

# Clearing Rules

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## 7. DISCIPLINARY RULES

### 702. ICE Clear Credit Staff — Powers and Duties.

- (a) For purposes of this rule 702, ICE Clear Credit staff shall consist of the ICE Clear Credit chief compliance officer (the “**Chief Compliance Officer**”), other ICE Clear Credit employees, including officers, and such other individuals (who possess the requisite independence) as ICE Clear Credit may hire on a contract basis.
- (b) ICE Clear Credit staff shall conduct investigations of possible Violations, prepare written reports respecting such investigations, furnish such reports to the Chief Compliance Officer and Business Conduct Committee and conduct the prosecution of such Violations; provided that instances of a Participant’s failure to submit end of day prices in accordance with ICE Clear Credit Procedures (“**Missed Submissions**”) are subject to the summary assessment process as outlined in Section 702(e).
- (c) ICE Clear Credit staff shall provide the Participant that is the subject of any investigation with a copy of the written report no less than five ICE Business Days prior to distribution of the report to the applicable Review Subcommittee of the Business Conduct Committee and shall provide an opportunity to submit written comments regarding or evidence relevant to the report. Any written comments received from the Participant shall either accompany distribution of the report to the Review Subcommittee or shall be furnished to the Review Subcommittee at or before the time of its meeting, depending on the date on which the Participant’s comments are received by ICE Clear Credit staff.
- (d) If, in any case, the President, the Chief Compliance Officer or another ICE Clear Credit employee designated for this purpose by the Board concludes that a Violation may have occurred, he or she may:
  - (i) issue a warning letter to the Participant informing it that there may have been a Violation and that such continued activity may result in disciplinary sanctions; *provided* that such warning letter shall indicate that it is neither the finding of a Violation nor a penalty and is subject to the review of the Business Conduct Committee; or
  - (ii) negotiate and enter into a written settlement agreement with the Participant, whereby the Participant, with or without admitting guilt, may agree to:
    - (1) a cease and desist order or a reprimand; and/or
    - (2) a fine of up to ten thousand dollars for each Violation alleged plus the monetary value of any benefit received as a result of the alleged Violation.

Any such written settlement shall be subject to the approval of a Review Subcommittee of the Business Conduct Committee and shall become final and effective pursuant to Rule 714(a).

- (e) In the event that ICE Clear Credit staff believes a Missed Submission has occurred, it shall advise the Chief Compliance Officer and commence the following summary assessment process, unless otherwise directed by the Chief Compliance Officer:
- (i) At the end of each calendar month, the staff of ICE Clear Credit shall gather relevant details concerning each Missed Submission that it believes occurred during the past month, and prepare and transmit a Notice of Violation letter addressed to the chief compliance officer for CDS (and such other representatives of the Participant as it deems appropriate) setting forth relevant details of such Violation;
    - (1) Such Notices of Violation shall include information about the date, type, quantity, and assessment amount for the Missed Submission Violation(s) in accordance with the Schedule of Assessments for Missed Price Submissions attached hereto.
    - (2) Participants are required to submit end of day prices for each Contract in which they hold a cleared interest in accordance with the ICE Clear Credit Procedures. Participants that hold a cleared interest in one or more Contracts within a single name family are required to provide prices for all benchmark tenors within the family at each coupon cleared by ICE Clear Credit. Participants that hold a cleared interest in one or more Index Swaption Contracts sharing the same underlying index and expiration date are required to provide prices for all Index Swaption Contracts sharing the same underlying index and expiration date. Each price not submitted as required is a Missed Submission.
  - (ii) A Participant will have fifteen (15) days from the date of the Notice of Violation to dispute it or seek to have it waived or rescinded, after which time the Chief Compliance Officer will consider all relevant information and may either request further details or make a final determination.
    - (1) If the Participant fails to respond to a Notice of Violation within the timeframe set out therein, the Missed Submission and the stated assessment amount shall immediately be deemed finally determined, without further notice.
    - (2) A Participant is eligible for one waiver per calendar year for single name Missed Submissions, ~~and~~ one waiver per calendar year for Index Swaption Missed Submissions. Waivers requested and

granted pursuant to this paragraph (e)(ii)(2) are strictly limited to those Missed Submissions caused by technical failures. Participant may request such waiver(s) to be applied against all applicable Missed Submissions for a given instrument class on a given day. The Participant must provide adequate written explanation of the technical failure and plans for remedial actions. The Chief Compliance Officer shall determine whether the requirements of this paragraph (e)(ii)(2) are met and whether a waiver of the Violation and assessment shall be granted. If granted, a waiver shall provide that no assessment amount shall be due. For the avoidance of doubt, a Participant is eligible for one waiver per calendar year for single name Missed Submissions, ~~and one waiver per calendar year for index Missed Submissions,~~ and one waiver per calendar year for Index Swaption Missed Submissions; a Participant will not be eligible for additional waivers under this paragraph (e)(ii)(2) and no additional waiver requests by a Participant for a given asset class will be considered by ICE Clear Credit under this paragraph (e)(ii)(2). A waiver granted pursuant to this paragraph (e)(ii)(2) shall not preclude a Participant from being eligible for a waiver under paragraph (e)(ii)(3).

(3) A Participant shall receive an unconditional waiver for Missed Submission(s) that are due to extraordinary circumstances outside of the Participant's control. The Chief Compliance Officer shall determine whether circumstances are extraordinary and outside of a Participant's control giving due weight to circumstances that involved an act of God or market-wide disruption; provided that, for the avoidance of doubt, technical failure, human error, and similar circumstances unique to the relevant Participant are not considered circumstances outside of a Participant's control. For the avoidance of doubt, a waiver granted pursuant to this paragraph (e)(ii)(3) shall not preclude a Participant from being eligible for a waiver under paragraph (e)(ii)(2).

(4) If the Missed Submission is not an instance of a particular type of Missed Submission (single name, ~~or~~ Index or Index Swaption) where the Participant has satisfied the requirements of paragraph (e)(ii)(2), and is not due to an extraordinary circumstance outside of a Participant's control, the Chief Compliance Officer shall conclude that the Missed Submission and assessment stated in the Notice of Violation is finally determined.

(iii) Any assessment amount finally determined as provided by this paragraph (e)(iii) will become immediately due and owing and shall be billed and collected by ICE Clear Credit in accordance with its normal procedures.

## Schedule 702: Schedule of Assessments for Missed Price Submissions

<b><u>CDS Type</u></b>	<b><u>Applicable Conditions</u></b>	<b><u>Assessment Amount (per missed price)</u></b>
Index	Occurred on date other than an announced firm trade date	\$1,000 (no maximum)
Index	Occurred on an announced firm trade date (last day of each calendar quarter)	\$2,000 (no maximum)
<a href="#">Index Swaption</a>	<a href="#">For each Missed Submission</a>	<a href="#">\$250*</a>
Single Name	For each Missed Submission other than the most actively traded instrument in a family	\$2,000**
Single Name	For each Missed Submission in the most actively traded instrument in a family (e.g., 5Y, 100 bps coupon)	\$4,000**

\*The maximum assessment is \$10,000 per day for Missed Submissions on Index Swaption instruments sharing the same underlying index, and \$50,000 for all Index Swaption instruments during one day.

\*\*The maximum assessment is \$10,000 per single name family per day, and \$100,000 assessment for all single name Missed Submissions during one day. A single name family is defined by reference entity, identifier (seniority of debt), currency and restructuring clause.