panel must meet the composition requirements set forth in Part 40 of the CFTC Regulations and the composition requirements set forth in Rule 805.

**ECP or Eligible Contract Participant** means an eligible contract participant defined in CEA Section 1a(18).

**Emergency** means any occurrence or circumstance that, in the opinion of the Board, or a Person or Persons duly authorized to issue such an opinion on behalf of the Board under circumstances and pursuant to procedures that are specified, 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 agreements, contracts, swaps or transactions or the timely collection and payment of funds including: (a) any manipulative or attempted manipulative activity; (b) any actual, attempted or threatened corner, squeeze, congestion or undue concentration of positions; (c) any circumstances which may materially affect the performance of agreements, contracts, swaps or transactions, including failure of the payment system or the bankruptcy or insolvency of any Participant; (d) any action taken by any Governmental Agency, or any other registered entity, board of trade, market or facility which may have a direct impact on trading and settlement; and (e) any other circumstance which may have a severe, adverse effect upon the functioning of SEF.

**Emergency Action** means temporary emergency procedures and rules implemented pursuant to Rule 210.

**End-User** means a Participant that is not a "financial entity" as defined in CEA Section 2(h)(7)(C)(i), is using the transaction to hedge or mitigate commercial risk as defined in CFTC Regulation § 50.51(b), and provides or causes to be provided to a registered SDR or, if no registered SDR is available, the Commission the information specified in CFTC Regulation § 50.50(b) or any successor regulation thereto.

**Error Trade** has the meaning ascribed to such term in Rule 509.

**Execution** means an agreement by the parties (whether orally, in writing, electronically, or otherwise) to the terms of a Swap that legally binds the parties to such swap terms under applicable law.

**Force Majeure Event** means a delay or failure that is the result of an act of God, lightning, earthquake, fire, epidemic, landslide, drought, hurricane, tornado, storm, explosion, flood, nuclear radiation, act of a public enemy or blockade, insurrection, riot or civil disturbance, strike or labor disturbance, or any other cause beyond Seed SEF's reasonable control (whether or not similar to any of the foregoing).

**FCM or Futures Commission Merchant** has the meaning set forth in CEA Section 1a(28) and the CFTC's rules promulgated thereunder.

**Government Agency or Regulatory Agency** means any governmental entity (including the United States, a State, or a foreign government agency or instrumentality).

**IB or Introducing Broker** has the meaning set forth in CFTC Regulation 1.3(mm) and CEA Section 1a(31).

**ISV** means an independent software vendor.

**Legal Entity Identifier or LEI** has the meaning set forth in Part 45 of the CFTC Regulations.

**Major Swap Participant** has the meaning set forth in CEA Section 1a(33).

**Matching Rule** means the rules that govern the priority in which orders will be executed on Seed SEF.

**NFA** means the National Futures Association.

**Notice to Participants** means a communication sent by or on behalf of Seed SEF to all Participants as described in Rule 309.

**Obligation** means each Seed SEF Rule, order or procedure issued by Seed SEF, including Notice to Participants, and other requirements implemented by Seed SEF under Seed SEF Rules.

**Officer** shall have the meaning attributed to such term in Rule 204(a).

**Order** means (i) a response to a resting quote, (ii) the display of a quote on an Order Book, (iii) a firm offer to enter into a Swap, or (iv) any bid or offer for a Contract on the Platform, which includes any modification or cancellation of such bid or offer.

**Order Book** means one or more trading methods operated by Seed SEF that constitute an "order book" as defined in CFTC Regulation 37.3(a)(3) (or any successor regulation).

**Participant** means any Person that has signed the Participant Documentation and has been granted, and continues to have, Trading Privileges under Seed SEF Rules. Subject to Applicable Law, a Participant may trade for its own proprietary account or for or on behalf of a Customer. Depending on the context, term Participant may include Sponsored Participant, Sponsoring Participant and Authorized Trader. An ISV cannot be a Participant.

**Participant Documentation** means the agreements or other documentation that Seed SEF may require a Participant to execute or provide to Seed SEF in order to have access to Seed SEF for purposes of executing Transactions, in the form specified by Seed SEF from time to time.

**Participant ID** means each unique identifier assigned to a Participant by Seed SEF for access to the SEF.

**Participant User Administrator** means the individual or individuals designated as such pursuant to Rule 306.

**Permitted Transaction** means a transaction other than a Required Transaction.

**Person** means a natural person or an entity.

**Platform** means Seed SEF's electronic trading facility and interface operated by Seed SEF, as a Swap Execution Facility.

**Pre-Execution Communication** means a communication between two Persons for the purpose of discerning interest in the execution of a Swap prior to execution of the Swap on Seed SEF, including any communication that involves discussion of the size, side of the market, or price of an Order or a potentially forthcoming Order, provided that any communication between two Persons that involves an agreement between the parties to a Swap that legally binds the parties to such Swap shall not be considered Pre-Execution Communication.

**President** means the individual appointed by the Board as Seed SEF's president.



**Primary Economic Terms** has the meaning set forth in CFTC Regulation § 45.1 or any successor regulation thereto.

**Primary Economic Terms Data** means all of the data elements necessary to fully report all of the primary economic terms of a swap in the swap asset class of the swap in question.

**Public Director** means a Director that has been found on the record by the Board to have no material relationship with Seed SEF or any of its Affiliates and that satisfies the requirements for a "public director" as defined in Part 40 of the CFTC regulations.

**Reporting Counterparty** has the meaning set forth in CFTC Regulation § 45.1 or any successor regulation thereto.

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

**Representatives** mean an entity's directors, managers, officers, employees, members of any standing or ad hoc committee formed by that entity, shareholders, board members, agents, consultants and licensors.

**Rules** means all rules adopted by Seed SEF, all Notices to Participants published by Seed SEF, the Participant Documentation, interpretations, orders advisories, statements of policy, decisions, manuals and directives of Seed SEF and all amendments thereto.

**SDR or Swap Data Repository** shall have the meaning set forth in CEA Section 1a(48) and the CFTC's rules and regulations promulgated thereunder.

**Seed Business Day** means any Business Day on which Seed SEF is open for trading.

**Seed SEF** means Seed SEF LLC, or any successor thereto, a Self-Regulatory Organization registered with the CFTC as a Swap Execution Facility.

**SEF Activity** means business for which a Participant, Supervised Person of a Participant, Authorized Trader and any market participant that directly or indirectly effects a transaction on Seed SEF is subject to the Rules, including the submission of Orders, submission of Block Trades, and execution of Transactions.

**SEF Official** means any Director or Officer of, or individual employed, by Seed SEF or any individual rendering similar services to Seed SEF under an administrative or similar agreement.

**SEF LLC Agreement** means the Limited Liability Company Agreement of Seed SEF LLC.

**Sponsored Designation** means that a Sponsoring Participant has authorized a Sponsored Participant to use the Trading Privileges of such Sponsoring Participant and has provided all information and documentation required by Seed SEF for such sponsorship.

**Sponsored Participant** means a third-party ECP (other than an ISV) which is the recipient of Sponsored Designation provided by a Sponsoring Participant.

**Sponsoring Participant** means a Participant that provides Sponsored Designation to a Sponsored Participant.

**SRO or Self-Regulatory Organization** shall, unless otherwise provided, have the meaning attributed to such term in CFTC Regulation § 1.3(ee) and, in addition, shall include any SEF, DCO, DCM and registered futures association, such as the NFA.

**Supervised Persons** means, with respect to a Participant, any directors, managers, officers, employees, agents or representatives thereof.

**Swap** shall have the meaning set forth in CEA Section 1a(47) and the CFTC's rules and regulations promulgated thereunder and shall meet Contract Specifications.

**Swap Dealer** shall have the meaning set forth in CEA Section 1A(49) and 17 C.F.R. 1.3(ggg), or any successor regulation thereto.

**Swap Execution Facility** shall have the meaning set forth in CEA Section 1a(50).

**Swap Specification** means the rules or other trading protocols containing specifications for any Swap which have been adopted, amended or approved from time to time by Seed SEF.

**Trade** means any purchase or sale of any Swap made on Seed SEF Platform or subject to SEF Rules.

**Trade Confirmation** has the meaning ascribed to such term in Rule 504.

**Trading Access** means the right granted to an Authorized Trader by a Participant to place Orders and/or enter into Transactions for Swaps to the Platform or execute Swaps subject to SEF Rules.

**Trading Hours** means, for any Seed Business Day, the hours during which Orders may be placed on the Platform, as shall be established, and may be revised from time to time by Seed SEF in accordance with these Rules.

**Trading Privileges** means the right granted to a Participant to use, directly or indirectly, by Seed SEF for Execution of Swaps. No Person may exercise Trading Privileges on behalf of a Participant during any suspension of such Participant's Trading Privileges or unless and until Participant Documentation has been executed and remains in effect.

**Transaction** means any purchase or sale of any Contract executed on the Platform or pursuant to the Seed SEF Rules.

**Unique Swap Identifier** shall have the meaning ascribed to it by CFTC Regulation 45.5 or any successor regulation thereto.

**User ID** means a unique identifier issued to each Participant and each Authorized Trader to enable such Participant or Authorized Trader to access Seed SEF and use the Platform and which enables Seed SEF to identify the individual entering Orders into Seed SEF.

**Wash Transaction** means a transaction entered into, or purported to be entered into, where the person knows or reasonably should know that the purpose of the order is to avoid taking a bona fide market position exposed to market risk.

**Written** or **Writing** means printing, lithography, photography, and other modes of representing or reproducing words or data in a visible form, including electronic transmissions.

## Rule 102. Rules of Construction

For purposes of these Rules, the following rules of construction shall apply:

- (a) Words conveying a singular number include the plural number, where the context permits, and vice versa.
- (b) References to any Regulatory Agency include any successor Regulatory Agency.
- (c) If, for any reason, a Rule is found or determined to be invalid or unenforceable by a court of law, the Commission or another governmental or quasi-governmental agency with supervisory authority, such Rule shall be considered severed from the Rules and all other Rules shall remain in full force and effect.
- (d) All references to time are to local time in Chicago, Illinois unless expressly provided otherwise.

## CHAPTER 2: OWNERSHIP AND SEF GOVERNANCE

### Rule 201. Ownership

Seed SEF is a Delaware Limited Liability Company. The management and operation of Seed SEF are governed by the Seed SEF LLC Agreement (the “Seed SEF LLC Agreement”) and the Rules. Participant status does not confer any equity interest or voting right in Seed SEF.

### Rule 202. Board

- (a) The Board shall have all the powers and authority permitted by Applicable Law, the Rules and the Seed SEF LLC Agreement, pursuant to which the Board shall:
  - (i) Be the governing body of Seed SEF;
  - (ii) Be constituted, and shall constitute its committees or subcommittees, to permit consideration of the views of market participants;
  - (iii) Have charge and control of all property of Seed SEF;
  - (iv) Provide, acquire and maintain adequate Seed SEF offices and facilities;
  - (v) Fix, determine and levy all Participant or other fees when necessary;
  - (vi) Determine the Contracts and the Contract Specifications;
  - (vii) Adopt, amend or repeal any Rules, with the input of Officers and committees or subcommittees;
  - (viii) Have the power to act in Emergencies as detailed in Rule 211; and
  - (ix) Have the power to call for review, and to affirm, modify, suspend or overrule, any and all decisions and actions of the Officers, committees or subcommittees related to the day-to-day business operations of Seed SEF.
- (b) Any authority or discretion by the Rules vested in any Officer or delegated to any committee or subcommittee shall not be construed to deprive the Board of such authority or discretion and, in the event of a conflict, the determination of the matter by the Board shall prevail.
- (c) A majority of the Directors serving on the Board, including at least one Public Director, shall constitute a quorum for the transaction of business of the Board. At all times when the Board is conducting business at a meeting of the Board, a quorum of the Board must be present at such meeting, and the Board may act only by the decision of a majority of the Directors constituting a quorum of the Board by vote at a meeting, by unanimous written consent without a meeting, or as otherwise set forth in Seed SEF LLC Agreement.
- (d) The Board shall comprise the number of Directors set forth in the Seed SEF LLC Agreement. Each Director (including Public Directors) shall be appointed in accordance with the Seed SEF LLC Agreement, and shall serve until his or her successor is duly appointed, or until his or her earlier resignation or removal, with or without cause.
- (e) At least twenty percent of the Members of the Board shall be Public Directors. Among other things, Public Directors are persons who are:
  - (i) knowledgeable of trading or financial regulation or are otherwise capable of contributing to governing board deliberations;
  - (ii) neither Seed SEF Participants, Seed SEF employees nor primarily Seed SEF service providers other than serving on the Board of Directors; and
  - (iii) not officers, principals or employees of a Seed SEF Participant.
- (f) To qualify as a Public Director, an individual must be found, by the Board and on the record, to have no Material Relationship, as defined below, with Seed SEF or any of its Affiliates. The Board must

make such finding at the time the Public Director is elected and as often as necessary in light of all circumstances relevant to such Public Director, but in no case less than annually. A Material Relationship is one that reasonably could affect the independent judgment or decision-making. The Board need not consider previous service as a Director of Seed SEF to constitute a Material Relationship. A Director shall be considered to have a Material Relationship with Seed SEF if any of the following circumstances exist or have existed within the past year:

- (i) such Director is or was an Officer or an employee of Seed SEF, or an officer or an employee of an Affiliate of Seed SEF;
  - (ii) such Director is or was a Participant; or
  - (iii) such Director is or was a director, an officer, or an employee of a Participant.
- (g) If any of the immediate family of a Director, i.e., spouse, parents, children, and siblings, in each case, whether by blood, marriage, or adoption, or any person residing in the home of the Director or that of his or her immediate family have a Material Relationship as defined above, then that Material Relationship is deemed to apply to such Director.
- (h) The Board shall have procedures, as may be adopted by the Board from time to time, to remove a Director where the conduct of such Director is likely to be prejudicial to the sound and prudent management of Seed SEF.
- (i) Each Director is entitled to indemnification pursuant to the Seed SEF LLC Agreement with respect to matters relating to Seed SEF.
- (j) The Board shall review its performance and that of its individual Directors annually and shall consider periodically using external facilitators for such review.

## **Rule 203. Nominating Committee of the Board**

- (a) The Nominating Committee of the Board shall consist of three Directors appointed from time to time by the Board, two of which shall be Public Directors (i.e., at least 51% Public Directors). The Nominating Committee shall be chaired by a Public Director.
- (b) The Nominating Committee shall have the authority to:
- (i) Identify individuals qualified to serve on the Board, consistent with the criteria that the Board require and any composition requirement that the Commission promulgates; and
  - (ii) Administer a process for the nomination of individuals to the Board.
- (c) The Nominating Committee reports to the Board.
- (d) The Nominating Committee is active when it is necessary to identify an individual and to administer the process of placing an individual onto the Board.

## **Rule 204. Ineligibility to Serve on Boards and Committees**

No person shall be eligible to serve on the Board, the Regulatory Oversight Committee, any disciplinary committee or arbitration panel who:

- (a) Was found within the prior three years by a final decision of a self-regulatory organization, an administrative law judge, a court of competent jurisdiction or the Commission to have committed a disciplinary offense;
- (b) Entered into a settlement agreement within the prior three years in which any of the findings or, in the absence of such findings, any of the acts charged included a disciplinary offense;
- (c) Currently is suspended from trading on any contract market, is suspended or expelled from membership with any self-regulatory organization, is serving any sentence of probation or owes any portion of a fine imposed pursuant to either:

- (i) A finding by a final decision of a self-regulatory organization, an administrative law judge, a court of competent jurisdiction or the Commission that such person committed a disciplinary offense; or
  - (ii) A settlement agreement in which any of the findings or, in the absence of such findings, any of the acts charged included a disciplinary offense.
- (d) Currently is subject to an agreement with the Commission or any self-regulatory organization not to apply for registration with the Commission or membership in any self-regulatory organization;
  - (e) Currently is subject to or has had imposed on him or her within the prior three years a Commission registration revocation or suspension in any capacity for any reason, or has been convicted within the prior three years of any of the felonies listed in section 8a(2)(D) (ii) through (iv) of the Act;
  - (f) Currently is subject to a denial, suspension or disqualification from serving on the disciplinary committee, arbitration panel or governing board of any self-regulatory organization as that term is defined in section 3(a)(26) of the Securities Exchange Act of 1934, as amended.

## Rule 205. Management

- (a) Seed SEF will be managed by or subject to the direction of the Board and such Officers as are appointed by the Board, in each case in accordance with the Seed SEF LLC Agreement. Without limiting the rights, powers, privileges and obligations of the Board as set forth in the Seed SEF LLC Agreement, the Board has the power to review, and to approve, modify, suspend or overrule, any and all decisions of committees of Seed SEF and any Officers, subject to Applicable Law. Qualifications for Officers will be as set forth in the Seed SEF LLC Agreement and hereunder. No Director may be disqualified from registration pursuant to Sections 8a(2) or 8a(3) of the CEA.
- (b) Any Officer may also be a director, officer, partner or employee of Seed SEF or of any of its Affiliates, subject to disclosure and resolution of conflicts of interest.
- (c) The Officers shall have such powers and duties in the management of Seed SEF as the Board may prescribe from time to time, subject to any limitations set forth in the Seed SEF LLC Agreement.
- (d) Each Officer is entitled to indemnification pursuant to the Seed SEF LLC Agreement with respect to matters relating to Seed SEF.
- (e) No Officer or employee of Seed SEF shall be admitted as a Participant.

## Rule 206. Committees

- (a) Seed SEF shall establish one standing committee of the Board ("**Standing Committee**"): the Regulatory Oversight Committee. The Board may from time to time constitute and appoint such additional Standing Committees as it may deem necessary or advisable.
- (b) Seed SEF may from time to time establish one or more advisory committees ("**Advisory Committees**") as it may deem necessary or advisable. Each Advisory Committee may consist of Directors, Officers, representatives of Participants and other market participants, as determined by Seed SEF. Advisory Committees may make recommendations to the Board or SEF Officers, but will not be authorized to make decisions or act on behalf of Seed SEF.
- (c) Each member of a Standing Committee or Advisory Committee shall serve until the due appointment of his successor, or until his earlier resignation or removal, with or without cause, as a member of such committee or as a Manager.
- (d) Committees shall meet on such schedules and with such frequency as may be established by the Board or, subject to any direction by the Board, by such committee itself.

## Rule 207. Regulatory Oversight Committee

- (a) The Regulatory Oversight Committee (the "**ROC**") shall consist of all of the Public Directors. The ROC shall report to the Board.
- (b) The ROC shall oversee the regulatory program of Seed SEF on behalf of the Board. The Board shall delegate sufficient authority, dedicate sufficient resources and allow sufficient time for the ROC to fulfill its mandate.
- (c) The ROC shall:
  - (i) oversee all facets of Seed SEF's regulatory program, including trade practice and market surveillance, audits, examinations, and other regulatory responsibilities with respect to members (including ensuring compliance with, if applicable, financial integrity, financial reporting, sales practice, recordkeeping and other requirements), and the conduct of investigations
  - (ii) hold regular meetings to discuss matters of regulatory concern and conduct periodic reviews of the services provided on Seed SEF's behalf, which reviews shall be adequately documented and made available to the CFTC on request;
  - (iii) review the size and allocation of the regulatory budget and resources, and the number, hiring, termination, and compensation of regulatory personnel;
  - (iv) monitor the regulatory program of Seed SEF for sufficiency, effectiveness and independence;
  - (v) review the performance of the Chief Compliance Officer (in accordance with Section 5h(f)(15) of the CEA) and make recommendations with respect to such performance to the Board;
  - (vi) recommend changes that would ensure fair, vigorous and effective regulation;
  - (vii) review all regulatory or compliance proposals prior to implementation and advise the Board as to whether and how such changes may impact regulation or compliance, as applicable; and
  - (viii) review the Seed SEF Enterprise Risk Management policy and ensure compliance from the Compliance Department.

## Rule 208. Chief Compliance Officer

- (a) The President shall appoint the Chief Compliance Officer of Seed SEF and approve the compensation of the Chief Compliance Officer. The Chief Compliance Officer shall report directly to the President. The Chief Compliance Officer can only be removed by a majority of the Board. Seed SEF shall notify the Commission within two business days of appointing any new Chief Compliance Officer, whether interim or permanent.
- (b) The Chief Compliance Officer shall have the authority and resources to develop and enforce policies and procedures necessary to perform his or her duties hereunder and under the CEA and CFTC regulations. The Chief Compliance Officer shall have authority over all staff acting at his or her direction.
- (c) The Chief Compliance Officer shall be responsible for performing the following duties and functions:
  - (i) Overseeing and reviewing Seed SEF's compliance with Section 5h of the CEA and the related rules adopted by the CFTC, including the core principles in Part 37 of the CFTC Regulations;
  - (ii) In consultation with the Board or the President, resolving any conflicts of interest that may arise, including (i) conflicts between business considerations and compliance requirements; (ii) conflicts between business considerations and the requirement that Seed SEF provide fair, open and impartial access as set forth in CFTC Regulation 37.202; and (iii) conflicts between Seed SEF's management and members of the Board;
  - (iii) Establishing and administering written policies and procedures reasonably designed to prevent violations of the CEA and CFTC Regulations;



- (iv) Taking reasonable steps to ensure compliance with the CEA and CFTC Regulations, including rules prescribed by the CFTC pursuant to Section 5h of the CEA;
  - (v) Establishing procedures for the remediation of noncompliance issues identified by the Chief Compliance Officer through compliance office reviews, look-backs, internal or external audit findings, self-reported errors, or through validated complaints;
  - (vi) Establishing and following appropriate procedures for handling, responding to, remediating, retesting and closing noncompliance issues;
  - (vii) Establishing and administering a compliance manual designed to promote compliance with Applicable Law and a written code of ethics designed to prevent ethical violations and to promote honesty and ethical conduct;
  - (viii) Supervising Seed SEF's self-regulatory program with respect to trade practice surveillance, market surveillance, real-time market monitoring, compliance with audit trail requirements, enforcement and disciplinary proceedings, audits, examinations, and other regulatory responsibilities with respect to Participants, Authorized Traders and other market participants (including ensuring compliance with, if applicable, financial integrity, financial reporting, sales practice, recordkeeping and other requirements);
  - (ix) Preparing and submitting an annual report in accordance with CFTC Regulation 37.1500(d) and an annual compliance report in accordance with CFTC Regulation 37.1501(e) and (f);
  - (x) Establishing any other policies or procedures required to be established, and performing any other duties specified to be performed, by the Chief Compliance Officer under CFTC Regulations 37.1500 and 37.1501; and
  - (xi) Performing such other duties not inconsistent with the foregoing as may be designated by the Board from time to time.
- (d) The Chief Compliance Officer will be required to meet with the Board at least annually and with the Regulatory Oversight Committee at least quarterly, and shall provide any information regarding Seed SEF's self-regulatory program that is requested by the Board or such committee.
- (e) The Chief Compliance Officer may not be disqualified from registration pursuant to CEA Sections 8a(2) or 8a(3). The Chief Compliance Officer must have the background and skills appropriate for fulfilling the responsibilities of the position.
- (f) Any compliance questions and concerns regarding Seed SEF may be submitted to the Chief Compliance Officer at the address specified by Seed SEF from time to time.
- (g) Seed SEF will maintain the records relating to the compliance function required by CFTC Regulation 37.1501(g).

## Rule 209. Conflicts of Interest of Named Persons

- (a) Definitions. For purposes of this Rule the following definitions shall apply:
- (i) The term "**Family Relationship**" shall mean a Person's spouse, former spouse, parent, stepparent, child, stepchild, sibling, stepbrother, stepsister, grandparent, grandchild, uncle, aunt, nephew, niece or in-law.
  - (ii) The term "**Named Party in Interest**" shall mean a Person that is identified by name as a subject of any matter being considered by the Board or a committee.
- (b) Prohibition. No member of the Board, any committee which has authority to take action for and in the name of Seed SEF (not including any committee which is only authorized to make recommendations for action by the Board or some other committee) or any Disciplinary Panel shall knowingly participate in such body's deliberations or voting in any matter involving a Named Party in Interest where such member (i) is a Named Party in Interest, (ii) is an employer, employee or fellow employee of a Named Party in Interest, (iii) is associated with a Named Party in Interest through a broker association, (iv) has a Family Relationship with a Named Party in Interest or (v) has any other significant, ongoing business relationship with a Named Party in Interest, excluding relationships limited to executing transactions opposite each other.

- (c) Disclosure. Prior to consideration of any matter involving a Named Party in Interest, each member of the deliberating body shall disclose to the CCO, or his or her designee, whether such member has one of the relationships listed in paragraph (b) of this Rule with a Named Party in Interest.
- (d) Procedure and Determination. The CCO shall determine whether any member of the deliberating body is subject to a conflict restriction under this paragraph (d). Such determination shall be based upon a review of the following information:
  - (i) information provided by the member pursuant to paragraph (b), above, and
  - (ii) any other source of information that is maintained by and reasonably available to Seed SEF.
- (e) Ineligibility of the CCO. In the event that the CCO becomes aware that he or she may be subject to the prohibition under this Rule 209 for having a conflict of interest, the CCO will report the relevant conflict of interest with a Named Party in Interest to the Seed SEF President. If any other Officer, Director, employee or other Person subject to the jurisdiction of these Rules believes that the CCO may have a conflict of interest under this Rule, such Person should promptly inform the President of any relevant information by electronic means. In response to any notification that the CCO may have a conflict of interest, the President shall determine whether a conflict exists, and in the event that the President determines that one does, the President will appoint another member of the Executive Management Team to act in the CCO's stead.

## Rule 210. Emergency Actions

- (a) During an Emergency, the Board may take temporary emergency action and/or implement temporary emergency procedures and rules ("**Emergency Actions**"), subject to Applicable Law and in consultation or cooperation with the CFTC and other applicable regulatory authorities. In the event that Seed SEF is unable to convene a meeting of the Board reasonably promptly, the President or an Officer designated by the President thereby may take Emergency Actions pursuant to this Rule ("**Officer Emergency Action**"), provided that Seed SEF shall convene a meeting of the Board as soon as practicable thereafter to ratify, modify or rescind such Officer Emergency Action.
- (b) Emergency Action may require or authorize Seed SEF, the Board, any committee of the Board, the President, or any other Officer to take actions necessary or appropriate to respond to the Emergency, on its own or in coordination with another relevant person, including, but not limited to, the following actions:
  - (i) imposing or modifying position limits;
  - (ii) imposing or modifying price limits;
  - (iii) imposing or modifying intraday market restrictions;
  - (iv) imposing special margin requirements;
  - (v) ordering the liquidation or transfer of open positions in any Contract;
  - (vi) ordering the fixing of a settlement price;
  - (vii) extending or shortening the expiration date or the Trading Hours;
  - (viii) suspending or curtailing trading in any Contract;
  - (ix) transferring Contracts and the margin associated therewith as permitted by Applicable Law;
  - (x) altering any Contract's settlement terms or conditions;
  - (xi) limiting access to the Platform by any Participant, Customer, Authorized Trader or ISV; or
  - (xii) taking such other actions as may be directed by the CFTC or other regulatory authority.
- (c) Seed SEF will document the decision-making process related to any Emergency Action. Seed SEF will promptly notify the CFTC of any Emergency Action, explaining the decision-making process, the reasons for taking such action, and how conflicts of interest were minimized. Such documentation will be maintained in accordance with applicable CFTC Regulations.



## Rule 211. Conflicts of Interest in Emergencies

Whenever any Emergency Action or other significant action which, in the judgment of the deliberating body, is likely to have a material effect upon the price of any Contract or might otherwise have a material impact on the market for such Contracts is being considered by the Board, any committee which has authority to take action for and in the name of Seed SEF (not including any advisory committee) or any Disciplinary Panel the following procedures shall apply:

- (a) **Disclosure.** Prior to consideration of the matter, each member of the Board or committee who desires to participate in deliberations or voting on such action shall disclose to the Board or committee position information that is known to such member, with respect to any particular Contracts that are under consideration, and any other positions which the Board or committee reasonably expects could be affected by the action under consideration. The size of positions shall be disclosed by reference to ranges as determined by the Board or committee and shall be made with respect to the following categories:
  - (i) gross positions in Contracts carried in (1) accounts in which the member's ownership interest is 10% or greater, (2) "controlled accounts" as defined in CFTC Regulation 1.3(j) and (3) accounts of any individual with whom the member has a "**Family Relationship**" as such term is defined in Rule 209;
  - (ii) gross positions in Contracts carried in proprietary accounts, as defined in CFTC regulations, at any Affiliated Participant of such member; and
  - (iii) any other types of positions, whether maintained in Contracts or otherwise, that the Board or committee reasonably expects could be affected by the action being considered.
  - (iv) To the extent that a member desires to make the required disclosures but does not know position information with respect to any of the foregoing categories, the President or his designee shall make the disclosure for such member to the extent that such information can be obtained from data and records readily available to Seed SEF under the exigency of the action being contemplated.
- (b) **Disqualification.** Any member who does not want to make position disclosures must withdraw from the meeting before disclosure by other members begins and may not participate in the discussion of, or voting on, the matter under consideration. Any member who has, or whose Affiliated Participant has, a position required to be disclosed under paragraph 211(a)(i) (other than a position which the Board or committee has determined to be de minimis), shall be disqualified from voting and must withdraw from the room before a vote is taken. If such withdrawal results in the lack of a quorum, the Board or committee shall appoint an ad hoc committee comprised of those members who are not disqualified from voting and shall delegate to such ad hoc committee all the powers of the Board or relevant committee with respect to the matter under consideration. No member shall be disqualified from voting upon the appointment of an ad hoc committee solely because of positions held by such member or an Affiliated Participant of such member.
- (c) **Documentation.** The minutes of any meeting at which Emergency or other significant action is considered shall reflect the following information:
  - (i) the names of all members who attended the meeting in person or by electronic means;
  - (ii) the name of any member who voluntarily recused himself or was required to abstain from deliberations or voting; and
  - (iii) information on the position disclosures made by each member.

## Rule 212. Reporting to the CFTC

If the Board rejects a recommendation or supersedes an action of the Regulatory Oversight Committee, Seed SEF shall provide a written report to the CFTC detailing (i) the recommendation of or action proposed to be taken by such committee; (ii) the rationale for such recommendation or proposed action; (iii) the rationale of the Board for rejecting such recommendation or superseding such action; and (iv) the course of action that the Board decided to take contrary to such recommendation or action.

## Rule 213. Information Sharing Agreements

- (a) Seed SEF shall enter into information sharing arrangements as it determines necessary or advisable to obtain any necessary information to perform any monitoring of trading or trade processing, to provide information to the CFTC upon request and to carry out such international information sharing agreements as the CFTC may require. Seed SEF shall share information with other regulatory organizations, data repositories and third-party data reporting services as required by the CFTC or as otherwise necessary and appropriate to fulfill its self-regulatory and reporting responsibilities. Such information shall be provided in a form and manner acceptable to the regulatory authority to which such information is being provided.
- (b) Seed SEF may enter into any arrangement with any other Person (including any governmental authority, trading facility or clearing organization) where Seed SEF determines that such Person exercises a legal or regulatory function under any Applicable Law or considers such arrangement to be in furtherance of the operation or duties of Seed SEF under Applicable Law.

## Rule 214. Dissemination of Transaction Data

- (a) Seed SEF shall be entitled, in its sole discretion, to use Orders, bids, offers and other information concerning Transactions, including all information and content displayed or distributed on the Platform or otherwise provided to Seed SEF (collectively, the "**Transaction Data**"), to develop and compile market data that Seed SEF, or a third-party service provider that Seed SEF may utilize for such purpose (including an Affiliate of Seed SEF), may disseminate to third parties (including through a market data feed) for business purposes without further consent of any Participant or other Person, and Seed SEF shall be entitled to any and all revenue derived therefrom. By its use of Seed SEF, each Participant consents to such use by Seed SEF of Transaction Data. Any such market data disseminated by Seed SEF, or its third-party service provider, shall be disseminated in an anonymous fashion and shall not identify the Participants who provided or entered into such Orders, bids, offers or Transactions.
- (b) Without limiting subsection (a), each Participant acknowledges and consents to the reporting to an SDR of all Transaction Data or other data required to be so reported under Applicable Law.

## Rule 215. Use of Certain Property and Data

- (a) All Participants agree not to:
  - (i) copy, modify, create derivative works from, reverse engineer, reverse assemble or reverse compile any technology used to provide the Platform or the Transaction Data displayed on, accessed through or derived from the Platform;
  - (ii) remove or alter any copyright, trademark, patent or other notices on Seed SEF;
  - (iii) distribute, rent, sell, retransmit, redistribute, release or license the Platform, Transaction Data, or any part thereof to any third party or otherwise allow access by a third party (other than to its Authorized Traders subject to and in strict accordance with the Rules);
  - (iv) take or authorize any action that could detrimentally interfere with the proper workings of the Platform, use any robot, spider or other device or process to monitor or copy the Platform, or knowingly transmit any virus or other potentially harmful device in connection with its use of the Platform; or
  - (v) assist or encourage any third party in engaging in any activity prohibited under the Rules.
- (b) Other than for its own internal use in accordance with the Rules, Participant will not communicate, disclose, redistribute, or otherwise furnish (or permit to be communicated, disclosed, redistributed or otherwise furnished) all or any portion of the Transaction Data, in any format, to any third party (other than to its Authorized Traders subject to and in strict accordance with this Agreement) or for the purposes of constructing or calculating the value of any index or indexed products or for the purpose of creating any derivative works or to make any use whatsoever at any time of the Transaction Data

that could compete with the business of Seed SEF or its provision of the Platform or any related services.

- (c) Participant will use its best efforts to ensure that its Authorized Traders maintain sole control and possession of, and sole access to, Transaction Data obtained through Participant's access to the Platform. Notwithstanding the foregoing, it is understood and agreed that any and all data submitted to the Platform by Participant or its Authorized Traders (including but not limited to Orders) and all information related to Transactions entered into by Participant or its Authorized Traders through the Platform shall be the joint and exclusive property of Seed SEF and Participant, and Seed SEF shall have the right to use, sell, retransmit or redistribute such information, on an anonymous and aggregated basis, subject to the provisions of this Rule 215.

## **Rule 216. Improper Use or Disclosure of Material Non-Public Information**

No member of the Board or of any Board committee, no member of any other committee of Seed SEF, no Officer of Seed SEF, no employee of Seed SEF and no consultant to Seed SEF shall:

- (a) trade for such Person's own account, or for or on behalf of any other account, in any commodity interest on the basis of any material, non-public information obtained through the performance of such Person's official duties;
- (b) use or disclose, for any purpose other than the performance of such Person's official duties, any material, non-public information obtained by such Person as a result of such Person's official duties, provided, however, that this Section shall not prohibit disclosures made by such Person in the course of his or her official duties or disclosures made to the CFTC, any self-regulatory organization, a court of competent jurisdiction or any agency or department of the federal or state government; or
- (c) trade, directly or indirectly, in any Swap traded on Seed SEF; in any related commodity interest as defined in CFTC Regulation 1.59; or in any commodity interest traded on any DCM or SEF or cleared by any clearing house if such Person has access to material non-public information concerning such Swap or commodity interest.

## CHAPTER 3: PARTICIPANT ACCESS

### Rule 301. Applicability of Rules; Jurisdiction

ANY MARKET PARTICIPANT THAT DIRECTLY OR INDIRECTLY AFFECTS A TRANSACTION ON THE PLATFORM, OR ANY PARTICIPANT, AUTHORIZED TRADER OR OTHER PERSON ACCESSING OR ENTERING ANY ORDER OR SUBMITTING ANY SWAP INTO THE PLATFORM OR EXECUTING ANY TRADE PURSUANT TO THESE RULES: (I) SHALL BE BOUND BY AND SUBJECT TO, AND AGREES TO COMPLY WITH, THE RULES; (II) CONSENTS TO AND SHALL BE SUBJECT TO THE JURISDICTION OF SEED SEF WITH RESPECT TO ALL MATTERS ARISING OUT OF OR RELATING TO SUCH STATUS OR ITS ACTIONS OR OMISSIONS WITH RESPECT TO SUCH STATUS AND USE OF OR ACCESS TO SEED SEF; (III) SHALL ASSIST SEED SEF IN COMPLYING WITH ITS LEGAL AND REGULATORY OBLIGATIONS AND COOPERATE WITH SEED SEF (AND ITS REGULATORY SERVICES PROVIDER, IF ANY) AND ANY REGULATORY AUTHORITY IN ANY INQUIRY, INVESTIGATION, AUDIT, EXAMINATION OR PROCEEDING; AND (IV) AUTHORIZES SEED SEF (AND ITS APPLICABLE REGULATORY SERVICES PROVIDER, IF ANY) TO PROVIDE INFORMATION WITH RESPECT TO IT TO THE REGULATORY SERVICES PROVIDER (IF ANY) OR ANY GOVERNMENT, REGULATORY OR SELF-REGULATORY ORGANIZATION.

### Rule 302. Impartial Access

Consistent with Applicable Law, Seed SEF provides access to ECPs on a fair, non-discriminatory and open basis. Participant status, and access to, and usage of, the Platform in such capacity is available to all market participants that meet the criteria set forth herein and validly engage in Transactions.

### Rule 303. Criteria for Becoming a Participant

- (a) To be eligible for admission as a Participant on Seed SEF, an applicant must demonstrate to the satisfaction of Seed SEF that it:
- (i) is an Eligible Contract Participant;
  - (ii) is of good reputation and business integrity;
  - (iii) maintains adequate financial resources and credit;
  - (iv) is of the age of majority in the individual's state of residence (if individual);
  - (v) is validly organized, in good standing, and authorized by its governing body and, if relevant, documents of organization, to trade Contracts (if an entity);
  - (vi) is not subject to statutory disqualification under Section 8a(2) of the CEA;
  - (vii) has not filed for bankruptcy;
  - (viii) holds all registrations under Applicable Law, including any Swap Dealer, Major Swap Participant, Introducing Broker, Futures Commission Merchant, commodity pool operator, commodity trading advisor, or associated person registration, as applicable;
  - (ix) is not legally or otherwise prohibited from using Seed SEF or entering into Transactions on Seed SEF or subject to the Rules;
  - (x) is not an Officer, employee or affiliate of Seed SEF or one of its Affiliates;
  - (xi) is not an ISV;
  - (xii) complies with the applicable technical access standards, security protocols and technical specifications for connection to Seed SEF's electronic system as may be specified by Seed SEF from time to time;

- (xiii) consents to Seed SEF's jurisdiction pursuant to Rule 301; and
- (xiv) satisfies such other criteria as Seed SEF may specify from time to time.
- (b) If a Participant's status as an ECP changes, such Participant must immediately notify Seed SEF. Seed SEF shall monitor its Participants to ensure that each Participant continues to qualify as an ECP.
- (c) Each Participant that executes Transactions on behalf of Customers must provide Seed SEF, upon request, with Written representation or proof of authority to place Orders and execute Transactions on Seed SEF on behalf or in the name of each such Customer.
- (d) Once admitted, the Participant shall continue to comply with applicable eligibility criteria in this Rule 303.

## **Rule 304. Authorized Traders**

- (a) Each Participant that is not a natural Person shall designate one or more Authorized Traders, who will conduct SEF Activity on behalf of the Participant.
- (b) Each Authorized Trader:
  - (i) must be a natural person;
  - (ii) must satisfy any other requirements as may be prescribed by Seed SEF from time to time;
  - (iii) must have a User ID; and
  - (iv) must hold all registrations required under Applicable Law, including Introducing Broker, commodity pool operator, commodity trading advisor, and associated person registration, as applicable.
- (c) Without limiting the foregoing, each Authorized Trader will abide by applicable Seed SEF Rules and Applicable Law, and each Participant will ensure on an ongoing basis that:
  - (i) none of its Authorized Traders is subject to disqualification pursuant to any Applicable Law;
  - (ii) each of its Authorized Traders will be technically proficient;
  - (iii) each of its Authorized Traders will conduct their business in a fair and equitable manner; and
  - (iv) each of its Authorized Traders will conduct their business in accordance with Seed SEF Rules.
- (d) By agreeing to become an Authorized Trader, an individual agrees to be bound by the duties and responsibilities of an Authorized Trader under these Rules and to be subject to, and comply with, Seed SEF Rules.
- (e) Seed SEF may terminate, revoke or suspend any Authorized Trader in accordance with the provisions of Chapter 8 of these Rules. Upon such termination, revocation or suspension, Seed SEF will disable access of such Authorized Trader to Seed SEF.

## **Rule 305. Application, Withdrawal and Termination of Status**

- (a) A Person that wishes to become a Participant must satisfy the following:
  - (i) Provide such information and documentation as may be requested by Seed SEF or its Regulatory Services Provider acting on behalf of Seed SEF.
  - (ii) Follow the application procedures designated by Seed SEF.
  - (iii) Execute the applicable Participant Documentation and any other documentation that may be required by Seed SEF from time to time.
  - (iv) Designate one or more Participant User Administrators, and such Participant User Administrator shall identify to Seed SEF, if desired, one or more initial Authorized Traders.
- (b) Seed SEF may conduct such investigations or inquiries as it determines appropriate in connection with an application to become a Participant or Authorized Trader

- (c) If Seed SEF determines to admit a Participant, it shall promptly notify the applicant and specify the date as of which such status will be effective. Seed SEF may accept a Participant, subject to conditions as it determines, subject to Rule 302 and Applicable Law (in which case Seed SEF shall notify the applicant Participant of such conditions).
- (d) If Seed SEF denies an application for Participant it shall promptly notify such Person thereof in writing, stating the reasons for such denial. Within 10 Business Days thereafter, such Person may request Seed SEF to reconsider such decision (and may provide any relevant statements or information in connection therewith) and/or request that the Board review such denial.
- (e) Any Participant may withdraw from its status as such by filing a request therefor with Seed SEF in the form specified by Seed SEF. Such withdrawal shall not affect the obligations of such Person incurred prior to such withdrawal or affect the jurisdiction of Seed SEF over such Person with respect to matters occurring or arising prior to such withdrawal.

## Rule 306. Participant User Administrators

- (a) Each Participant shall have at all times one or more "**Participant User Administrators.**" Seed SEF will issue to a Participant and its Authorized Traders, User IDs for access to the Platform. The Participant User Administrator shall be responsible for requesting User IDs for Authorized Traders and notifying Seed SEF of the need to terminate any previously issued User IDs to Authorized Traders for that Participant.
- (b) The Participant User Administrator shall be responsible for all communications between Seed SEF and Participant with respect to User IDs and access to the Platform, and any notices or other communications sent to the Participant User Administrator by Seed SEF relating to User IDs and other related administrative matters shall be binding on Participant. The Participant will promptly notify Seed SEF of any change in its Participant User Administrators.
- (c) Participant acknowledges and agrees that it will be bound by any actions taken through the use of such Participant's User IDs, including any User IDs issued to its Authorized Traders, whether or not such actions were actually authorized. In addition, Participant acknowledges that Seed SEF may rely upon, and will be fully released and discharged by Participant for acting upon, any information, data, Transaction details, Orders, acknowledgements or instructions that are (i) entered, imported, transmitted or otherwise communicated under its Authorized Trader's User ID (whether or not such action was actually authorized by Participant), or (ii) are otherwise reasonably believed by Seed SEF to be genuine and to have been communicated or presented on behalf of Participant by an Authorized Trader, whether via the Platform or otherwise.
- (d) In no event may a Person enter an Order or permit the entry of an Order by an individual using a User ID other than the individual's own User ID. Participant is solely responsible for controlling and monitoring the use of the User IDs. Participant will immediately notify Seed SEF of any unauthorized disclosure, unauthorized use of the User ID or access to the Platform or the need to deactivate any User ID.
- (e) Participant agrees to provide Seed SEF with information related to Participant's and its Authorized Traders' use of the Platform upon Seed SEF's written request, if such information is reasonably necessary to enable Seed SEF to assess the identity of any Person that is accessing the Platform through a User ID of a Participant, to maintain the integrity of the Platform, or to comply with Applicable Law.

## Rule 307. Trading Privileges

- (a) Admission as a Participant or Authorized Trader does not confer any right of ownership in, or right to direct the management of or attend or vote at meetings of, Seed SEF or right to share in the profits or revenues of Seed SEF.
- (b) A Participant or Authorized Trader shall not be entitled to assign or transfer its status as such without the prior written consent of Seed SEF.



- (c) All SEF Activity entered must be entered by an Authorized Trader designated by the relevant Participant. The foregoing will not prohibit a Participant from trading on behalf of another Participant. If a Participant is a natural person such Participant may enter SEF Activity on its own or another Participant's behalf.
- (d) All Participants must comply with the applicable provisions of the CEA and the CFTC regulations in their use of Seed SEF.

## **Rule 308. Dues, Assessments and Fees**

- (a) Seed SEF may establish transaction fees and other charges ("**Fees**") for its services from time to time. Seed SEF will notify Participants of changes in the Fees by Notice and/or updates on Seed SEF's website.
- (b) Each Participant shall be responsible for paying all such Fees with respect to its SEF Activity.
- (c) Seed SEF may deduct fees at the time of transaction(s) and/or may provide each Participant an invoice of all such Fees on a monthly or other basis determined by Seed SEF from time to time, which amounts shall be due and payable as paid or as set forth in such invoice. Late payments shall bear an interest rate per annum equal to the Prime Rate (as published in the Wall Street Journal) plus 1.5 per cent, to the extent that such rate shall not exceed the maximum rate allowed by Applicable Law from the date due until paid in full; provided, however, that if the published Prime Rate is less than zero, the interest rate will be calculated as being equal to zero per annum. In addition and notwithstanding anything herein to the contrary, in the event of any failure by a Participant to pay such Fees and without limitation of any other remedy, Seed SEF may temporarily or permanently limit, suspend or terminate such Participant's Trading Privileges and/or access to Seed SEF without prior notice to Participant.
- (d) Seed SEF may suspend a Participant's Trading Privileges for failure to pay Seed SEF Fees in a timely fashion as provided in Rule 308 for as long as the Fees remain unpaid.

## **Rule 309. General Notices to Participants**

Seed SEF may issue Notices to Participants generally (including of matters arising under the Rules or the operation of the Platform) from time to time in a form and manner reasonably designed to enable each Participant to become aware of the matters set forth therein. Without limiting the foregoing, Seed SEF may provide such notice by way of a published circular posted on Seed SEF's website at [www.seedcx.com](http://www.seedcx.com).

## **Rule 310. Communications Between Seed SEF and Participants**

- (a) Seed SEF may send any Notices hereunder (other than notices provided under Rule 309) to a specific Participant or Authorized Trader in writing and either (i) hand-delivered or sent by registered or certified mail or (ii) sent by electronic mail, in either case to the relevant address provided by such Person for such purpose. Each Participant shall provide to Seed SEF and maintain a current electronic mail address for the receipt of all such notices.
- (b) All Notices to Seed SEF hereunder shall be sent by electronic mail to the following address: [contact@seedcx.com](mailto:contact@seedcx.com) or to such other address or by such other means as Seed SEF may specify by Notice from time to time.

## **Rule 311. Recording of Communications**

SEF may record conversations and retain copies of electronic communications between Seed SEF Officials, on one hand, and Participants, Authorized Traders, Supervised Persons or other agents, on the other hand,

to the extent required by Applicable Law. Any such recordings may be retained by Seed SEF or the Regulatory Services Provider, if any, in such manner and for such periods of time as Seed SEF may deem necessary or appropriate in accordance with Applicable Law.

## **Rule 312. Compliance with the Commodity Exchange Act**

All Seed SEF Participants shall comply with all relevant provisions of the CEA and the Rules and regulations duly issued pursuant thereto by the CFTC, including the filing of reports, maintaining books and records, and permitting inspection and visitation by Authorized Representatives of the CFTC or Department of Justice.

## **Rule 313. Legal Certainty for Seed SEF Trades**

A transaction entered into on the Platform or pursuant to Seed SEF Rules shall not be void, voidable, subject to rescission, otherwise invalidated, or rendered unenforceable as a result of:

- (a) a violation by Seed SEF of the provisions of section 5h of the Act or CFTC Regulations;
- (b) any CFTC proceeding to alter or supplement a Rule, term, or condition under section 8a(7) of the CEA or to declare an emergency under section 8a(9) of the CEA; or
- (c) any other proceeding the effect of which is to:
  - (i) alter or supplement a specific term or condition or trading rule or procedure; or
  - (ii) require Seed SEF to adopt a specific term or condition, trading rule or procedure, or to take or refrain from taking a specific action.

## **Rule 314. Market Maker Program**

SEF may adopt a program granting one or more Participants benefits in return for assuming and fulfilling obligations in order to provide liquidity to the market. Any such program shall specify:

- (a) The qualifications to participate in, and the procedures to apply to, the program;
- (b) The obligations which must be met, and
- (c) The benefits that shall accrue to participants in the program.

## **Rule 315. Independent Software Vendor**

For connections by ISVs to Seed SEF, Seed SEF will apply criteria governing such access that are impartial, transparent, and applied in a fair and nondiscriminatory manner. An ISV shall be permitted to connect to SEF if it meets the following conditions on a continuing basis:

- (a) The ISV applies for connection privileges on such form and with such supporting documents as Seed SEF may require;
- (b) The ISV shall be duly organized, existing and in good standing under the laws of its jurisdiction of organization, as applicable shall be registered or licensed to do business as an ISV, have good commercial standing and adequate financial resources and credit as reasonably determined by Seed SEF;
- (c) The ISV shall have such operational capabilities as Seed SEF shall reasonably determine are necessary and appropriate in the performance of ISV's activities;
- (d) The ISV shall meet any other criteria Seed SEF may from time to time prescribe; and
- (e) The ISV shall pay such fees as established by Seed SEF, such fees being comparable for all ISVs with comparable access to, or obtaining comparable services from, Seed SEF.



## Rule 316. Sponsored Access

- (a) Sponsored Designation. Seed SEF shall permit a Sponsoring Participant to extend its Trading Privileges to a Sponsored Participant upon completion of the following:
- (i) The Sponsoring Participant and the Sponsored Participant have provided or delivered all information and documentation required by Seed SEF for Sponsored Designation; and
  - (ii) Seed SEF has confirmed that all requested information has been received and that such information is satisfactory in form and substance.
- (b) Termination.
- (i) Unless otherwise provided in this Rule 316, Sponsoring Participant may at any time request that Seed SEF terminate the Sponsored Designation of any of its Sponsored Participant, by providing Written notice (a "Termination Request") to Seed SEF requesting such suspension or termination, as applicable. After Seed SEF has received a Termination Request, Seed SEF shall either promptly suspend the Trading Privileges or promptly terminate the Sponsored Designation of the relevant Sponsored Participant(s) in accordance with the relevant Termination Request. Notwithstanding the foregoing, a Sponsoring Participant shall remain responsible for all actions that its Sponsored Participant takes on Seed SEF prior to the termination or suspension of such Sponsored Participant by Seed SEF. Upon termination or suspension, Seed SEF shall have the right to cancel all resting Orders placed by or on behalf of Sponsored Participant on the Platform.
  - (ii) Seed SEF shall have the right to suspend or terminate access to Sponsored Access Customer in accordance with Rules.
- (c) Obligations. For as long as the Sponsored Designation remains in effect, the Sponsored Participant and the Sponsoring Participant agree as follows:
- (i) the Sponsored Participant shall:
    - (A) maintain all registrations, licenses and consents required by Applicable Law for it and its Authorized Traders to place Orders and enter into Transactions on the Platform;
    - (B) cooperate with Seed SEF, any regulatory or any self-regulatory organization in any inquiry, investigation, audit, examination or proceeding related directly or indirectly to the Sponsored Participant, and authorize Seed SEF to provide information regarding the Sponsored Participant to the CFTC or any self-regulatory organization;
    - (C) access the Platform exclusively through a password protected internet portal using the unique login credentials assigned to Authorized Traders of the Sponsored Participant; and
    - (D) represent, in a form accepted to Seed SEF, that it is and will continue to be an Eligible Contract Participant for as long as such Person is a Sponsored Participant, and if such Person will be entering into Transactions on the Platform on behalf of a Customer, such Customer is and will continue to be an Eligible Contract Participant for as long as the Sponsored Participant accesses the Platform on behalf of such Customer.
  - (ii) the Sponsoring Participant shall:
    - (A) assume financial responsibility for all activity of its Sponsored Participant(s) on the Platform;
    - (B) deliver a Termination Request to Seed SEF in respect of any of its Sponsored Participants with Trading Privileges promptly after becoming aware that any actions or omissions of any of its Sponsored Participants violate any applicable Rules or Applicable Law; and
    - (C) assist Seed SEF in a timely manner in any investigation into potential or actual violations of the Rules, the CEA, or CFTC Regulations which occur through or with respect to any of its Sponsored Participants, including requiring any Sponsored Participants to produce documents, answer questions from Seed SEF, or appear in connection with an investigation.

## CHAPTER 4: OBLIGATIONS OF PARTICIPANTS

### Rule 401. Duties of Participants

- (a) Each Participant shall (and shall cause all of its Supervised Persons, Authorized Traders and market participants that directly or indirectly effect a transaction on Seed SEF) if applicable, to:
- (i) use the Platform in a responsible manner and not for any improper purpose;
  - (ii) use the Platform only to conduct SEF Activity;
  - (iii) observe high standards of commercial integrity, market conduct, fair dealing and just and equitable principles of trade while conducting any activity on Seed SEF or subject to the Rules;
  - (iv) abide by the terms and conditions of any Contract traded on Seed SEF or subject to the Rules;
  - (v) comply with Seed SEF's Rules and obligations and technical standards for access to the Platform, including security protocols;
  - (vi) keep complete and accurate books and records, including without limitation, all books and records of its SEF Activity and his or her activity in the index or instrument used as a reference price, in the underlying commodity, and related derivatives markets or, and all books and records required to be maintained pursuant to the CEA, CFTC Regulations or Seed SEF Rules, for the period required by Applicable Law, and make such books and records available for inspection by a representative of Seed SEF, the applicable Regulatory Service Provider (if any) or the CFTC;
  - (vii) employ practices to monitor and enforce compliance with risk limits;
  - (viii) not mislead or conceal any material fact or matter in any dealings or filings with Seed SEF or in response to any Seed SEF Proceeding; and
  - (ix) keep the Authorized Trader's Trader IDs, account numbers and passwords confidential.
- (b) Each Participant shall:
- (i) be fully liable for all trading losses, all Orders, all Transactions in Contracts effected by such Participant, all transactions effected on the Platform and for any use of the Platform made by Participant or the Participant's Authorized Traders, and all trades even if Orders received via the Platform: (1) were entered as a result of a failure in the security controls and/or credit controls, other than due to the gross negligence of Seed SEF; or (2) were entered by an unknown or unauthorized user;
  - (ii) be responsible for promptly informing Seed SEF of any material changes to the information provided to Seed SEF by the Participant.

### Rule 402. Required Disclosures

Each Participant shall immediately notify Seed SEF upon becoming aware of any of the following events:

- (a) any material change to the contact information provided to Seed SEF by the Participant;
- (b) any damage to, or failure or inadequacy of, the systems, facilities or equipment of the Participant to effect transactions pursuant to Seed SEF Rules or to timely perform Participant's financial obligations under or in connection with any Swap of such Participant;
- (c) any refusal of admission of the Participant to, or involuntary withdrawal of the Participant from membership in, any Self-Regulatory Organization, SEF, DCM or DCO;
- (d) any expulsion, suspension or fine in excess of \$100,000 (whether through an adverse determination, voluntary settlement or otherwise) imposed on the Participant by any Self-Regulatory Organization, SEF, DCM, DCO or, with respect to SEF Activity, any relevant Governmental Agency;

- (e) any revocation, suspension or conditioning of any registration or license of a Participant necessary to conduct SEF Activity granted by an Governmental Agency;
- (f) either (i) the commencement of any judicial or administrative proceeding against the Participant or any Authorized Trader or Supervised Person or (ii) the imposition of any fine in excess of \$100,000, cease and desist order, denial of trading privileges, censure or other sanction or remedy (whether through an adverse determination, voluntary settlement or otherwise) imposed, in each case of (i) and (ii), by any Self-Regulatory Organization, SEF, DCM, DCO or, with respect to SEF Activity, any relevant Governmental Agency;
- (g) any indictment or conviction of, or any confession of guilt or plea of guilty or nolo contendere by, any principals or senior officers of the Participant or any Authorized Trader for any felony or misdemeanor involving, arising from, or related to, the purchase or sale of any commodity, futures contract, swap, option, security, security futures product or other financial instrument, or involving or arising from fraud or moral turpitude; and
- (h) the Participant's or a 10% or greater owner of the Participant becoming the subject of a petition for bankruptcy;
- (i) the appointment of a receiver, trustee or administrator for the Participant or a 10% or greater owner of the Participant;
- (j) the presentment of a petition, or the passing of a resolution, for the Participant's or a 10% or greater owner of the Participant winding-up;
- (k) the commencement of proceedings for the Participant's or the 10% or greater owners of the Participant dissolution; or
- (l) the occurrence of an event of insolvency with respect to the Participant or the 10% owner or greater owner of the Participant.

## **Rule 403. Right of Inspection**

- (a) Each Participant agrees that Seed SEF (or its authorized representative, including any Regulatory Services Provider) shall be entitled, upon reasonable prior notice, to (i) inspect or examine the systems, equipment and software operated or used by Participant in connection with SEF Activity or subject to the Rules, (ii) have access to the books and records of the Participant, (iii) have access to the systems, equipment and software operated or used by Participant in connection with SEF Activity, and the premises where the same is located, and any data stored therein, and (iv) remove, copy or reproduce any data to which Seed SEF has access under this Rule.
- (b) Upon request of Seed SEF, a Participant shall provide such information concerning the Participant's (and any of its Customer' and Authorized Traders') use of SEF Activity as Seed SEF may reasonably designate.
- (c) Upon request of Seed SEF, each Participant shall provide evidence of its financial condition at such times and in such manner as shall be prescribed by Seed SEF.

## **Rule 404. Minimum Financial and Related Reporting Requirements**

Each Participant that is registered with any Self-Regulatory Organization shall comply with the provisions of Applicable Law relating to minimum financial and related reporting and recordkeeping requirements.

## **Rule 405. Customers**

- (a) No Participant shall carry an account for or enter an Order in the name of a Customer unless the Participant has entered into a Written agreement with the Customer that is in compliance with Applicable Law and Seed SEF Rules.

- (b) Each Participant must; (i) ensure that the Customer is an ECP at the time of execution of any Swap; (ii) subject every Swap executed for the Customer to the terms of Seed SEF Rules insofar as they are applicable to that Swap; (iii) in relation to any Swap executed for the Customer, be able to comply with all requirements of Seed SEF Rules and any other arrangements, provisions and directions given by Seed SEF; and (iv) provide Seed SEF (and its authorized representatives), access to all information in connection with or related to its SEF Activity necessary for monitoring and enforcement of Seed SEF Rules.

## **Rule 406. Trading Limitations, Termination, Suspension**

- (a) In accordance with, and subject to, the procedures provided in Chapter 8, Seed SEF may, upon the occurrence of any of the following events, impose limitations, conditions and restrictions on a Participant or Authorized Trader, as applicable, or suspend or terminate any such status if such Person:
- (i) fails to satisfactorily demonstrate its ability to satisfy the eligibility criteria to become or remain a Participant;
  - (ii) is unable to satisfactorily demonstrate its ability to adhere to all applicable Seed SEF Rules;
  - (iii) would bring Seed SEF into disrepute as determined by Seed SEF in its sole discretion or;
  - (iv) for such other cause as Seed SEF may reasonably determine.
- (b) When the Trading Privileges of a Participant are terminated, all of a Participant's rights and Trading Privileges will terminate, except for the right of the Participant in question to assert claims against others, as provided in Seed SEF Rules. Any such termination will not affect the rights of creditors under Seed SEF Rules.
- (c) A suspended or terminated Participant, Authorized Trader or Supervised Person remains subject to Seed SEF Rules and the jurisdiction of Seed SEF for acts and omissions prior to the suspension or termination, and must cooperate in any inquiry, investigation, or disciplinary proceeding, summary suspension or other summary action as if the suspended or terminated Participant still had Trading Privileges. SEF may discipline a suspended Participant or Authorized Trader under the Rules for any violation of a SEF Rule or provision of Applicable Law committed by the Participant or Authorized Trader before, during or after the suspension.
- (d) Upon default of any Swap by a Participant or Customer, Seed SEF shall have the right to arrange the liquidation of all or some Swap positions of such Participant or Customer, as applicable, opened via Seed SEF.

## **Rule 407. Access to Position Information**

- (a) Without limiting any provision of these Rules, Seed SEF shall have the authority to obtain from any Participant information with respect to positions of such Participant or any Customer of such Participant. This authority shall include the authority to obtain information concerning positions maintained at other firms, and it shall be the obligation of a Participant receiving such an inquiry to obtain such information. In the event a Participant fails to provide the requested information, Seed SEF, in addition to any other remedy under these Rules, may order that the Participant liquidate the positions that are related to the inquiry.
- (b) Participants shall submit to Seed SEF, upon request, such information as Seed SEF may require with respect to the positions the Participant or its Customer owns or controls on another venue, in such form and manner as may be specified by Seed SEF.

## **Rule 408. CTI Code**

Each Participant must identify each transaction executed on the Platform on the record of transactions submitted to Seed SEF with the correct CTI Code. The CTI Codes are as follows:

- (a) C1: Transactions initiated and executed by an individual member for his own account, for an account he controls or for an account in which he has ownership or financial interest;
- (b) C2: Transactions executed for the proprietary account of a clearing member or non-clearing member firm;
- (c) C3: Transactions where an individual member or authorized trader executes for the personal account of another individual member, for an account the other individual member controls or for an account in which the other individual member has ownership or financial interest;
- (d) C4: Any transaction not meeting the definition of C1, C2 or C3. (These should be non-member customer transactions).

## Rule 409. Books and Records

- (a) Participant Books and Records.
  - (i) Each Participant shall prepare and keep current all books, ledgers and other similar records relating to its SEF Activity required to be kept by it pursuant to the CEA, CFTC Regulations and these Rules and shall prepare and keep current such other books and records relating to its SEF Activity and adopt such forms as Seed SEF may from time to time prescribe. Such books and records shall be made available, upon request, to Seed SEF, the CFTC, the Department of Justice or any Governmental Agency, regulator or Self-Regulatory Organization with jurisdiction over Seed SEF, and their respective Authorized Representatives.
  - (ii) In addition to information required by subsection (a) of this Rule 409, each Participant must comply with all applicable requirements of CFTC Regulation 1.35.
  - (iii) As required by CFTC Regulation 37.404, each Participant must keep records of their trading on Seed SEF (including records of its activity in the index or instrument used as a reference price, the underlying commodity and related derivatives markets) and make such records available, upon request, to Seed SEF, the CFTC or any Governmental Agency, regulator or Self-Regulatory Organization with jurisdiction over Seed SEF, and their respective Authorized Representatives.
  - (iv) Each Participant shall keep all books and records required to be kept by it pursuant to these Rules for a period of five (5) years from the date on which they are first prepared unless otherwise provided in these Rules or required by Applicable Law. Such books and records shall be readily accessible during the first two years of such five-year period. During such five-year period, all such books and records shall be made available for inspection by, and copies thereof shall be delivered to, Seed SEF and its Authorized Representatives upon request.
  - (v) Seed SEF may require a Participant to furnish such information concerning the Participant's business that is subject to these Rules as Seed SEF deems necessary to enable it to perform its obligations under Applicable Law, including information relating to (i) Swaps executed on Seed SEF and in related derivatives markets, including in the products underlying those Swaps, and (ii) information requested by a Government Agency relating to Seed SEF and/or Seed SEF's compliance with Applicable Law that Seed SEF believes is maintained by, or otherwise in the possession of, a Participant. All data and information provided to or obtained by Seed SEF pursuant to this Rule 409 shall be subject to the provisions of Rule 1010.
- (b) Seed SEF Books and Records. Seed SEF shall keep, or cause to be kept, complete and accurate books and records, including all books and records required to be maintained pursuant to the CEA, the CFTC Regulations or the Seed SEF Rules as required by CFTC Regulation 1.31.

## Rule 410. Information Regarding Orders

- (a) Seed SEF will make information regarding Orders (including prices bid or offered), trades and any other matters it may deem appropriate available to Participants and other Persons at such times and

in such manner (whether through the Platform, a ticker, financial information services or otherwise) as it may consider necessary or advisable from time to time.

- (b) Each Participant or other Person receiving any such information through the Platform may redistribute such information only to such extent and in such manner as may be permitted by the Seed SEF from time to time.

## **Rule 411. Authority to Impose Restrictions**

Whenever a Participant is subject to the early warning requirements set forth in CFTC Regulation § 1.12, Seed SEF may impose such conditions or restrictions on the business and operations of such Participant or as the Participant may deem necessary or appropriate for the protection of Customers, other Participants, or the Seed SEF.

## **Rule 412. Participant Treatment of Customer Funds and Securities**

Each Participant that is required to be registered with any Government Agency, including the CFTC, the U.S. Securities and Exchange Commission and any Self-Regulatory Organization, shall comply with the provisions of Applicable Law, including but not limited to the rules and regulations such Government Agency imposes on a Participant relating to the treatment of Customer funds and the maintenance of books and records with respect thereto, including the segregation of Customer and proprietary funds, the custody of Customer funds, the investment standards for Customer funds, intermediary default procedures and related record-keeping. This includes, but is not limited to CFTC Regulations 1.20(a) and 1.25.

## **Rule 413. Disclosure Requirements**

Each Participant must comply with all disclosure requirements set forth in applicable CFTC Regulations. Any such disclosure may be combined with a disclosure regarding the existence of financial interests held by the Participant in Seed SEF or any other SEF, DCM or exchange.



## CHAPTER 5: SEED SEF SERVICES

### Rule 501. Real-Time Public Reporting

- (a) In General.
- (i) CFTC Regulation Part 43, which sets forth the rules regarding real-time reporting, requires certain transaction and pricing data to be reported to a Swap Data Repository as soon as technologically practicable after Execution on or pursuant to the rules of the SEF.
  - (ii) For purposes of these Rules 501 and 502, "as soon as technologically practicable" means as soon as possible, taking into consideration the prevalence, implementation and use of technology by comparable market participants.
  - (iii) The responsibilities for real-time reporting pursuant to CFTC Regulation Part 43 will vary depending on whether or not the Transaction is executed on or pursuant to Seed SEF Rules.
  - (iv) A Participant or Participant's Counterparty must transmit all data required to be reported under CFTC Regulation Part 43 for any Block Trades to Seed SEF as soon as technologically practicable after Execution, but in any event before the times set forth in CFTC Regulation 43.5(d), or any successor regulation thereto.
  - (v) For Transactions executed on the Platform or pursuant to the Seed SEF Rules, including Block Trades, Seed SEF will fulfill the real-time reporting obligations in CFTC Regulation Part 43. Seed SEF may enter into contractual relationships with third party service providers to transmit the Swap transaction and pricing data to a Swap Data Repository.
  - (vi) Seed SEF shall have the authority to charge fees for the transmission of transaction and pricing data to a real-time disseminator for Transactions executed on the Platform or pursuant to the rules of Seed SEF; provided, however, that such fees shall be equitable and non-discriminatory.
  - (vii) Seed SEF reports all transaction and pricing data to the CME SDR for the Swaps that it lists for trading.
  - (viii) Seed SEF's transmissions of swap transaction and pricing data will include an actual description of the underlying commodity or asset.
- (b) Pursuant to CFTC Part 43 and Appendix A Seed SEF will report all transaction and pricing data for Transactions executed on the Platform or pursuant to the Seed SEF Rules as soon as technologically practicable after Execution to a registered Swap Data Repository for public dissemination.
- (c) Pursuant to CFTC Regulation 43.4(f)(2), or any successor regulation thereto, Seed SEF will report the actual notional or principal amount for all Swaps executed on or pursuant to the rules of Seed SEF, including those of any Block Trade, to a registered Swap Data Repository. However, this amount may be rounded or capped by such Swap Data Repository prior to public dissemination.
- (d) Seed SEF will not disclose transaction or pricing data for any Transactions to the general public prior to the public dissemination of such data. However, Seed SEF may permit on a non-discriminatory basis Participants and any market participants subscribing to Seed SEF for information services to access such data after or at the same time that Seed SEF transmits such data to a registered Swap Data Repository pursuant to this Rule 501.
- (e) Real-time dissemination of Block Trades will be done in accordance with Rule 502. Seed SEF shall notify the registered Swap Data Repository of any Block Trade election in accordance with Rule 608 when transmitting swap transaction and pricing data for a Block Trade to the registered Swap Data Repository.
- (f) If a Participant becomes aware of an error or omission in the swap transaction or pricing data which was reported to Seed SEF, it shall promptly inform the other Participant in the transaction and submit the corrected information to Seed SEF.
- (g) If Seed SEF becomes aware of an error or omission in the swap transaction or pricing data, by being informed of such by a Participant or from its own efforts, Seed SEF will promptly submit such corrected

data to the registered Swap Data Repository to which it sent the original information. In no event will Seed SEF submit or agree to submit a correction or cancellation that re-reports swap transaction or pricing data in order to gain or extend a delay in public dissemination of accurate transaction or pricing data or to otherwise evade the reporting requirements of Part 43.

- (h) If at any time during closing hours the registered Swap Data Repository is unable to receive and hold in queue swap transaction and pricing data pursuant to this part, then the registered Swap Data Repository shall, immediately upon reopening, issue notice that it has resumed normal operations. Seed SEF, which is obligated under this section to report data to the registered Swap Data Repository, shall report the data to the registered Swap Data Repository immediately after receiving such notice.
- (i) Seed SEF shall timestamp swap transaction and pricing data relating to a Transaction with the date and time, to the nearest second (at a minimum) of when such SEF:
  - (i) Receives data from a Counterparty (if applicable); and
  - (ii) Transmits such data to the registered swap data repository for public dissemination.

## Rule 502. Regulatory Reporting

- (a) Reporting Creation Data.
  - (i) Seed SEF will report all required swap creation data for each swap executed on or pursuant to the rules of the SEF, as soon as technologically practicable after execution of the swap, including all confirmation data and all PET data for the swap as defined in CFTC Regulation 45.1. Seed SEF will report all data fields pursuant to Part 45 Appendix 1 of the CFTC Regulations to the SDR as soon as technologically practicable after execution of the swap transaction.
  - (ii) CFTC Regulation Part 45, which sets forth the rules regarding regulatory reporting, requires Creation Data for every Transaction executed on or pursuant to the Rules of the SEF to be reported as soon as technologically practicable to a Swap Data Repository after Execution. Creation Data includes all Primary Economic Terms Data and Confirmation Data.
  - (iii) The responsibilities for regulatory reporting pursuant to CFTC Regulation 45.3, or any successor regulation thereto, will vary depending on whether or not the Transaction is executed on or subject to the rules of Seed SEF
  - (iv) A Participant or Participant's Counterparty must transmit all data required to be reported under CFTC Regulation Part 45 for any Block Trades to Seed as soon as technologically practicable after Execution.
  - (v) If both Counterparties are Swap Dealers, or both Counterparties are Major Swap Participants, or both Counterparties are neither Swap Dealers nor Major Swap Participants that are financial entities as defined in CEA section 2(h)(7)(C), or both Counterparties are neither Swap Dealers nor Major Swap Participants and neither Counterparty is a financial entity as defined in CEA section 2(h)(7)(C), then the seller of an option or the Counterparty that is paying floating if a Fixed/Floating swap is the Reporting Counterparty.
  - (vi) For Transactions executed on the CLOB or subject to the rules of Seed SEF, including Block Trades, Seed SEF will report the Primary Economic Terms Data and Confirmation Data to a Swap Data Repository. Seed SEF may enter into contractual relationships with third party service providers to transmit the Primary Economic Terms Data and Confirmation Data to such Swap Data Repository.
  - (vii) Participant must provide Seed SEF with all required information to enable Seed SEF to report all Creation Data including but not limited to:
    - (A) The LEI of the Participant placing the order, if available, or the account number of the Participant if the Participant is a natural person;
    - (B) A yes/no indication of whether the Participant is a Swap Dealer with respect to the product for which the order is placed;



- (C) A yes/no indication of whether the Participant is a Major Swap Participant with respect to the product for which the order is placed;
  - (D) A yes/no indication of whether the Participant is a financial entity as defined in CEA section (2)(h)(7)(C); and
  - (E) A yes/no indication of whether the Participant is a U.S. person.
- (viii) Seed SEF shall use the information obtained pursuant to Rule 502(a)(vii) to identify the Counterparty that is the Reporting Counterparty wherever possible. If Seed SEF cannot identify the Reporting Counterparty from the information available to it or cannot identify the seller in accordance with Rule 502(a)(v) Seed SEF shall:
- (A) Notify each Counterparty, as soon as technologically practicable after execution of the swap, that the Reporting Counterparty cannot be identified, and, if applicable, that neither Counterparty is a U.S. person; and
  - (B) Transmit to each Counterparty the LEI (or unique Participant identifier provided by Seed SEF) of the other Counterparty.
- (ix) Seed SEF shall have the authority to charge fees for any services provided pursuant to this Rule 502; provided, however, that such fees shall be equitable and non-discriminatory.
- (b) Reporting Continuation Data.
- (i) CFTC Regulation Part 45 requires Continuation Data to be reported to a Swap Data Repository during the life of any Transaction. Continuation Data includes life-cycle event data or state data, each as defined in CFTC Regulation 45.1, or any successor regulation thereto, and Valuation Data. Life-cycle event means any event that would result in either a change to a Primary Economic Term of a swap or to any Primary Economic Terms Data previously reported to a Swap Data Repository in connection with a swap. Examples of such events include, without limitation, a Counterparty change resulting from an assignment or novation; a partial or full termination of the swap; a change to the end date for the swap; a change in the cash flows or rates originally reported; availability of an LEI for a swap counterparty previously identified by name or by some other identifier; or a corporate action affecting a security or securities on which the swap is based (e.g., a merger, dividend, stock split, or bankruptcy).
  - (ii) Required swap continuation data is all of the data elements that must be reported during the existence of a swap to ensure that all data concerning the swap in the Swap Data Repository remains current and accurate, and includes all changes to the primary economic terms of the swap occurring during the existence of the swap. For this purpose, required swap continuation data includes: all life-cycle event data for the swap if the swap is reported using the life-cycle reporting method; all state data for the swap if the swap is reported using the snapshot reporting method; and all valuation data for the swap.
  - (iii) Pursuant to CFTC Regulation 45.4(c), Continuation Data for any Transaction, whether or not the Transaction is executed on a Swap Execution Facility, will be reported to the relevant Swap Data Repository by the Reporting Counterparty.
  - (iv) Seed SEF will have no obligation to fulfill any requirements to report Continuation Data for any Participant, including Valuation Data as that term is defined in CFTC Regulation § 45.1.
  - (v) If Seed SEF reports Continuation Data for any Participant that is a Reporting Counterparty, such Participant will at all times remain responsible for the performance of any and all regulatory reporting requirements imposed on such Participant under CFTC Regulation Part 45.

## Rule 503. Maintenance of Books and Records by Seed SEF

- (a) Seed SEF shall keep, or cause to be kept, complete and accurate books and records of all activities relating to the business of Seed SEF, including a complete audit trail for all Swaps executed on or subject to the rules of Seed SEF, investigatory files, and disciplinary files, and all books and records required to be maintained pursuant to the CEA and CFTC Regulations.

- (b) Seed SEF shall retain all records required to be kept pursuant to CFTC Regulations 43.3 and 45.2 with respect to each swap throughout the life of the swap and for a period of at least five (5) years following the final termination of the swap. Records relating to Swaps shall be readily accessible via real time electronic access by Seed SEF throughout the life of the Swap and for two (2) years following the final termination of the Swap, and shall be retrievable by Seed SEF within three (3) business days through the remainder of the period following final termination of the Swap during which it is required to be kept.
- (c) All books and records kept pursuant to this Rule 503 shall be reported to the CFTC as requested by the CFTC and shall be open to inspection and examination by the CFTC, U.S. Department of Justice, the U.S. Securities and Exchange Commission, or by any representative of a prudential regulator as authorized by the CFTC. Seed SEF shall provide copies of all such records, at its own expense to any representative upon request either by electronic means, in hard copy, or both, as requested by the Commission.

## Rule 504. Transaction Confirmations

- (a) The economic terms specific to the Transaction agreed to by the Participants on Seed SEF shall be reflected by Seed SEF in a written communication (the "**Trade Communication**") sent to the applicable Participants.
  - (i) The Trade Communication shall incorporate by reference the terms of freestanding agreements previously negotiated between the applicable Participants (including, without limitation, ISDA master agreements, other master agreements, term supplements, master confirmation agreements, and industry definitions incorporated therein) governing such Transactions and existing at the time of Execution (the "**Terms Incorporated by Reference**"). The Trade Communication and the Terms Incorporated by Reference shall, taken together, comprise all of the terms of such Transaction and constitute a confirmation for purposes of CFTC Regulation 37.6(b) (the "**Seed SEF Confirmation**").
  - (ii) In satisfaction of the obligations imposed on Seed SEF under CFTC Regulation 37.6(b): (A) each Trade Communication is deemed to incorporate the Terms Incorporated by Reference defined in this Rule 504; (B) the Participants hereby agree that the provisions of Rule 504(a)(iii) shall govern any conflicting terms; and (C) Participants shall monitor all applicable records and documents in accordance with CFTC's applicable guidance, interpretation and no-action letters.
  - (iii) In the event of any inconsistency between (A) the Trade Communication and (B) the Terms Incorporated by Reference, the terms of the Trade Communication shall legally supersede any contradictory terms, which shall be stated in each Seed SEF Confirmation.
  - (iv) Seed SEF shall electronically issue the Seed SEF Confirmation to the applicable counterparties as soon as is technologically feasible after execution.
  - (v) All Participants must provide copies of the underlying previously-negotiated freestanding agreements to Seed SEF on request.
  - (vi) If requested by the CFTC, Seed SEF is required to request from participants the underlying previously-negotiated freestanding agreements, and Seed SEF is required to furnish such documents to the CFTC as soon as they are available.
- (b) A Seed SEF Confirmation shall be deemed to be a binding and fully enforceable confirmation of the Transaction between such parties.
- (c) A Seed SEF Confirmation shall be deemed to be fully and mutually executed by the parties, "signed" and "in writing" for any and all purposes, and the resulting Seed SEF Confirmation shall constitute the controlling confirmation with respect to the applicable Transaction.
- (d) Participant agrees not to contest the legally binding nature or enforceability of any Transaction entered into or negotiated on the Platform or subject to the rules of Seed SEF and further agrees not to contest or assert any defense to the validity or enforceability of any Transaction on the basis that such Transaction was executed or negotiated electronically or subject to the rules of Seed SEF or on the

basis of any law requiring agreements to be in writing or to be signed by the parties. Participant hereby waives any and all rights to assert any such claims.

- (e) Participant agrees to use commercially reasonable efforts to promptly review all SEF Confirmations and to reconcile any data or other discrepancies. Objections to the contents of SEF Confirmations must be submitted to Seed SEF, in writing, promptly upon receipt, but no later than the close of that Business Day. Any discrepancies, errors or omission with respect to SEF Confirmations shall be resolved as provided in the Seed SEF Rules.

## Rule 505. Audit Trail Program

- (a) Seed SEF's audit trail permits it to track orders from the time of receipt through fill, or other disposition, and includes both order and trade data. The audit trail program includes all original source documents and an electronic transaction history database. The electronic transaction history database includes a history of all orders and trades entered into the Platform, including all orders, trades, and order modifications and cancellations. An adequate transaction history database also includes:
  - (i) All data that is input into the trade entry or matching system for the transaction to match;
  - (ii) Customer Type Indicator code; and
  - (iii) Timing and sequencing data adequate to reconstruct trading.
- (b) Seed SEF will enforce its audit trail and recordkeeping requirements through at least annual reviews of all Participants to verify their compliance with Seed SEF's audit trail and recordkeeping requirements. Such reviews will include, but are not limited to, reviews of randomly selected samples of front-end audit trail data for order routing systems; a review of the process by which user identifications are assigned and user identification records are maintained; a review of usage patterns associated with user identifications to monitor for violations of user identification rules; and reviews of account numbers and Customer Type Indicator codes in trade records to test for accuracy and improper use.
- (c) Seed SEF's audit trail enforcement program will identify Participants that have failed to maintain high levels of compliance with such requirements and will sanction Participants for deficiencies. Sanctions will not include more than one warning letter for the same violation of audit trail or recordkeeping requirements within a rolling twelve-month period.

## Rule 506. Monitoring of Trading and Trade Processing

Seed SEF will monitor trading on the Platform in order to prevent manipulation, price distortion, and disruptions of the delivery or cash settlement process through surveillance, compliance, and disciplinary practices and procedures, including through the real-time monitoring of trading, and comprehensive trade reconstruction.

## Rule 507. Use of Data Collected from Participants

Subject to the provisions of Rule 215, as applicable, Seed SEF shall not use for business or marketing purposes any proprietary or confidential data that Seed SEF collects or receives from any Participant for the purposes of fulfilling Seed SEF's regulatory obligations ("**Participant Proprietary Data**"), unless the Participant from whom it collects or receives such data consents to Seed SEF's use of such data in such manner. Seed SEF shall not condition access to Seed SEF or its services on a Participant's consent to Seed SEF's use of such data for business or marketing purposes. Where necessary for regulatory purposes, Seed SEF may share Participant Proprietary Data with one or more other swap execution facilities, designated contract markets, or other trading facilities.

## Rule 508. Publication of Trading Information

Seed SEF will publish trading information as required by CEA Section 5h(f)(9) and Parts 16 and 37 of CFTC Regulations.

## Rule 509. Error Trade Review and Notification of Action Taken

- (a) Any Trade executed on or in accordance with the Rules of Seed SEF can be canceled, corrected, or adjusted only upon consent of the SEF and in accordance with this Rule 509. To request cancellation, correction, or adjustment of a Trade alleged to be erroneous (“**Alleged Error Trade**”), a Participant must notify Seed SEF by providing the Trade ID of the Alleged Error Trade and stating the grounds for the request as soon as possible, but no later than 4:30 p.m. Chicago time on the date of Execution of the Alleged Error Trade.
- (b) For an Alleged Error Trade, the CCO and/or the CCO designee will review promptly the electronic audit trail of the Alleged Error Trade as well as any other facts and circumstances associated with the Alleged Error Trade. If Seed SEF makes an affirmative finding that the Alleged Error Trade was the result of a clerical or operational error and that the cancellation, correction, or adjustment of the Alleged Error Trade is appropriate and would not adversely impact market integrity, or otherwise violate the CEA, CFTC Regulations or SEF Rules, Seed SEF will designate such Alleged Error Trade as an “**Error Trade**.”
- (c) Seed SEF will inform affected Participants of the Error Trade and of the next steps that the Participants must or could make. Seed SEF will also inform the affected Participants of the final disposition of the Error Trade.
- (d) For purposes of this Rule 509, a Participant involved in an Alleged Error Trade and acting on behalf of a Customer or as an Introducing Broker shall have the authority to request or consent to the cancellation, adjustment or offset, as applicable, of such Trade on behalf of the Customer involved in the Trade.

## Rule 510. Error Trade Cancellation and Adjustment

- (a) Participant Error. The Participants involved in an Error Trade may mutually agree to cancel the Error Trade or to adjust the price of the Trade. SEF will cancel or adjust the Error Trade as instructed by the affected Participants.
- (b) System Error. If, after its own investigation or upon notice from a Participant, Seed SEF determines in its sole discretion that the execution of a Trade was the result of an error made by the Platform and designates the Trade as an Error Trade, then Seed SEF may:
  - (i) cancel such Trade; or
  - (ii) if both Participants affected by the Error Trade agree, adjust the price.
- (c) Timing of a Cancellation or Adjustment. Any cancellation or adjustment made pursuant to this Rule 510 shall be made before the opening of trading on the Business Day after the Error Trade was discovered.
- (d) Trade Cancellation and Adjustment by SEF.
  - (i) SEF may adjust or cancel a Trade that resulted from a market disrupting event or that is executed at a price that was outside the normal trading range.
  - (ii) If SEF takes action pursuant to this Rule 510, it will give prompt notice to the affected Participants and will use good faith, commercially reasonable efforts to obtain such Participants’ consent to such adjustment or cancellation.
- (e) Trade Reporting by SEF. SEF will report the adjustment or cancellation of the Error Trade and any new Trade entered into pursuant to this Rule in accordance with the provisions of this Chapter 5.

## **Rule 511. Swap Contract Specifications**

- (a) Notwithstanding any provision of Seed SEF Rules to the contrary, the Swap Specification with respect to a particular Swap specified in Chapter 13 shall govern the applicability of Seed SEF Rules to trading in such Swap and, in the event of any conflict between Seed SEF Rules and the Swap Specification, the Swap Specification shall govern with respect to trading in the relevant Swap.
- (b) The Swap Specification for each individual Swap may specify:
  - (i) different classes of Participants eligible to trade such Swaps. Each such class of Participants shall have the rights and obligations specified by the Swap Specification for each such Swap;
  - (ii) whether such Swap may be settled via cash settlement, physical delivery of the underlying commodity, or by any other means, as applicable; and
  - (iii) the method for determining settlement prices.

## **Rule 512. Clearing of Transactions.**

Seed SEF does not currently facilitate any Permitted Transactions that are intended by the counterparties to such Transactions to be cleared.

## CHAPTER 6: TRADING PRACTICES AND BUSINESS CONDUCT

### Rule 601. Scope

This Chapter 6 prescribes Rules concerning trading practices and business conduct on Seed SEF and applies to all Orders and Transactions in Swaps.

### Rule 602. Procedures

- (a) With respect to trading on or through the Platform, Seed SEF may adopt, without limitation, procedures relating to transactions in Contracts and trading on the Platform, including procedures to:
  - (i) disseminate the prices of bids and offers on, and trades in, Contracts;
  - (ii) record Contracts and SEF Activity;
  - (iii) perform market surveillance and regulation on matters affecting Contracts and SEF Activity;
  - (iv) establish limits on the number and/or size of Orders that may be submitted by a Participant through the Platform;
  - (v) establish limits on the number of Contracts that may be held by a Participant;
  - (vi) establish a limit on the maximum daily price fluctuations for any Contract and provide for any related restriction or suspension of trading in the Contract; and
  - (vii) require a suspended or expelled Participant, or a Participant with restricted trading rights, to have Contracts executed for the Participant to reduce or eliminate any open position or exposure to price changes for the Participant in any Contract.
- (b) Seed SEF may, in its discretion and at any time, amend any procedures adopted pursuant to Rule 602(a) in accordance with the applicable CFTC procedures, and will publish the amendments in a Notice to Participants or in any other manner determined appropriate by Seed SEF.

### Rule 603. Seed Business Days and Trading Hours

Except as provided in Rule 210 with respect to Emergency Actions, Seed SEF shall operate every day, Monday to Friday, except U.S. national holidays. Seed SEF shall be open for trading between the hours of 9:30 am and 2:30 pm Central Time. Seed SEF shall determine and publish a Notice to Participants listing Business Days and the Trading Hours for each Swap.

### Rule 604. Trading on the CLOB

- (a) Except as provided in, and in accordance with, Rule 608, all Transactions on Seed SEF will be matched and executed through the operation of the CLOB.
- (b) Trading on the CLOB remains open throughout the Trading Day. Executable Orders shall be displayed separately in the Order Book with respect to Swaps. Only Bids (Offers) of a counterparty that has previously established an acceptable bilateral credit arrangement with the Participant will be executable on the CLOB. All Orders in the CLOB are anonymous. Orders are entered into the CLOB by Participants or their agents.
- (c) The CLOB matches Orders using an automated matching algorithm. Bids and Offers are matched on the basis of price/time priority; that is, an Order at a better price will always have priority over an Order at an inferior price and older Orders will have priority over newer Orders at the same price; *provided*



however, a Bid (Offer) for a Swap can only be matched against an Offer (Bid) for the same Swap, but only with a counterparty who has previously arranged acceptable bilateral settlement arrangements. All counterparties must have available credit in order for their Bid or Offer to be entered into the CLOB.

- (d) Trading on the CLOB begins at the opening time.
- (e) A Trade is executed on the CLOB when the price of a bid (offer) equals or is greater (less) than the price of an offer (bid) for the same Contract and, if an Option order, the same Strike Price and Option type.
- (f) Details of each Transaction executed on the CLOB or subject to Seed SEF's Rules will be recorded by Seed SEF, and confirmation of the Transaction will be displayed on the Platform for each Authorized Trader who is a party to the Transaction.
- (g) Failure of Seed SEF to broadcast any message in respect of a Transaction on Seed SEF or subject to the Rules shall not invalidate such Transaction.
- (h) In the event that the Platform or any part of the Platform fails, Seed SEF's determination that a Transaction has or has not been made shall be conclusive and binding.

## Rule 605. Orders

The following order types are provided for trading on the CLOB:

- (a) Limit Orders. Limit Orders are orders to buy or sell a stated quantity at a specified price, or at a better price, if obtainable. Unless otherwise specified, any residual volume from an incomplete limit order is retained until it is withdrawn or executed. It is a good till cancelled limited order.
- (b) Market Orders. Market orders are orders that are executed at the best price or prices available in the Order Book at the time the Order is received by Seed SEF until the Order has been filled in its entirety. Order Modification and Cancellation
- (c) Any Order that has been entered into the Platform may be modified or cancelled unless and until it has been executed or has otherwise expired. Any such modification or cancellation requires that a modification order or cancellation order, as the case may be, with respect to the original Order be entered into the Platform. Such modification or cancellation will become effective upon receipt by the Platform of the modification order or cancellation order, as the case may be. If the amount of an Order is reduced, the time priority originally assigned to the order does not change. However, revising the price or increasing the amount of an Order will change the Order's time priority and the time for such modified Order shall be the time the Platform receives the revision.
- (d) If for any reason the connection to the Platform is lost, all Orders entered from that location are cancelled.

## Rule 606. Order Entry

- (a) It shall be the duty of each Authorized Trader to:
  - (i) Submit orders that include their User ID; and
  - (ii) Input the price, quantity, Seed SEF contract code and appropriate account designation for each order.
- (b) The account designation must be an account number, account name or other identifying notation that is uniquely tied to a specific account owner for whom the order is placed.

## Rule 607. Pre-Execution Communications and Pre-Discussed Trades

- (a) Pre-Execution Communications with respect to Permitted Transactions in Swaps shall be allowed.

- (b) No Person shall enter a pre-discussed Permitted Transaction for illegal or improper purposes.

## Rule 608. Block Trades

- (a) In addition to execution through the CLOB, transactions that meet the following conditions may be matched by Brokers or Participants and submitted to Seed SEF for execution as Block Trades; provided however, the transaction shall not be considered to be executed until accepted by Seed SEF:
- (i) The Participants have consented in writing on a transaction-specific basis or on a blanket basis to entering into a transaction under the procedures of this Rule, and have agreed to all of the terms of the transaction prior to the Broker or Participant reporting the transaction to Seed SEF;
  - (ii) The transaction is reported in the form and manner specified by Seed SEF as soon as practicable, following agreement of the Participants to the terms of the transaction;
  - (iii) The transaction may not be entered into for illegal or improper purposes; and
  - (iv) The Broker must keep full, complete and systematic records of the transaction as required by CFTC Regulation 1.35.
- (b) Seed SEF shall designate the products in which block trades shall be permitted and determine the Appropriate Minimum Block Size for such transactions.
- (c) A broker shall not execute any Order by means of a block trade for a Person unless such Person has specified that the order be executed as a block trade.
- (d) Each Order underlying a Block Trade must comply with Applicable Law, including without limitation all CFTC Regulations governing Block Trades.
- (e) Block Trade prices will not trigger unexecuted Orders in the Order Book.
- (f) Submission.
- (i) Block Trades must be reported to Seed SEF in a manner (and subject to the deadlines) prescribed from time to time by Seed SEF, after price, size, and other relevant terms of the Block Trade have been agreed and affirmed by the parties thereto.
  - (ii) Seed SEF may accept a Block Trade if the details are complete and accurate, are timely submitted, and otherwise comply with these Rules.
  - (iii) Seed SEF will only accept Block Trades for particular Contracts as specified and published by Seed SEF.
  - (iv) A Block Trade will be deemed executed and legally binding upon its acceptance by Seed SEF in accordance with these Rules. Seed SEF will issue a trade record for a Block Trade pursuant to Rule 504.
- (g) Each party to a Block Trade shall comply with all applicable Rules other than those which by their terms only apply to trading through the CLOB.
- (h) Each Participant that is a party to a Block Trade must comply with the recordkeeping requirements set forth in the Rules.
- (i) Any Transaction between Participants which is identical to or a close substitute for a Trade that would be acceptable as a Block Trade, including without limitation Transactions that reference Seed SEF traded prices or the index values that underlie Seed SEF contracts, must be submitted to Seed SEF for acceptance.



## **Rule 609. [Reserved]**

## **Rule 610. [Reserved]**

## **Rule 611. Position Limits or Position Accountability**

- (a) To reduce the potential threat of market manipulation or congestion, Seed SEF shall adopt for each of the contracts of Seed SEF, as is deemed necessary and appropriate by Seed SEF, position limits or position accountability levels for speculators.
- (b) Seed SEF shall on an on-going basis monitor positions established on or through Seed SEF for unusual activity, including but not limited to, unusual volumes, patterns or concentrations of transactions.

## **Rule 612. Supervision**

A Participant shall be responsible for establishing, maintaining and administering reasonable supervisory procedures to ensure that its Authorized Traders, if any, and Supervised Persons comply with Applicable Law and the Rules, and such Participant may be held accountable for the actions of such Authorized Traders and Supervised Persons with respect to Seed SEF.

## **Rule 613. Rule Violations**

- (a) It shall be an offense for a Participant, Authorized Trader or Supervised Person to violate any Seed SEF Rule regulating the conduct or business of a Participant or its Authorized Traders or Supervised Persons, or any agreement made with Seed SEF, or to engage in fraud, dishonorable or dishonest conduct, or in conduct which is inconsistent with just and equitable principles of trade.
- (b) Participants shall assist Seed SEF in any investigation into potential violations of the Seed SEF Rules or the CEA. Such assistance must be timely and may include, but not be limited to, producing documents, answering questions from Seed SEF or its designee, and/or appearing in connection with an investigation.
- (c) If a Participant has actual or constructive notice of a violation of Seed SEF Rules in connection with the use of Seed SEF by a Participant, Account or Authorized Trader and the Participant fails to take appropriate action, the Participant may be found to have committed an act detrimental to the interest or welfare of Seed SEF.

## **Rule 614. Aggregation Prohibited**

No Authorized Trader and no Participant may aggregate Orders from different Customers for entry in the Platform or execution as a Block Trade.

## **Rule 615. Allocation of Orders Prohibited**

No Authorized Trader and no Participant may allocate Transactions to more than one Participant on the same side of the market.

## **Rule 616. Fictitious, Wash or Non-Competitive Transactions Prohibited**

No Participant, Authorized Trader, Supervised Person or any market participant that directly or indirectly effects a transaction on Seed SEF shall:

- (a) Create, place or accept fictitious transactions, Wash Transactions, or non-competitive transactions (except as otherwise authorized by Seed SEF Rules), or execute any Order with knowledge of its nature as a fictitious transaction, Wash Transaction, accommodation trade or non-competitive transaction.
- (b) Place or accept buy and sell orders in the same Unique Swap Identifier, where the Person knows or reasonably should know that the purpose of the orders is to avoid taking a bona fide market position exposed to market risk. Buy and sell Orders for different accounts with common beneficial ownership that are entered with the intent to negate market risk or price competition shall also be deemed to violate this prohibition on Wash Transactions. Additionally, no Person shall knowingly execute or accommodate the execution of such Orders by direct or indirect means.

## **Rule 617. Manipulation and Fraudulent Conduct Prohibited**

No Participant, Authorized Trader, Supervised Person or any market participant that directly or indirectly effects a transaction on Seed SEF shall:

- (a) Engage in any fraudulent act or engage in any scheme to defraud, deceive, trick or mislead in connection with or related to any SEF Activity.
- (b) Manipulate or attempt to manipulate the market in any Contract; provided, however, that nothing in this Rule 617 shall be construed to require any Person to disclose to another Person non-public information that may be material to the market price, rate, or level of a particular transaction, except as necessary to make any statement made to the other Person in or in connection with the transaction not misleading in any material respect.
- (c) Manipulate or attempt to manipulate the price of any Swap or Contract, corner or attempt to corner any Swap or Contract or any commodity underlying a Swap or Contract, or engage in any activity or conduct otherwise prohibited under Section 9(a)(2) of the CEA.
- (d) Intentionally or recklessly:
  - (i) Use or employ, or attempt to use or employ, any manipulative device, scheme, or artifice to defraud;
  - (ii) 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;
  - (iii) Engage, or attempt to engage, in any act, practice, or course of business, which operates or would operate as a fraud or deceit upon any Person; or
  - (iv) Deliver or cause to be delivered, or attempt to deliver or cause to be delivered, for transmission through the mails or interstate commerce, by any means of communication whatsoever, a false or misleading or inaccurate report concerning market information or conditions that affect or tend to affect the price of any Contract in interstate commerce, knowing or acting in reckless disregard of the fact that such report is false, misleading or inaccurate.

## **Rule 618. Market Disruption and Disruptive Trading Practices Prohibited**

- (a) Orders entered into the Platform for the purpose of upsetting the equilibrium of the market in any Contract or creating a condition in which prices do not or will not reflect fair market values are

prohibited, and any Participant, Authorized Trader, Supervised Person or any market participant that directly or indirectly effects a transaction on Seed SEF who makes or assists in entering any such Order with knowledge of the purpose thereof or who, with such knowledge, in any way assists in carrying out any plan or scheme for the entering of any such Order, will be deemed to have engaged in an act detrimental to Seed SEF.

- (b) No Participant, Authorized Trader, Supervised Person or any market participant that directly or indirectly effects a transaction on Seed SEF shall engage in any trading, practice, or conduct that constitutes a “disruptive trading practice” which includes, but is not limited to, engaging in conduct that:
- (i) Violates bids or offers;
  - (ii) Demonstrates intentional or reckless disregard for the orderly execution of transactions during the closing period; or
  - (iii) Is of the character of, or commonly known as, “spoofing” (bidding or offering with intent to cancel the bid or offer before execution).

## **Rule 619. Abusive Trading Practices Prohibited**

No Participant, Authorized Trader, Supervised Person or any market participant that directly or indirectly effects a transaction on Seed SEF shall engage in any abusive trading practices, including front-running, Wash Transactions, pre-arranged trading (except as otherwise permitted under the Rules), fraudulent trading or money passes.

## **Rule 620. Withholding Orders Prohibited**

- (a) Any Authorized Trader entering Orders on Seed SEF for its Customer shall not withhold or withdraw from the market any Order, or any part of an Order, for the benefit of any Person other than such Customer.
- (b) An Authorized Trader must enter into the Platform all Orders that are immediately acceptable as soon as practicable following receipt.

## **Rule 621. Priority of Customers’ Orders**

- (a) No Person shall knowingly enter an Order into Seed SEF for its own account, an account in which it has a direct or indirect financial interest or an account over which it has discretionary trading authority, including, without limitation, an Order allowing discretion as to time and price, when such Person is in possession of any competing Order for another Person that Seed SEF is capable of accepting.
- (b) For purposes of this Rule, a Person will not be deemed to knowingly enter an Order if (i) such Person is a corporate or other legal entity consisting of more than one individual trader, (ii) such Person has in place appropriate “firewall” or separation of function procedures and (iii) the Authorized Trader entering the Order in question has no direct knowledge of the competing Order.

## **Rule 622. Trading Ahead or Against Customers’ Orders**

- (a) No Person in possession of an Order from another Person shall knowingly trade ahead of such Order for its own account, an account in which it has a direct or indirect financial interest, or an account over which it has discretionary trading authority.
- (b) No Person in possession of an Order from another Person shall knowingly take, directly or indirectly, the opposite side of such Order for its own account, an account in which it has a direct or indirect financial interest, or an account over which it has discretionary trading authority.

## **Rule 623. Simultaneous Buy and Sell Order for Different Beneficial Owners**

- (a) No Participant shall enter into a pre-arranged transaction or knowingly assume on its own behalf or on behalf of a Customer account the opposite side of its own Order or its Customer's Order (a "Cross Trade"), except (i) in the case of block trades executed in accordance with Rule 608, (ii) where the Participant is entering into both sides of a Customer Order on a non-discretionary basis, or (iii) the Participant (A) has obtained prior written blanket or transaction specific consent in respect of any relevant Customer and (B) waits for a minimum of 15 seconds after the initial Order is entered before submitting the opposite side Order.
- (b) Notwithstanding the foregoing, a Participant shall not be in violation of this Rule 623 due to Cross Trades executed by two Participants trading for the same account, or for separate accounts of the same beneficial owner, where neither Participant has knowledge of the other's Order and there is no coordination or prearrangement of the Cross Trade, provided that each Participant shall be responsible, upon the request of Seed SEF, to demonstrate to the reasonable satisfaction of Seed SEF, that it had no knowledge of the other Participant's Order.

## **Rule 624. Disclosing Orders Prohibited**

No Participant shall disclose the terms of an Order prior to entry onto the Platform except to a designated Seed SEF Official or the applicable regulator, and no Participant shall solicit or induce another Person to disclose Order information. No Person shall take action or direct another to take action based on non-public Order information, however acquired.

## **Rule 625. Mishandling of Customer Orders**

Any Participant that mishandles any Order is responsible for all remedial actions and potential direct losses incurred with respect to such Order.

## **Rule 626. Misuse of the Platform**

Misuse of the Platform is strictly prohibited. It shall be deemed an act detrimental to the welfare of Seed SEF to engage in unauthorized use of the Platform, to assist any Person in obtaining unauthorized access to the Platform, to alter the equipment associated with the Platform, to interfere with the operation of the Platform, to intercept or interfere with information provided thereby, or in any way to use Seed SEF in a manner contrary to the Rules.

## **Rule 627. Prohibition of Misstatements**

No Participant shall knowingly make any knowing misstatements of material fact to Seed SEF, any SEF Official, any Board committee or SEF panel, or the Regulatory Service Provider or Governmental Agency.

## **Rule 628. Acts Detrimental to Welfare of Seed SEF Prohibited**

No Participant shall engage in any act that is detrimental to Seed SEF.

## **CHAPTER 7: CLEARING**

### **Rule 701. [RESERVED]**

## CHAPTER 8: DISCIPLINARY RULES

### Rule 801. General

(a) Jurisdiction.

- (i) Seed SEF, acting through its Compliance Department and Disciplinary Panels, shall have the authority to: (A) initiate and conduct investigations; (B) prosecute Violations committed by Participants, Customer, Authorized Traders, Supervised Persons, or any market participant that directly or indirectly effects a transaction on Seed SEF; and (C) impose sanctions for such Violations as provided in the Rules.
- (ii) Each Participant, upon becoming a Participant, shall file with Seed SEF a written notice designating an agent for receiving service of process documents, and thereafter, notify Seed SEF upon any change to the relevant agent. If a Participant fails to designate an agent, Participant consents to mailing service to its address on file with Seed SEF, and delivery thereof shall be deemed to have occurred as of the date of such mailing.
- (iii) Upon becoming a Participant and thereafter, the Participant will, prior to any change of address, file with Seed SEF a written notice designating an address for receiving service of documents.
- (iv) The provisions of this Chapter 8 shall not apply to or limit the authority of Seed SEF to limit Trading Privileges or take other actions under Rule 307 or Rule 406 or to take Emergency Actions.

(b) Enforcement Authority and Duties.

- (i) It shall be the duty of the CCO and Seed SEF's Compliance Department personnel under the direction of the CCO to enforce the Rules. The CCO shall have the authority to inspect the books and records of all Participants, Authorized Traders, Supervised Persons and market participants that directly or indirectly effect a transaction on Seed SEF and to require such persons to appear before it to answer questions regarding possible Violations.
- (ii) The Compliance Department may delegate its authority under these Rules to initiate and conduct investigations and prosecute Violations to the Regulatory Services Provider, if any.
- (iii) No member of the Compliance Department shall be a Participant, Authorized Trader or Supervised Person or operate under the direction or control of any Person or Persons with Trading Privileges.
- (iv) The Compliance Department has the authority to:
  - (A) initiate and conduct inquiries and investigations;
  - (B) prepare investigative reports and make recommendations concerning initiating disciplinary proceedings;
  - (C) determine whether a reasonable basis exists for finding a Violation, and for authorizing the issuance of Notices of Charges against Persons alleged to have committed Violations if the CCO believes the matter should be adjudicated; and
  - (D) prosecute alleged Violations within Seed SEF's disciplinary jurisdiction.
- (v) The CCO, upon a good faith determination that there are substantial reasons to believe that such immediate action is necessary to protect the best interests of Seed SEF, may order that any Person be denied access to Seed SEF for a period not to exceed 60 days. Notice shall promptly be given to the Person subject to the access denial. Such notice shall state the reasons for the denial, the effective date, time and the duration of the denial and advise the Person of his right to an expedited hearing before the Disciplinary Panel by filing a request with the CCO within 10 Business Days after receiving the notice. Seed SEF shall immediately notify the CFTC of any denial of access under this Rule 801(b)(v) in accordance with the requirements of CFTC Regulation 9.12(b).

(c) Investigation.



- (i) The Seed SEF Compliance Department will determine the nature and scope of its inquiries and investigations and will function independently of any commercial interests of Seed SEF. The Compliance Department will investigate any matter within Seed SEF's disciplinary jurisdiction
- (A) of which it becomes aware that indicates a reasonable basis for finding that a violation may have or will occur; or
- (B) upon a request from CFTC staff.
- (ii) The Compliance Department shall prepare a written investigative report with respect to any matter investigated.
- If the Compliance Department determines that no reasonable basis exists for finding a Violation, the report shall include the reason the investigation was initiated, a summary of the complaint, if any, the relevant facts, and the Compliance Department's analysis and conclusions.
- If the Compliance Department determines that a reasonable basis exists for finding a Violation:
- (A) the report shall include the reason the investigation was initiated, a summary of the complaint, if any, the relevant facts, the Compliance Department's analysis and conclusion, and a recommendation as to whether disciplinary action should be pursued; and
- (B) the Person who is the subject of the investigation shall be provided with a copy of the investigative report and shall be given an opportunity to submit written comments to the Compliance Department. Any such written comments must be received by the Compliance Department at least five Business Days prior to distribution of the report to the CCO for decision. Any such comments received from such Person shall be provided to the CCO.
- (iii) If the CCO concludes that a Violation may have occurred, based on the investigative report prepared by the Compliance Department or any investigation conducted by the CCO, the CCO may:
- (A) Issue a warning letter to the Person that is the subject of the investigation, informing such Person that there may have been a Violation and that such continued activity may result in disciplinary sanctions. Such a warning letter is neither a penalty nor a finding of a Violation. Issuance of such warning letters shall be subject to the limitations in CFTC Regulations 37.203 and 37.206;
- (B) Negotiate and enter into a written settlement agreement with such Person, whereby such Person, with or without admitting fault or guilt, may agree to any of the sanctions set forth in Rule 810;
- (C) Impose a summary fine under Rule 811, if appropriate; or
- (D) Determine to bring formal proceedings before a Disciplinary Panel under this Chapter 8.
- (iv) The President, the Board, the CCO, the Compliance staff, any committee or subcommittee and any panel of any committee or subcommittee engaged in any investigation of, examination into, or hearing involving any matter pursuant to the Rules, shall have the power to summon any Person and any employee of any Participant to appear before him, her or it to give testimony under oath or in any other manner required by him, her or it and to produce any documents, books or records. If any Person or any employee of any Participant fails to obey any such summons or to give any such testimony or to produce any such documents, books or records, such failure shall constitute a violation of this Rule and shall be reported to the Disciplinary Panel for appropriate action.
- Each Participant, Authorized Trader, Supervised Person or any market participant that directly or indirectly effects a transaction on Seed SEF:
- (A) is obligated to appear and testify and respond in Writing to interrogatories within the time period required by the Compliance Department in connection with: (1) any Seed SEF Rule; (2) any inquiry or investigation; or (3) any preparation by and presentation

during a disciplinary proceeding, summary imposition of fines, summary suspension, or other summary action by Seed SEF;

- (B) is obligated to produce books, records, papers, documents or other tangible evidence in its, his or her possession, custody or control within the time period required by the Compliance Department in connection with: (1) any Seed SEF Rule; (2) any inquiry or investigation; or (3) any preparation by and presentation during a disciplinary proceeding, summary imposition of fines, summary suspension or other summary action by Seed SEF; and
- (C) may not impede or delay any inquiry, investigation, disciplinary proceeding, summary imposition of fines, summary suspension or other summary action.
- (v) The Compliance Department will complete all investigations in a timely manner and in all cases within 12 months of commencing an investigation unless the specific nature of the investigation, the number of parties involved, and/or the number of documents and records that must be reviewed cause delay.

## Rule 802. Notice of Charges

If the CCO determines that a matter should be adjudicated in a formal hearing before a disciplinary panel, the Compliance Department shall serve a notice of charges (a **"Notice of Charges"**) on the Respondent, which shall state:

- (a) the acts, practices or conduct that the Respondent is alleged to have engaged in;
- (b) the Rule or provision of Applicable Law alleged to have been violated or about to be violated;
- (c) the proposed sanctions;
- (d) that the Respondent has a right to a hearing;
- (e) that the Respondent has 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 or disciplinary panel, any employee of Seed SEF, or any person substantially related to the underlying investigations, such as a material witness or respondent;
- (f) the period of time within which the Respondent can request a hearing on the Notice of Charges, which will not be less than 20 days after service of the Notice of Charges;
- (g) that any failure to request a hearing within the period stated, except for good cause, will be deemed to constitute a waiver of the right to a hearing;
- (h) that the failure of the Respondent to file an Answer within 20 days after service of the Notice of Charges will be deemed an admission of all of the allegations in the Notice of Charges; and
- (i) that any allegation in the Notice of Charges that is not expressly denied will be deemed to be admitted.

## Rule 803. Answer to Notice of Charges; Reply

- (a) The Respondent shall serve on the Compliance Department a written answer (an "Answer") to the Notice of Charges and a written request for a hearing on the charges within 20 days of the date of service of the Notice of Charges.
- (b) An Answer shall be signed by the Respondent, or its representative, and contain a statement specifying the allegations that the Respondent:
  - (i) denies or admits; and
  - (ii) does not have sufficient information to either deny or admit.
- (c) Any failure by the Respondent to timely serve an Answer to a Notice of Charges will be deemed to be an admission to the allegations in such Notice of Charges. Any failure by the Respondent to answer one or more allegations in a Notice of Charges will be deemed to be an admission of that allegation

or those allegations. Any allegation in a Notice of Charges that the Respondent fails to expressly deny will be deemed to be admitted. A general denial by the Respondent, without more, will not satisfy the requirements of paragraph (b) above.

- (d) The Compliance Department may serve on the Respondent a reply to the Answer (a "**Reply**") within five days of the date of service of the Answer. The Reply must be limited to the matters set forth in the Answer.

## Rule 804. Settlement

- (a) A Respondent may at any time propose in writing an offer of settlement related to anticipated or instituted disciplinary proceedings.
- (b) Any offer of settlement should contain proposed findings and sanctions and be signed by the Respondent and submitted to the Disciplinary Panel presiding over the matter.
- (c) A Respondent may offer to settle disciplinary proceedings without admitting or denying the findings contained in the order of the disciplinary proceedings but must accept the jurisdiction of Seed SEF over it and over the subject matter of the proceedings and consent to the entry of the findings and sanctions imposed.
- (d) If a Respondent submits an offer of settlement in accordance with paragraph (a) above, the relevant Disciplinary Panel will forward the offer to the CCO. Any preliminary determination by the CCO to accept the offer shall be submitted for review by the Disciplinary Panel. If the Disciplinary Panel agrees, then the CCO shall conditionally accept an offer of settlement, and the settlement will become final upon the expiration of 20 days after an order of the disciplinary proceedings consistent with the terms of the offer of settlement is served on the Respondent.
- (e) If an offer of settlement is accepted by the Disciplinary Panel, the Disciplinary Panel accepting the offer must issue a written decision specifying the Violations it has reason to believe were committed, including the basis or reasons for the Disciplinary Panel's conclusions, and any sanction to be imposed, which must include full customer restitution where customer harm is demonstrated. If applicable, the decision must also include a statement that the respondent has accepted the sanctions imposed without either admitting or denying the Rule Violations.
- (f) If an offer of settlement is accepted and the related order of disciplinary proceedings becomes final, the Respondent's submission of the offer will be deemed to constitute a waiver of the right to notice, opportunity for a hearing and review under the Rules.
- (g) If the offer of settlement of a Respondent is not accepted, fails to become final or is withdrawn by the Respondent, the matter will proceed as if the offer had not been made and the offer and all documents relating to it will not become part of the record. Neither a Respondent nor the relevant Disciplinary Panel may use an unaccepted offer of settlement as an admission or in any other manner at a hearing of disciplinary proceedings.

## Rule 805. Disciplinary Panel

- (a) The CCO shall appoint the members of the Disciplinary Panels in consultation with the Board. The CCO or the Board may remove a member of a Disciplinary Panel for cause.
- (b) The Disciplinary Panel will consist of three or five panelists. At least one member of any Disciplinary Panel must be a person who is not a Seed SEF Participant.
- (c) Disciplinary Panels shall not include any members of Seed SEF's Compliance Department or any Person involved in adjudicating any other stage of the same proceeding.
- (d) Disciplinary Panels must meet any applicable composition requirements under Part 40 of the CFTC Regulations.
- (e) The Disciplinary Panel shall conduct hearings in connection with any disciplinary proceedings, to make findings, render decisions, and impose sanctions (other than summary fines under Rule 811) pursuant to this Chapter 8.

## Rule 806. Hearing (Disciplinary Procedures & Sanctions)

- (a) A fair hearing will be conducted before members of the Disciplinary Panel.
- (b) Following receipt of an Answer from a Respondent, or failure of a Respondent to provide an Answer, the Disciplinary Panel will promptly convene a hearing to conduct the disciplinary proceedings with respect to such Respondent. Parties to a disciplinary proceeding include each Respondent and the Compliance Department.
- (c) The chair of the Disciplinary Panel may continue, adjourn or otherwise conduct the hearing, as he or she may deem appropriate. The chair of the Disciplinary Panel will determine all procedural and evidentiary matters and will not be bound by any evidentiary or procedural rules or law. Once admitted during the hearing, the Disciplinary Panel may consider, and attach the weight it believes appropriate to, evidence or other materials.

## Rule 807. Respondent Review of Evidence

Prior to the commencement of a hearing, each Respondent will be given the opportunity to review all books, records, documents, papers, transcripts of testimony and other tangible evidence in the possession or under the control of Seed SEF that the Compliance Department will use to support the allegations and proposed sanctions in the Notice of Charges or which the chair of the Disciplinary Panel deems relevant to the disciplinary proceedings. Notwithstanding the foregoing, no Respondent will have the right to review, and Seed SEF will have no obligation to disclose, any information protected by attorney-client privilege.

## Rule 808. Conducting Hearings

- (a) At a hearing conducted in connection with any disciplinary proceedings, the Compliance Department will present its case supporting the allegations and proposed sanctions in the Notice of Charges to the Disciplinary Panel. If a Respondent has timely filed an Answer to the Notice of Charges in accordance with the Rules, the Respondent is entitled to attend and participate in the hearing.
- (b) At a hearing conducted in connection with any disciplinary proceedings, the Disciplinary Panel or the Compliance Department and each Respondent may:
  - (i) present evidence and facts determined relevant and admissible by the chair of the Disciplinary Panel;
  - (ii) call and examine witnesses; and
  - (iii) cross-examine witnesses called by other parties.
- (c) Any Person entitled, or required or called upon, to attend a hearing before a Disciplinary Panel pursuant to paragraph (b) above will be given reasonable notice, confirmed in writing, specifying the date, time and place of the hearing, and the caption of the disciplinary proceedings. All Participants, Supervised Persons of a Participant, Authorized Traders and any market participants that directly or indirectly effects a transaction on Seed SEF that are called as witnesses are required to appear at the hearing and, where applicable, produce evidence. Seed SEF will make reasonable efforts to secure the presence of all other Persons called as witnesses whose testimony would be relevant.
- (d) The Disciplinary Panel may summarily impose sanctions on any Participant, Authorized Trader or Supervised Person that impedes or delays the progress of a hearing.
- (e) If the Respondent has requested a hearing, a copy of the hearing shall be made and shall become a part of the record of the proceeding. The record shall not be required to be transcribed unless: the transcript is requested by Commission staff or the Respondent, the decision is appealed pursuant to the Rules, or the decision is reviewed by the Commission pursuant to Section 8c of the CEA or 17 C.F.R. Part 9. In all other instances, a summary record of a hearing is permitted.

## Rule 809. Decision of Disciplinary Panel

- (a) As promptly as is reasonable following a hearing, the Disciplinary Panel will issue a written order rendering its decision based on the weight of the evidence contained in the record of the disciplinary proceedings. A decision by a majority of the Disciplinary Panel will constitute the decision of the Disciplinary Panel.
- (b) Seed SEF will serve a copy of the order of the disciplinary proceedings on the Respondent and the Compliance Department. The order will include:
  - (i) the Notice of Charges or summary of the allegations;
  - (ii) the Answer, if any, or a summary of the Answer;
  - (iii) a summary of the evidence introduced at the hearing or, where appropriate, incorporation by reference of the investigative report;
  - (iv) findings of fact and conclusions concerning each allegation, including a complete explanation of the evidentiary and other basis for such findings and conclusions with respect to each allegation;
  - (v) each specific Rule and/or provision of Applicable Law that the respondent is found to have violated;
  - (vi) the sanctions, if any, imposed including the basis for such sanctions and the effective date of each sanction; and
  - (vii) the availability to the Respondent under CFTC Regulation 9.11(b)(6) of review of any disciplinary action or denial of access.
- (c) The order of the disciplinary proceedings will become final upon the expiration of 20 days after the order is served on the Respondent and provided to the Compliance Department.
- (d) The Rules do not permit any appeal of a determination by the Disciplinary Panel. Disciplinary actions and denials of access to the Trading system are subject to review by the CFTC in accordance with Part 9 of the CFTC Regulations.

## Rule 810. Sanctions; Expenses

- (a) If the Disciplinary Panel determines that a Respondent has committed a Violation for which Seed SEF has jurisdiction, the Disciplinary Panel may impose one or more of the following sanctions or remedies:
  - (i) censure or reprimand,
  - (ii) restriction, suspension or termination of Trading Privileges,
  - (iii) a warning letter, subject to the limitations in Applicable CFTC Regulations,
  - (iv) a cease and desist order,
  - (v) a fine,
  - (vi) restitution or disgorgement; or
  - (vii) any other sanction or remedy determined to be appropriate under the circumstances.
  - (viii) Seed SEF may impose a fine of up to \$100,000 for each Violation, together with interest reasonably determined by Seed SEF for the period from the date such fine is imposed to the date of payment. Each Participant shall be responsible for paying any fine or other amount imposed on, but not paid by, any of its Authorized Traders or Supervised Persons.
  - (ix) All disciplinary sanctions, including sanctions imposed pursuant to an accepted settlement offer, shall take into account the Respondent's disciplinary history. Sanctions shall be commensurate with the violations committed and sufficient to deter recidivism or similar violations by any other Participant, Authorized Trader, Supervised Person or market participant that directly or indirectly effects a transaction on Seed SEF.

- (x) In the event of a Violation resulting in demonstrated harm, sanctions shall include full customer restitution, except where the amount of the restitution or to whom it should be provided cannot be reasonably determined.
- (b) If the Disciplinary Panel determines that a respondent has violated the Rules or a provision of Applicable Law for which Seed SEF has jurisdiction, the Disciplinary Panel may also require the respondent to pay to Seed SEF an amount equal to any and all out-of-pocket expenses incurred by Seed SEF in connection with the investigation and prosecution of such Violations.

## Rule 811. Summary Fines

- (a) The Compliance Department may impose summary fines, or provide a warning letter for a first-time violator, on a Participant, Authorized Trader or Supervised Person for Violations of Rules relating to the failure to timely submit accurate records required for verifying each day's Transactions, without the need for a formal hearing under this Chapter 8.
- (b) The schedule of summary fines will be established by Seed SEF from time to time and published by Notice.

## Rule 812. Effective Date of Penalties

- (a) If a Person enters into a settlement agreement with Seed SEF, any penalty included as a part of such settlement agreement shall become final and effective on the date that the CCO approves such settlement agreement.
- (b) Any decision (including any penalty) by a Disciplinary Panel shall be the final decision of Seed SEF and shall become effective fifteen (15) days, or such longer time as the Disciplinary Panel may specify, after a copy of the written decision of the Disciplinary Panel has been served on the Respondent and delivered to the Commission; provided, however, that, in any case where the Respondent has consented to the action taken and to the timing of its effectiveness, the Disciplinary Panel may cause the decision involving any disciplinary action (including any penalty) to become effective prior to the fifteen (15) day period.
- (c) If a Person fails to pay any fine imposed by the Disciplinary Panel on or before the date on which such fine becomes due and payable, such Person shall be suspended automatically without further action by Seed SEF and shall remain suspended until such fine is paid in full and the Person is reinstated; *provided, however*, that on written application received prior to such date, the Disciplinary Panel, in its sole discretion, may postpone the date when payment is due.

## Rule 813. Publication and Written Notice of Disciplinary Actions

- (a) A brief summary of the disposition of a finding by the CCO, or the Disciplinary Panel, and each hearing, settlement, and each imposition of any penalty, shall be kept permanently in the Person's file. The record of any hearing, together with all of the papers, shall be retained for a period of five (5) years.
- (b) All information, records, and documents provided to the Panel, as well as proceedings conducted before the Disciplinary Panel shall be confidential and shall not be disclosed to any Person except:
  - (i) as required by law or by the Rules;
  - (ii) in any action or proceeding brought by or against Seed SEF;
  - (iii) as may be determined from time to time by the Board.
- (c) In any case where (i) a Person enters into any settlement agreement with Seed SEF or (ii) the Disciplinary Panel renders a decision finding a Person guilty of any Rule violation, Seed SEF shall make public its findings and the reason for its action, including any action taken or penalty ordered



and written notice of any suspension, expulsion, disciplinary action or denial of access shall be given to the CFTC and to the Person who is suspended, expelled, disciplined or denied access within 30 days of the date such action becomes final, which notice shall include the reasons for the action in the form and manner the CFTC prescribes.

## **Rule 814. Participant Responsibility Actions**

- (a) Seed SEF may summarily suspend any Participant or Person exercising Trading Privileges or take other summary action against such a Person if Seed SEF reasonably believes that such immediate action is necessary to protect the best interests of the marketplace.
- (b) Any action taken against any Participant or Person exercising Trading Privileges pursuant to this Rule shall be taken after notice and an opportunity to be heard, unless Seed SEF determines that giving such notice or opportunity to be heard before taking such action is not practicable under the circumstances. The notice shall state the action, the reasons for the action, and the effective time and date and the duration of the action. In any case in which action is taken without prior notice and opportunity to be heard, Seed SEF shall give the Participant notice and an opportunity to be heard promptly thereafter.
- (c) Any hearing held pursuant to this Rule shall be held before a Disciplinary Panel and shall be conducted in compliance with the procedures in this Chapter 8 of the SEF's Rules.

## CHAPTER 9: ARBITRATION

### Rule 901. Jurisdiction

- (a) Any Claim or grievance by a Participant against another Participant shall, if the claimant so elects, be settled by arbitration in accordance with these Arbitration Rules, unless the Claim or grievance is capable of being settled by arbitration under the rules of a Registered Futures Association or a National Securities Association. If such a Claim or grievance is made in accordance with these Arbitration Rules, any counterclaim permissible under Rule 904(a) of these Arbitration Rules shall, if asserted by such Participant, likewise be settled by arbitration in accordance with these Arbitration Rules.
- (b) Any Allowable Claim by a claimant against a respondent, whether originating before or during the period of time that the parties are Participants, shall be settled by arbitration in accordance with these Arbitration Rules unless the claim is capable of being settled by arbitration under the rules of a Registered Futures Association or a National Securities Association. If such an Allowable Claim is made in accordance with these Arbitration Rules, any Allowable Claim which may be asserted as a counterclaim under Rule 904(a) shall likewise be settled by arbitration in accordance with these Arbitration Rules. Arbitration proceedings invoked pursuant to this paragraph shall be independent of, and shall not interfere with or delay the resolution of, a Participant's Claims and grievances submitted for arbitration pursuant to paragraph (a).
- (c) All other disputes or controversies, regardless of their nature, between or among any two (2) or more parties, shall, if agreed to by all parties involved, be settled by arbitration in accordance with these Arbitration Rules. Arbitration proceedings invoked pursuant to this paragraph shall be independent of, and shall not interfere with or delay the resolution of, a Participant's Claims and grievances submitted for arbitration pursuant to paragraph (a).
- (d) Notwithstanding the foregoing, any Panel or, in the absence of a Panel, any three (3) members of the Arbitration Committee appointed by the Chairman of the Arbitration Committee, in its sole and absolute discretion, may decline to take jurisdiction of, or, having taken jurisdiction may at any time decline to proceed further with, any Claim or grievance or any other dispute, controversy or counterclaim, other than such as may be asserted under paragraph (a) of this Rule.
- (e) The commencement of an arbitration under these Rules by a claimant against a respondent will not in itself preclude a Participant from exercising its rights and remedies under its agreements with another Participant, nor will these Arbitration Rules be deemed to permit a Participant to obtain any stay, injunction or similar relief that would preclude a Participant from exercising such rights and remedies as a result of the commencement of an arbitration under these Rules.
- (f) Except as expressly set forth in this Chapter 10, Seed SEF shall have no responsibility with respect to any Claim or grievance or dispute between or among two or more Participants, or any action, suit or proceeding arising therefrom or relating thereto.

### Rule 902. Definitions

Unless otherwise indicated, the following terms shall have the following meanings for the purposes of this Chapter 10:

**Allowable Claim** means a claim for losses arising directly from or relating to a Transaction. An Allowable Claim shall not include legal or other incidental expenses incurred in connection with any such losses or with the events giving rise to any such losses.

**Arbitration Rules** means the rules set forth in this Chapter 10.

**Claim or Grievance** means any dispute which arises out of or relating to Transactions subject to the Rules by or through a Participant, which dispute does not require for adjudication the presence of essential witnesses or third parties over whom Seed SEF does not have jurisdiction or who are otherwise not available. The term "Claim or grievance" shall not include any claim or grievance against Seed SEF.

**Claimant** means a Person who asserts a Claim pursuant to these Arbitration Rules.

**National Securities Association** means a national securities association as defined in the Securities Exchange Act of 1934, as amended.

**Registered Futures Association** means a registered futures association as defined in the CEA.

**Respondent** means a Person against whom a Claim is asserted pursuant to these Arbitration Rules.

## Rule 903. Quorum and Disqualification

- (a) The Arbitration Committee shall consist of such number of Persons as the Board shall determine from time to time. The President shall appoint Public Directors of the Board as the Chairman and Vice Chairman of the Arbitration Committee and shall appoint employees of Participants and Persons who are not Participants to the Arbitration Committee to serve until new committees are appointed. The President may at any time remove any member of the Arbitration Committee, with or without cause, and all vacancies shall be filled as in the case of an original appointment. A Person shall be disqualified from taking any action as a member of the Arbitration Committee or as an arbitrator prescribed in the Arbitration Rules if such Person or an Affiliate has an interest in the Claim or dispute. Any member of the Arbitration Committee may disqualify himself or herself for any reason he or she deems appropriate. Each member of the Arbitration Committee or arbitrator appointed to hear and determine a Claim or grievance shall conduct himself or herself in a manner consistent with the ABA/American Arbitration Association's "Code of Ethics for Arbitrators in Commercial Disputes" and shall disclose to the Chairman of the Arbitration Committee, who shall thereafter advise the parties to the arbitration, at any stage of the arbitration, any past or present, direct or indirect financial, business, professional, family or social relationship which is likely to affect an appearance or which might reasonably create an appearance of partiality or bias.
- (b) If the Chairman of the Arbitration Committee is disqualified or is unavailable, the Vice Chairman of the Arbitration Committee shall act as Chairman. If both the Chairman and the Vice Chairman of the Arbitration Committee are disqualified or are unavailable, the President shall appoint another member of the Arbitration Committee, who is not affiliated with a Participant, to act as Chairman.
- (c) The lesser of a majority or three (3) members of the Arbitration Committee shall constitute a quorum for the transaction of business. Any action taken by a vote of the majority of the Arbitration Committee members present at a meeting at which a quorum is present shall be deemed to be a valid action of the Arbitration Committee.

## Rule 904. Procedure

- (a) Claims Asserted pursuant to Rule 904(a).
  - (i) A Person desiring to invoke the provisions of this paragraph (a) shall, within two (2) years from the time the Claim or grievance arose, file with Seed SEF a Notice of Arbitration. The Notice of Arbitration shall set forth the name and address of the party or parties against whom the Claim or grievance is being asserted, the nature and substance of the Claim or grievance, the relief requested and the factual and legal basis alleged to underlie such relief. In the event of a Notice of Arbitration submitted by a Participant, such Notice of Arbitration shall indicate whether the Participant elects to have the Claim or grievance heard and determined by a Mixed Panel, as provided in subparagraph (a)(iii) of this Rule. Failure to so indicate will be deemed a waiver of such election. The Notice of Arbitration shall be accompanied by the Claimant's non-refundable check payable to Seed SEF in payment of the arbitration fee. The amount of the fee shall be \$1,000 or 1% of the Relief Requested, whichever is larger.
  - (ii) Upon receipt, Seed SEF shall promptly deliver a copy of the Notice of Arbitration to each Respondent and to the Chairman of the Arbitration Committee. Each Respondent shall, within 20 days following the delivery of such Notice, file an Answering Statement with Seed SEF, with a copy to the Claimant, setting forth its position with respect to the Claimant's Claim or

grievance. Any allegation in the Notice of Arbitration not denied by a Respondent in its Answering Statement shall be deemed admitted.

The Answering Statement may set forth one or more counterclaims against the Claimant, provided that any such counterclaims (A) arise out of the Trade or occurrence that is the subject of the Claimant's claim or grievance and (B) do not require for adjudication the presence of essential witnesses, parties or third Persons over which Seed SEF does not have jurisdiction. Other counterclaims are permissible only if the Claimant agrees to the submission thereof after such counterclaims have arisen.

If an Answering Statement sets forth one or more counterclaims, the Claimant shall reply to such counterclaims within 20 days following delivery of the Respondent's Answering Statement. The Reply shall be filed with Seed SEF, with a copy to the Respondent involved.

- (iii) The Chairman of the Arbitration Committee, promptly after receipt by Seed SEF of the Answering Statement, shall appoint a Panel of disinterested Persons to hear and determine the Claim or grievance, selecting one as the Chairman of the Panel. If the amount of relief requested is more than or equal to \$100,001, the Panel shall be composed of three or more individuals. If the amount of relief requested is less than \$100,001, a sole arbitrator may be appointed by the Chairman of the Arbitration Committee in accordance with subparagraph (a)(viii) of this Rule. In a case where a Participant has, in its Notice of Arbitration, elected a Mixed Panel, at least a majority of the Persons selected shall not be Participants, clearing participant or clearing member of a clearing house, or any employee thereof, or otherwise associated with a clearing house. Promptly following such appointment, Seed SEF shall forward copies of the Notice of Arbitration Answering Statement and Reply, if there be one, to the Panel members selected.
- (iv) Seed SEF shall notify the parties of the appointment of the members of the Panel. Any party objecting to all or any members of the Panel shall file such objection with the Chairman of the Arbitration Committee within ten (10) days of the giving of such notice by Seed SEF. The Chairman of the Arbitration Committee shall then determine whether changes in the composition of the Panel are appropriate, and if so, shall make such changes. Any vacancy occurring on the Panel for any reason shall be filled by an individual appointed by the Chairman of the Arbitration Committee. The parties shall be notified of the filling of such vacancy and may file objections to the new appointee to the Panel in accordance with the procedure set forth above.
- (v)
  - (A) The parties shall, within a time specified by the Chairman of the Panel, furnish each other and the Panel with a statement listing the witnesses expected to be called and the documents expected to be introduced into evidence, together with copies of such documents. Unless the Panel waives compliance with this requirement, no witness may testify and no documentary evidence may be introduced at the hearing unless listed in (and, in the case of documents, furnished with) such statement.
  - (B) After the exchange of documents, any party may notify an other party and the Chairman of the Panel of any pertinent documents and information it seeks from such other party that were not provided as part of the document exchange. The other party has five days to provide the requested documents or information or object to their production. Any objection to a request for the production of documents or other information shall be resolved by the Chairman of the Panel, or his or her designee.
- (vi) The Panel shall establish, on not less than 10 days' written notice to the parties, the date, time and place of the hearing. Each Panel shall determine the procedures to be followed in any hearing before it, including the use of preliminary hearings to resolve discovery disputes, simplify the issues, and expedite the hearings; *provided, however*, that the following shall apply in every case:
  - (A) Each of the parties shall be entitled to appear personally at the hearing.
  - (B) Each of the parties, at their own expense, shall have the right to be represented by counsel in any aspect of the proceeding.

- (C) Each of the parties shall be entitled to (1) prepare and present all relevant facts in support of the Claims or grievances, defenses or counterclaims, and to present rebuttal evidence to such Claims or grievances, defenses or counterclaims made by the other parties, (2) examine the other parties, (3) examine any witnesses appearing at the hearing, and (4) examine all relevant documents presented in connection with the Claim or grievance, or any defense or counterclaim applicable thereto.
  - (D) The formal rules of evidence shall not apply.
  - (E) No verbatim record shall be made of the proceedings, unless requested by a party who shall bear the cost of such record. If such a request is made, a stenographic transcript shall be taken, but not transcribed unless requested by a party who shall bear the cost of such transcription.
  - (F) Ex parte contacts by any of the parties with members of the Panel shall not be permitted.
  - (G) The Panel shall have the power, on the request of any party or on its own motion, to require any Person to testify and/or to produce documentary evidence in the proceedings as and to the extent provided for in Rule 904.
- (vii) The Panel shall, within sixty (60) days of the termination of the hearing, render its award in writing and deliver a copy thereof either in person or by first-class mail to each of the parties. The Panel, in its award, may grant any remedy or relief which it deems just and equitable, including, without limitation, the awarding of interest and the arbitration fee; provided, however, that any costs incurred as a result of having a Mixed Panel shall be borne by the Participant unless the Panel determines that the Participant acted in bad faith in initiating or conducting the proceeding. The award of the Panel shall be final and binding upon each of the parties to the arbitration, and judgment upon such award may be entered by any court having jurisdiction. Any Participant who is a Respondent in an arbitration conducted pursuant to the Rules shall notify the Legal Department of Seed SEF of any judicial proceeding based on the award. In addition, any award, if not complied with within the time specified in the award, shall be enforceable by disciplinary proceedings pursuant to the Rules.
- (viii) Notwithstanding any other provision of this paragraph (a), including the right of a Participant to elect a Mixed Panel pursuant to Rule 904(a)(iii), if a Notice of Arbitration sets forth Claims or grievances aggregating less than \$100,001, and the Answering Statement submitted by the Respondent either does not raise counterclaims or raises one or more counterclaims aggregating less than \$100,001, the Chairman of the Arbitration Committee may, at the request of any party or on his or her own motion, in his or her sole and absolute discretion, decide that there shall not be a hearing, in which case the following procedures shall apply:
- (A) The Chairman of the Arbitration Committee shall notify both parties that neither the Claims or grievances nor the counterclaims, if any, aggregate to \$100,001.
  - (B) The Claimant shall, within 20 days of such notification, submit to Seed SEF, with a copy to each of the Respondents, a memorandum (together with such supporting documents, affidavits and other materials as the Claimant deems pertinent) setting forth the bases upon which he or she believes he or she is entitled to the relief requested in the Notice of Arbitration.
  - (C) Each Respondent shall, within 20 days of its or his or her receipt of the Claimant's memorandum and supporting documentation, submit to Seed SEF, with a copy to the Claimant, a memorandum (together with such supporting documents, affidavits and other materials as the respondent deems pertinent) setting forth the bases upon which he or she believes that the relief requested by the Claimant should be denied and, if said Respondent has raised counterclaims in his or her Answering Statement, the bases upon which he or she believes he or she is entitled to the relief requested by such counterclaims.
  - (D) The Chairman of the Arbitration Committee may, on the request of any party or on his or her own motion, in his or her sole and absolute discretion determine whether to allow or require the submission of reply or additional papers, unless a Respondent has asserted one or more counterclaims, in which case the Claimant shall be entitled

to reply to such counterclaims within 10 days of delivery of the Respondent's memorandum setting forth the bases thereof.

- (E) The Chairman of the Arbitration Committee or his or her designee, acting as sole arbitrator, shall, within thirty (30) days of his or her receipt of the final papers filed, render an award in writing and deliver a copy thereof either in person or by first-class mail to each of the parties. The sole arbitrator in his or her award may grant any remedy or relief which he or she deems just and equitable, including, without limitation, the awarding of interest and the arbitration fee; provided, however, that any costs incurred as a result of a Participant requesting a Mixed Panel shall be borne by the Participant unless the sole arbitrator determines that the Participant acted in bad faith in initiating or conducting the proceeding. The decision of the sole arbitrator shall be final and binding upon each of the parties to the arbitration, and judgment upon such award may be entered by any court having jurisdiction. In addition, any award, if not complied with within the time specified in the award, shall be enforceable by disciplinary proceedings pursuant to the Rules.
  - (ix) The failure of any party to an arbitration to comply with any of the requirements of this paragraph (a), or with any demand or request of either the Panel, the sole arbitrator or the Chairman of the Arbitration Committee shall be deemed a Violation and shall, in addition to any other action Seed SEF may take for any such Violation, subject such party to such action by the Panel, the sole arbitrator or the Chairman of the Arbitration Committee (including without limitation the entry of an award against such party) as it or he or she shall deem appropriate under the circumstances.
  - (x) Notwithstanding the provisions of subparagraph (x) of this paragraph (a), either the Panel, the sole arbitrator or the Chairman of the Arbitration Committee, may for good cause shown extend any time limitation imposed by this paragraph (a) (except the two (2) year and the thirty (30) day limitation periods set forth in subparagraph (a)(i) or may excuse any neglect to comply therewith or with any other requirement of this paragraph (a) or demand or request of the Panel, the sole arbitrator or the Chairman of the Arbitration Committee.
- (b) Other Claims Asserted pursuant to Rule 904(b).
- (i) Any dispute or controversy between or among any two (2) or more parties may, if all of the parties to such dispute or controversy so agree, be settled by arbitration in accordance with this paragraph (b). Such dispute or controversy shall be heard and determined in accordance with the procedures set forth in paragraph (a) of this Rule, except for the following:
    - (A) In lieu of the procedure set forth in the first sentence of subparagraph (i) of paragraph (a), the provisions of this paragraph (b) shall be invoked by the submission by all of the parties concerned of an agreement to submit the dispute or controversy to arbitration in accordance with this paragraph (b) and to be bound by the award of the arbitrators. Following such submission, Seed SEF shall forward to the party requesting relief the information set forth in subparagraph (i) of paragraph (a) of this Rule, whereupon all of the other procedures set forth in subparagraph (i) of paragraph (a) shall apply.
    - (B) None of the limitations on counterclaims set forth in subparagraph (ii) of paragraph (a) shall apply.

## Rule 905. Withdrawal of Claims

- (a) Any Notice of Arbitration may be withdrawn at any time before an Answering Statement is filed in accordance with these Rules.
- (b) If an Answering Statement has been filed, any withdrawal shall require consent of the party against which the Claim or grievance is asserted.



## **Rule 906. Modification of Award**

On written application to the Legal Department of Seed SEF by a party to an arbitration within 20 days after delivery of the award to the applicant, the Panel or sole arbitrator may modify the award if:

- (a) there was a miscalculation of figures or a mistake in the description of any Person, thing, or property referred to in the award;
- (b) the Panel or sole arbitrator has awarded upon a matter not submitted to it, and the award may be corrected without affecting the merits of the decision upon the issues submitted; or
- (c) the award is imperfect in a matter of form, not affecting the merits of the controversy.

Written notice of the application shall be given to the other parties to the arbitration. Written objection to the modification must be served on Seed SEF and the other parties to the arbitration within 10 days of receipt of the application. The Panel or sole arbitrator shall dispose of any application made under this Rule in writing, signed and acknowledged by the Panel or sole arbitrator, within 30 days after either written objection to the modification has been served on it or the time for serving said objection has expired, whichever is earlier. The parties may in writing extend the time for such disposition either before or after its expiration.

## **Rule 907. Compensation of Arbitrators**

The parties to an arbitration shall pay the arbitrators appointed in each matter compensation in accordance with such fee schedule as the Board may from time to time determine. The arbitrators in each such matters shall determine the proportion in which such compensation shall be paid by each of the parties.

## **Rule 908. Failure to Comply with Award**

- (a) Any Participant in whose favor an award has been rendered pursuant to this Chapter 10 shall promptly notify the Legal Department of Seed SEF, in writing, if the award is not complied with. Any Participant, who fails to comply with the terms of an award rendered against such Participant, shall be subject to the procedures set forth in this Rule. Specifically, upon receipt of a notice or information indicating that a Participant has failed to comply with the terms of an award rendered against such Participant, Seed SEF shall notify such Participant against whom or which the award was rendered of Seed SEF's intention to suspend its privileges as a Participant and afford the Participant an opportunity to be heard by a panel of the Arbitration Committee appointed by the Chairman for the sole purpose of proving that the award has been satisfied, provided that the Legal Department of Seed SEF receives a written request from the Participant for such a hearing within five Business Days after receipt of such notice by the Participant. Failure to so request such a hearing shall be deemed an acknowledgment by the Participant that the award has not been complied with. Any such hearing shall be conducted in accordance with such procedures as the Panel shall determine. The Panel shall consist of no less than three (3) members of the Arbitration Committee. Following any such hearing, the Panel shall determine whether the Participant has failed to timely satisfy the award and shall promptly advise Seed SEF, and all parties in the proceeding, of its determination.
- (b) If the Panel shall find, or if a Participant shall acknowledge, that it has failed to comply with any award rendered pursuant to this Chapter 10 when and as provided by such award, the Participant may be suspended, as provided in these Rules, and shall remain suspended until the award is complied with and the suspended Participant is reinstated.

## CHAPTER 10: MISCELLANEOUS

### Rule 1001. Governing Law

The law of the State Illinois shall govern any dispute arising between Seed SEF and a Participant without giving effect to the provisions, policies or principles of any state law relating to choice or conflict of laws.

### Rule 1002. Transaction Terms

- (a) Seed SEF may establish Contract Specifications for each Contract listed for trading on Seed SEF or subject to the Rules.
- (b) Upon execution of a Transaction in a Swap, solely as between the parties thereto, such Transaction shall be deemed a legally binding obligation of the Participant at the time Seed SEF provides notice of acceptance or execution of such Transaction and shall be subject to the applicable master agreement or other documentation agreed between such parties. For the avoidance of doubt, no further action, other than that described in the preceding sentence, need be taken or is otherwise required to be done, in order for such Transaction in a Swap to be deemed a legally binding Transaction as between the parties thereto, and such Transaction will be deemed “confirmed” for all purposes upon delivery of the written record of the Transaction pursuant to Rule 504.

### Rule 1003. Limitation on Liability

- (a) Except as otherwise set forth in this rule, neither Seed SEF nor any of its representatives, affiliates or affiliates’ representatives shall be liable to a Participant, authorized trader or any other person, or any partner, director, officer, agent, employee thereof, for any loss, damage, injury, delay, cost, expense, or other liability (including, but not limited to, loss of profits, loss of use and direct, indirect, incidental, consequential or punitive damages) or claim whether in contract, tort or restitution, or under any other cause of action, suffered by or made against them as a result of their use of some or all of the platform, by making use of the platform, such persons expressly agree to accept all liability arising from their use of same.
- (b) Except as otherwise set forth in this rule, neither Seed SEF nor any of its representatives, affiliates or affiliates’ representatives shall be liable to a participant, authorized trader or any other person, or any partner, director, officer, agent, employee thereof, for any loss, damage, injury, delay, cost, expense, or other liability (including, but not limited to, loss of profits, loss of use and direct, indirect, incidental, consequential or punitive damages) or claim whether in contract, tort or restitution, or under any other cause of action, suffered by or made against them arising from: (a) any failure or non-availability of the platform; (b) any act or omission on the part of SEF, its representatives, affiliates or affiliates’ representatives including without limitation a decision of Seed SEF to suspend, halt, or terminate trading or to void, nullify or cancel orders or trades in whole or in part; (c) any errors or inaccuracies in information provided by Seed SEF, affiliates or the platform; (d) unauthorized access to or unauthorized use of the platform by any person; or (e) any force majeure event affecting Seed SEF. This limitation of liability will apply regardless of whether or not Seed SEF, its representatives, affiliates or affiliates’ representatives (or any designee thereof) was advised of or otherwise might have anticipated the possibility of such damages.
- (c) No participant, authorized trader, supervised person or any other person shall be entitled to commence or carry on any proceeding against Seed SEF, its representatives, affiliates or affiliates’ representatives, in respect of any act, omission, penalty or remedy imposed pursuant to the rules of Seed SEF. This section shall not restrict the right of such persons to apply for a review of a direction, order or decision of Seed SEF by a competent regulatory authority.
- (d) The limitations on liability in this Rule 1003 shall not protect any party for which there has been a final determination (including exhaustion of any appeals) by a court or arbitrator to have engaged in willful or wanton misconduct or has acted in bad faith. Additionally, the foregoing limitations on liability of

this rule shall be subject to the CEA and the regulations promulgated thereunder, each as in effect from time to time.

## **Rule 1004. Limitation on Damages**

The maximum aggregate liability of Seed SEF, its Representatives, Affiliates and Affiliates' Representatives to any Participant, or any partner, director, officer, agent, employee of a Participant, Authorized Trader or any other Person, on an aggregate basis, for any and all claims made in relation to the use of or failure of the Platform or any action or failure to act in any calendar year shall be \$100,000, however that liability arises, including (without limitation) breach of contract, tort, misrepresentation or breach of statutory duty. This aggregate liability limit applies regardless of whether a claim is allowed under Rule 1003 (including under Rule 1003(d)) or the limitation in Rule 1003 is found by a court of competent jurisdiction to be invalid, unlawful, or unenforceable.

## **Rule 1005. Indemnification**

- (a) In the event any legal proceeding is brought by a third party against Seed SEF which arises directly or indirectly from the use of the Platform by a Participant, and/or the partner, shareholder, director, officer, agent or employee of a Participant, such Participant, partner, shareholder, director, officer, agent or employee of a Participant, undertakes to hold Seed SEF harmless in respect of, and to reimburse to Seed SEF all costs related to same including all legal fees and expenses.
- (b) Participants, and/or its partners, shareholders, directors, officers, agents or employees of Participants shall indemnify and hold Seed SEF, its Representatives, Affiliates or Affiliates' Representatives harmless from and against all costs, including without limitation amounts paid to settle an action or to satisfy a judgment, legal and professional fees, expenses for attending trials, hearings and meetings, that Seed SEF incurs in any civil, criminal or administrative action, suit, proceeding, investigation, inquiry, hearing, appeal, or review that is threatened or brought against Seed SEF, or in respect of which Seed SEF is compelled or requested to participate, in respect of any act committed or permitted by the Participant, and/or its partners, shareholders, directors, officers, agents or employees.
- (c) Any Participant, or any partner, director, officer, agent, employee of a Participant, which institutes an action or proceeding against Seed SEF, its Representatives, Affiliates or Affiliates' Representatives, and which fails to prevail in such action or proceeding, shall reimburse such Seed SEF, Representative, Affiliate or Affiliate's Representative, for any and all costs or expenses (including but not limited to attorneys' fees, expenses of investigation and amounts paid by way of indemnifying any officers, directors, employees or other persons by the Corporation) incurred in connection with the defense of such action or proceeding.

## **Rule 1006. Disclaimer of Warranties**

- (a) Seed SEF provides any licensed products, access to the platform, the equipment and any part or parts of the platform, on an "as is" basis.
- (b) Except as specifically provided in any written agreement, Seed SEF and its affiliates make no, and hereby disclaim all, warranties, conditions, undertakings, terms or representations, expressed or implied by statute, common law or otherwise, in relation to any licensed products, equipment or any part or parts of the platform. Seed SEF and its affiliates specifically disclaim all implied warranties of merchantability, fitness for a particular purpose and non-infringement. Seed SEF and its affiliates further disclaim all warranties, implied or otherwise, relating to any third party materials.
- (c) Seed SEF does not guarantee the sequence, timeliness, accuracy or completeness of any of Seed SEF's or its affiliate's transaction data or guarantee the accuracy, responsiveness or completeness of the platform, the platform software or the related documentation.

## **Rule 1007. Suspension and Waiver of Rules**

If necessary and expedient, Seed SEF may, in its sole discretion, waive, or extend the time period for performing, any act or acts designated by the Rules, but only to the extent such waiver or extension is not inconsistent with Applicable Law.

## **Rule 1008. Forms; Transmission of Data**

- (a) In connection with any transaction or matter handled through, with or by Seed SEF under or pursuant to the Rules, the form of any required list, notice or other document shall be as from time to time prescribed by Seed SEF, and additions to, changes in and elimination of any such forms may be made by Seed SEF at any time in its discretion.
- (b) A Participant may execute any document to be delivered to Seed SEF or to any other Participant pursuant to these Rules by means of a mechanically or electronically reproduced facsimile signature of a representative of the Participant; provided that the Participant shall have complied with such requirements as may be prescribed by Seed SEF in connection with the use of such facsimile signatures.

## **Rule 1009. Amendments to the Rules**

Seed SEF shall be authorized to amend these Rules and any related procedures or other documents from time to time with the approval of the Board and without the consent of any other Person, subject to Applicable Law, and in connection therewith to determine the effective date of any such amendment and whether, and how, any such amendment may apply to existing Contracts. Seed SEF will notify Participants of Rule changes by Circular. Each Participant, Authorized Trader and Supervised Person shall be bound by any such amendment.

## **Rule 1010. Confidentiality**

- (a) All non-public information provided by a Participant or Authorized Trader to Seed SEF shall be held in confidence and shall not be made known to any other Person except as follows:
  - (i) with the consent of the Participant or Authorized Trader providing such information;
  - (ii) to a Governmental Body if Seed SEF is requested or legally required to do so by such Governmental Body;
  - (iii) pursuant to a lawful discovery request;
  - (iv) to a Swap Data Repository;
  - (v) subject to appropriate confidentiality requirements, to any Person providing services to SEF, including the Regulatory Services Provider;
  - (vi) pursuant to an information sharing agreement or other arrangement or procedures in accordance with Rule 213;
  - (vii) subject to appropriate confidentiality requirements, to Seed SEF employees, the Board, Board committees, Disciplinary Panels, SEF Officers, attorneys, auditors, and agents, independent contractors or other Persons that have been engaged by Seed SEF, in each case, who require such information in connection with the discharge of their duties to SEF; and
  - (viii) as otherwise permitted under these Rules.
- (b) All information and data obtained or received by Seed SEF from inspections of accounting and other records will be treated as confidential by SEF; however, this Rule 1010 does not supplant Rule 210 (Emergency Actions), the Rules in Chapter 8 (Disciplinary Rules), or any other requirement of legal process or law.

## Rule 1011. Arbitration and Venue

Any dispute between Seed SEF and a Participant arising from or in connection with Seed SEF Rules will be settled by arbitration administered in New York County, New York by the American Arbitration Association (the **AAA**) under its Commercial Arbitration Rules. The dispute will be submitted to one arbitrator who will be appointed by the AAA. Any arbitrator appointed for purposes of this Rule 1011 will have experience with and knowledge of commodities, derivatives and Swaps as listed on the National Roster of Arbitrators kept in the AAA's records. Judgment on the award rendered by the arbitrator will be binding on the parties and may be entered in any state or federal court sitting in New York County, New York, and Seed SEF and each Participant shall be deemed to have consented to the personal jurisdiction of any such court. Each party to the dispute will bear its own costs and expenses in connection with any arbitration hereunder, as well as an equal share of the administrative fees and the fees of the arbitrator; provided, however, that the arbitrator will be entitled to include in any award a full reimbursement for the prevailing party's costs and expenses, such party's share of the administrative fees and the fees of the arbitrator, or any combination of any or all of the above. In the event that this Rule 1011 is held to be unenforceable in connection with any dispute or a claim is deemed by a court of competent jurisdiction to be not arbitrable, (i) exclusive jurisdiction for any such dispute will reside in any state or federal court sitting in New York County, New York, (ii) SEF and the Participant involved in the dispute will be presumed to have submitted to the personal jurisdiction of any such court, and (iii) an action to enforce any judgment or decision of such court may be brought in the same court or in any other court with jurisdiction or venue. Finally, all Participants unconditionally and irrevocably waive any and all right to trial by jury in connection with any such dispute.

## **CHAPTER 11: CONTRACT SPECIFICATIONS**

### **Rule 1101. [Reserved]**