

## Exhibit D

### CME SEF

#### Chapter 4 - Enforcement of Rules

##### 400. GENERAL PROVISIONS

The Board has adopted Rules, and from time to time adopts amendments and supplements to such Rules, to promote a free and open market on CME SEF, to maintain appropriate business conduct and to provide protection to the public in its dealings with CME SEF and persons subject to SEF Rules. The Board has created committees to which it has delegated responsibility for the investigation, hearing and imposition of penalties for violations of CME SEF Rules. The Board has also delegated responsibility for the investigation and imposition of penalties for violations of certain CME SEF Rules to Market Regulation Department staff as set forth in the Rules. The delegation of such responsibility and authority shall in no way limit the authority of the Board with respect to all Rule violations.

Participants are deemed to know, consent to and be bound by all CME SEF Rules. Former Participants shall be subject to the continuing jurisdiction of CME SEF, including, without limitation, the application of Rule 432.L., with respect to any conduct that occurred while a Participant.

##### 401. THE CHIEF COMPLIANCE OFFICER

It shall be the duty of the Chief Compliance Officer to enforce CME SEF Rules, and he shall have available to him at all times the resources of the Market Regulation Department and such other resources as may be necessary to conduct investigations of potential or alleged Rule violations and market conditions. The Chief Compliance Officer shall have the authority to inspect the books, records, systems, equipment and software of all parties subject to the jurisdiction of CME SEF pursuant to Rule 418 and the authority to require any such Participant to appear before him and produce his or its books and records, and provide access to systems, equipment, software, data stored in any such systems, equipment or software, and the premises upon which such information is accessible, and answer questions regarding alleged violations of CME SEF Rules, at the time, place and in the manner he designates. The Chief Compliance Officer may also delegate his authority to staff of the Market Regulation Department.

##### 402. BUSINESS CONDUCT COMMITTEE

###### 402.A. Jurisdiction and General Provisions

The Business Conduct Committee ("BCC") shall have: 1) jurisdiction over any party subject to the jurisdiction of CME SEF ~~pursuant to Rule 418~~ with respect to matters relating to business conduct, trading practices, sales practices, trading ethics and market manipulations or other actions that threaten the integrity of the market; 2) the authority, pursuant to Rule 402.C., to take emergency actions; 3) the authority, pursuant to Rule 413.B., to conduct hearings on denials of access pursuant to Rule 413.A., 4) the authority to conduct hearings, proceedings and appeals on all matters over which it has jurisdiction; and 5) the authority to make findings on Rule violations against any party subject to the jurisdiction of CME SEF pursuant to Rule 418.

The BCC shall act through a Panel ("BCC Panel") ~~comprised~~ of a Hearing Panel Chair, two Participants and two non-Participants. A quorum of a Panel shall consist of a majority of the panel, but must include at least the Hearing Panel Chair, one Participant and one non-Participant.

Any Panel that conducts a hearing or proceeding shall consist of panelists who possess sufficiently diverse interests so as to ensure fairness.

No ~~P~~erson shall serve on the BCC unless he has agreed in writing that he will not publish, divulge, or make known in any manner, any facts or information regarding the business of any ~~P~~erson or any other information which may come to his attention in his official capacity as a member of the BCC, except when reporting to the Board or to a committee concerned with such information or to the CME Group Legal Department or Market Regulation Department, when requested by the CFTC or other governmental agency or when compelled to testify in any judicial or administrative proceeding.

All information, records, materials and documents provided to the BCC and all deliberations, testimony, information, records, materials and documents related thereto shall be treated as non-public and confidential and shall not be disclosed, except as necessary to further a CME Group Exchange or CME SEF investigation or as required by law.

## 402.B. Sanctions

If the Panel finds that a party, including a Participant, has violated a Rule, the Panel may take one or more of the following actions or provide for the carrying out of such actions through its agreements with any third-party provider of clearing or regulatory services:

1. Order the party to cease and desist from the conduct found to be in violation of these Rules or the Commodity Exchange Act;
2. Order a party to liquidate such portion of the open contracts in the party's proprietary or customers' accounts, or both, as the Panel deems appropriate to ensure the integrity of CME SEF contracts or to ensure an orderly and liquid market;
3. Order a party or its customer to deposit such additional performance bonds with the Clearing House as the Panel deems appropriate to protect the integrity of open contracts;
4. Prescribe such additional capital or other financial requirements as it deems appropriate;
5. Restrict the ability of the party to have a business affiliation with, be employed by or have a financial or beneficial interest in a Participant;
6. Restrict, suspend or terminate the party's access to the Globex platform, the Trading Floor or any other trading or clearing platform or facility owned or controlled by CME Group, or right to supervise the entry of any orders into such platforms by others;
- ~~7. Restrict the party's access to any trading floor owned or controlled by CME Group;~~
- ~~78.~~ Restrict the party's ability to trade, place, enter, accept or solicit orders in any or all products of any trading platform owned or controlled by CME Group;
- ~~89.~~ Suspend any or all of the party's privileges of being a Participant;
- ~~949.~~ Expel the Participant from participation on CME SEF and membership in any exchange owned or controlled by CME Group;
- ~~104.~~ Impose a fine upon the party not to exceed \$~~54~~,000,000 per violation ~~plus the amount of any benefit received as a result of the violation~~;
- ~~11.~~ Order a party to disgorge any monetary benefit resulting from a violation of a CME SEF Rule whether by that party or another party. For purposes of this provision, benefit includes, without limitation, profit, whether realized or unrealized, and avoided losses;
- ~~12.~~ Issue a reprimand;
- ~~123.~~ Prescribe limitations on positions of the party as may be appropriate, including issuing an Order that no Clearing Member accept new positions on behalf of any such party;
- ~~134.~~ Impose advertising restrictions upon the Participant pursuant to these Rules;
- ~~145.~~ Order a~~Direct~~ the party to make restitution, ~~in such amount as is warranted by the evidence~~, to the account of any one-party damaged by the conduct, or to the Clearing Member who has previously made restitution to the account of such party;
- ~~15.~~ Order a party or its legal counsel or other representative to pay out of pocket expenses incurred by CME SEF in connection with the matter if such party, counsel or representative engaged in vexatious, frivolous or bad faith conduct during the course of an investigation or enforcement proceeding;
16. Order such action as is necessary to prevent a threat to the contract or violation of the Commodity Exchange Act or CME SEF Rules; and/or
17. With the approval of the Market Regulation Department and the party, order any other sanction or undertaking to address or deter the underlying violative conduct pursuant to a supported offer of settlement.

When determining whether to impose any of the sanctions listed above, the Panel may consider any factors determined by the Panel to be relevant in the context of a particular case, including any of the factors described in the "Sanctioning Guidance to Self-Regulatory Organizations" in the CFTC Policy Statement Relating to the Commission's Authority to Impose Civil Money Penalties and Futures Self-Regulatory Organizations' Authority to Impose Sanctions: Penalty Guidelines (1994).

~~If the Panel shall decide by a majority vote that the matter might warrant a penalty in excess of its own authority, the Hearing Panel Chair shall refer the matter to the Board for further hearings and a decision pursuant to the procedures in Rule 408.~~

#### 402.C. Emergency Actions

1. The BCC is authorized to determine whether an emergency exists and whether emergency action is warranted. The following events and/or conditions may constitute emergencies:
  - a. Any actual, attempted, or threatened market manipulation;
  - b. Any actual, attempted, or threatened corner, squeeze, congestion, or undue concentration of positions;
  - c. Any action taken ~~or considered~~ by the United States or any foreign government or any state or local government body, any other contract market, swap execution facility, board of trade, or any other exchange or trade association (foreign or domestic), which may have an ~~an~~-direct impact on trading on CME SEF;
  - d. The actual or threatened bankruptcy or insolvency of any Participant or the imposition of any injunction or other restraint by any government agency, self-regulatory organization, court or arbitrator upon a Participant which may affect the ability of that Participant to perform on its contracts;
  - e. Any circumstance in which it appears that a Participant or any other ~~P~~erson or entity has failed to perform contracts or is in such financial or operational condition or is conducting business in such a manner that such ~~P~~erson or entity cannot be permitted to continue in business without jeopardizing the safety of customer funds, Participants, or CME SEF; and/or
  - f. Any other circumstance which may have a severe, adverse effect upon the functioning of CME SEF, except that declarations of Force Majeure and actions taken with respect to such declarations will be governed by the provisions of Rule 701.
2. In the event that the BCC determines, in the good faith exercise of its sole discretion, that an emergency exists, it may take any of the following emergency actions or any other action that may be appropriate to respond to the emergency:
  - a. ~~1.~~ Suspend, curtail or terminate trading in any or all contracts;
  - b. ~~2.~~ ~~Restrict, suspend or terminate a party's access to the Globex platform, the Trading Floor or any other trading or clearing platform or facility~~Limit or deny access to any CME Group trading or clearing platform or trading floor owned or controlled by CME Group and/or the CME SEF, ~~or right to supervise the entry of any orders into such platforms by others;~~
  - c. ~~3.~~ Limit trading to liquidation of contracts only;
  - d. ~~4.~~ Impose or modify position limits and/or order liquidation of all or a portion of a party's account;
  - e. ~~5.~~ Order liquidation or transfer of positions as to which the holder is unable or unwilling to make or take delivery;
  - f. ~~6.~~ Confine trading to a specific price range;
  - g. ~~7.~~ Modify price limits;
  - h. ~~8.~~ Modify the trading days or hours;
  - i. ~~9.~~ Modify conditions of delivery;
  - j. ~~10.~~ Establish the settlement price at which contracts are to be liquidated;
  - k. ~~11.~~ Require additional performance bond to be deposited with the Clearing House; and/or
  - l. ~~12.~~ Order any other action or undertaking to address or relieve the emergency.
3. All actions taken pursuant to ~~this~~ subsections ~~1 and 2 above~~ shall be by a majority vote of the Panel members present. The Market Regulation Department shall give appropriate notice of such action. As soon as practicable, the Board and the CFTC shall be notified of the emergency action in accordance with CFTC regulations. Nothing in this section shall in any way limit the authority of the Board, other committees, or other appropriate officials to act in an emergency situation as defined by these Rules.

#### 403. AUTHORIZED REPRESENTATIVES

Each Participant shall designate one or more individuals to represent the Participant in all matters before CME SEF and to receive notices on behalf of the Participant. Each Authorized Participant shall be authorized and empowered to act on the Participant's behalf, and CME SEF shall be entitled to rely upon the statements and representations of an Authorized Representative as binding on the Participant. Each

Participant shall provide current contact and other information for its Authorized Representatives and shall be responsible for immediately notifying CME SEF of any changes or updates to such information.

#### 404.-05.[RESERVED]

#### 406. PROBABLE CAUSE COMMITTEE

The Probable Cause Committee ("PCC") shall receive and review investigation reports from the Market Regulation Department when the Market Regulation Department has reasonable cause to believe an offense has occurred. The PCC shall act through a Panel comprised of a Hearing Panel Chair, two Participants and two-non-Participants. A quorum of a Panel shall consist of a majority of the Panel, but must include at least the Hearing Panel Chair, one Participant and one non-Participant. Each Panel shall consist of panelists who possess sufficiently diverse interests so as to ensure fairness.

Production of the investigation report to a PCC Panel shall not constitute a waiver of the protected and/or privileged nature of such report. The Market Regulation Department's presentation to the PCC Panel shall not constitute an ex parte communication as described in Rule 417.

The Market Regulation Department is not required to provide a respondent notice of its intent to appear before the PCC to request charges.

~~The PCC shall have the power to compel any party subject to its jurisdiction pursuant to Rule 418 to appear before it and to produce all books and records relevant to the subject matter under investigation. No party or subject of an investigation shall have the right to appear before the PCC or make any written submission on his behalf.~~

~~A Panel shall endeavor to review an investigation report prepared by the Market Regulation Department within 30 days of receipt of a report the Panel deems to be complete.~~ The Panel shall, by majority vote, take one of the following actions:

A. If the Panel determines that a reasonable basis exists for finding that a violation of a CME SEF Rule may have occurred which warrants disciplinary action, it shall issue appropriate charges.

~~B. If the Panel determines that a reasonable basis exists for finding that a violation of a CME SEF Rule may have occurred, but that the issuance of charges is unwarranted, it shall direct that a warning letter be issued.~~

~~B.C.~~ If the Panel determines that no reasonable basis exists for finding that a violation of a CME SEF Rule may have occurred it shall direct that no further action be taken.

~~C.D.~~ Direct that the Market Regulation Department investigate the matter further.

The Panel shall direct the Market Regulation Department to give notice of the charges to the respondent in accordance with Rule 407.B. ~~and to the appropriate BCC Hearing Panel Chairs.~~

If the Panel refuses to issue any charge requested by the Market Regulation Department, the Panel shall explain the reason(s) for such refusal in writing. The Market Regulation Department may appeal to the Board any refusal by a Panel to issue those charges requested by the Market Regulation Department as set forth in Rule 411. ~~If such an appeal is requested, the Board shall conduct a hearing on the matter in accordance with the procedures in Rule 411.~~

No ~~P~~person shall serve on the PCC unless he has agreed in writing that he will not publish, divulge or make known in any manner, any facts or information regarding the business of any ~~P~~person or entity or any other information which may come to his attention in his official capacity as a member of the PCC, except when reporting to the Board or to a committee concerned with such information or to the CME Group Legal Department or Market Regulation Department, when requested by the CFTC or other governmental agency or when compelled to testify in any judicial or administrative proceeding.

All information, records, materials and documents provided to the PCC and all deliberations, testimony, information, records, materials and documents related thereto shall be treated as non-public and confidential and shall not be disclosed, except as necessary to further a CME Group Exchange or CME SEF investigation or as required by law.

#### 407. INVESTIGATION, CHARGING MEMORANDUM ASSIGNMENT FOR HEARING AND NOTICE OF CHARGES

The Market Regulation Department shall investigate potential or alleged Rule violations. An investigation shall be commenced upon the receipt of a request from Commission staff or upon the discovery or receipt of information by CME SEF that indicates a reasonable basis for finding that a violation may have occurred or

will occur. The Market Regulation Department shall submit a written investigation report for disciplinary action in every instance in which staff determines from surveillance or from an investigation that a reasonable basis exists for finding a rule violation. The investigation report shall include the reason the investigation was initiated; a summary of the complaint, if any; the relevant facts; the Market Regulation Department's analysis and conclusions; and a recommendation as to whether disciplinary action should be pursued. Investigations and all information and documents obtained during the course of an investigation shall be treated as non-public and confidential and shall not be disclosed by any party, except as necessary to further a CME Group Exchange or CME SEF investigation or as required by law. The Market Regulation Department is authorized to take recorded interviews pursuant to a CME SEF investigation. Parties and witnesses being interviewed shall have the right to representation, at their own cost, by legal counsel or anyone other than a member of any CME SEF disciplinary committee, a member of the Board, an employee of CME Group or a person related to the investigation. The failure to appear at a scheduled interview or to answer all of the questions posed during that interview may, in the discretion of the BCC Panel Chair, result in the Person being prohibited from testifying in a subsequent hearing on the matter.

~~The Market Regulation Department may take oral depositions of witnesses during an investigation. The party under investigation shall be given at least five days written notice of the time of the deposition and place where the witness will be deposed, which may be at any location within the United States. The party under investigation shall have the right to be present in person or by authorized representative at the oral deposition, with right of cross-examination. All oral depositions of witnesses shall be taken under oath, before an officer qualified in the place of the deposition to administer oaths, and the complete testimony of the witnesses shall be transcribed by such officer or by a person under his supervision. Oral depositions taken in accordance with this Rule shall be admissible in evidence at any hearing of the Board of Directors or a committee, reserving to the party under investigation the right to object at the hearing to the relevancy or materiality of the testimony contained therein.~~

Upon conclusion of an investigation, the Market Regulation Department may issue a warning letter to any party as a result of the investigation. Such letter shall not constitute either the finding of a Rule violation or a penalty.

If after conducting an investigation, the Market Regulation Department determines that no reasonable basis exists for finding a rule violation, it shall prepare a written report including the reason the investigation was initiated; a summary of the complaint, if any; the relevant facts; and the Market Regulation Department's analysis and conclusions.

~~Production of the investigation report to a PCC Panel shall not constitute a waiver of the protected and/or privileged nature of such report. The Market Regulation Department's presentation to the PCC Panel shall not constitute an ex parte communication as described in Rule 417.~~

#### **407.A. Investigation File**

The Market Regulation Department shall maintain a file once an investigation is initiated. The file shall include any materials in the possession of the Market Regulation Department that are relevant to the conduct being investigated. ~~A party charged with a violation of the Rules shall have the right to review the evidence in the investigation file relevant to the issued charges, provided, however, that protected attorney work product, attorney-client communications and investigative work product, including, but not limited to, the investigation report and any exception reports, are neither discoverable by a respondent in disciplinary proceedings nor subject to review by a respondent as part of the investigation file. In its sole discretion, the Market Regulation Department may assign the costs of copying and producing evidence in an investigation file to the party requesting the evidence. A party may petition the assigned BCC Hearing Panel Chair in writing, pursuant to Rule 408.B.1., for an order compelling the production of evidence not contained in the investigation file that it reasonably believes is relevant to the issued charges. The Market Regulation Department shall have a reasonable opportunity to respond, in writing, to the party's motion.~~

#### **407.B. Notice of Charges; Opportunity for Hearing**

Where the PCC has issued charges for an alleged Rule violation, the Market Regulation Department shall issue a charging memorandum to the respondent with a brief statement of factual allegations that identifies the charged Rule violation(s). In addition, the Market Regulation Department will send a notice of charges to the respondent. The notice of charges shall set forth the Rule(s) alleged to have been violated, and shall advise the respondent regarding the submission of a responsive answer to each charge in accordance with Rule 407.C. Further, the notice of charges shall advise the respondent that the matter will be heard by a BCC Panel and of the time and place for the hearing, if known. The respondent shall also be advised of his right to appear personally at the hearing and of his right to be represented, at his own cost, by legal counsel



or a Participant, other than a member of any CME SEF disciplinary committee, a member of the Board, ~~or~~ an employee of CME Group or a Person related to the investigation.

A respondent may waive his right to a hearing ~~within 21 days of~~ at any time after receipt of the notice of charges. A respondent who elects to waive his right to a hearing on the charges will be notified of the date on which the BCC Panel will render its decision. Upon a finding of guilt on any charge, the BCC Panel will promptly determine what penalties, if any, are to be imposed and their effective date. A respondent who has waived his right to a hearing and/or admitted the charges against him will be advised of his right to participate in the hearing solely with respect to the penalty.

#### **407.C. Answer to Charges**

The respondent shall have 21 days after notice to submit a written answer to the charges. The Market Regulation Department and the respondent may agree in writing to an extension of the period of time to submit an answer to such charges. Absent such agreement, uUpon a showing of good cause, the BCC Hearing Panel Chair may extend the period of time in which the respondent is required to submit his answer. The answer must state that the respondent admits, denies, or lacks sufficient knowledge to admit or deny each charge. A statement of lack of sufficient knowledge shall be deemed a denial. Pursuant to a written request by the Market Regulation Department, any charge not denied in whole or in part by the respondent shall be deemed admitted by the Hearing Panel Chair, and the failure to file a timely answer may be deemed an admission to the charges. If all the charges are admitted, the respondent shall be deemed to waive his right to a hearing on the charges and the BCC Panel shall find that the violations alleged in the notice have been committed. The BCC Panel will determine the penalty, if any, to be imposed at a hearing, due notice of which will be provided to the respondent. The respondent shall be advised of his right to appear personally at the penalty hearing and advised of his right to be represented at his own cost by legal counsel or anyone other than a member of any disciplinary committee, a member of the Board, an employee of CME Group or a Person related to the investigation.

If an answer contains both an admission to one or more charges and a denial of one or more charges, the BCC Panel will consider the penalties which may be imposed for the admitted charges at the same time that the charges denied by the respondent are considered.

#### **407.D. Amendment to Charging Memorandum; Non-Prosecution of Charges**

The issuance of charges shall not prevent the Market Regulation Department from continuing to investigate the activity underlying the charges or investigating other potential violations by the respondent. The Market Regulation Department reserves the right to modify the charging memorandum without the consent of the PCC. Notwithstanding the prior sentence, no charges may be added to the charging memorandum absent the consent of the PCC. The Respondent shall have 21 days from notice of an amended charging memorandum to file an answer to any new or modified charges in the amended memorandum.

The Market Regulation Department may, in its sole discretion, decline to prosecute any one or more of the charges previously issued by the PCC. If the Market Regulation Department declines to prosecute any previously issued charge after the Respondent has received a Notice of Charges, the Market Regulation Department shall provide notice to the Respondent of such decision. Further the Market Regulation Department may, in its sole discretion, resolve a previously issued charge through issuance of a letter of warning.

### **408. CONDUCT OF HEARINGS**

#### **408.A. General**

All disciplinary proceedings conducted before a panel of the BCC or before a hearing panel of the Board of Directors (collectively, "Panel") shall be conducted in accordance with the following procedures.

Hearings shall be fair. The respondent shall have the right to appear personally at the hearing and to be represented at his own cost by legal counsel or anyone other than a member of any CME SEF disciplinary committee, a member of the Board, an employee of CME Group or a Person related to the investigation. The Panel or the Hearing Panel Chair shall have the power to compel any party subject to its jurisdiction ~~pursuant to Rule 418~~ to attend, testify and/or produce evidence in connection with the hearing.

~~The Market Regulation Department shall, in writing, notify the respondent of the names of the persons originally appointed to the Panel at least seven days in advance of the originally scheduled hearing date. Parties to the hearing may request the Hearing Panel Chair to strike any panelist for good cause shown. The Hearing Panel Chair may then excuse such panelist and, if necessary to achieve quorum, direct that an alternate panelist be appointed.~~

~~In the event any panelist is added to achieve quorum, the Market Regulation Department shall provide all parties reasonable notice regarding the new panelist. The addition of a new panelist will not delay the scheduled hearing date unless the panelist is added less than five days in advance of the scheduled hearing and a party can demonstrate good cause for the requested delay.~~

#### 408.B. Pre-Hearing

##### 1. Procedural ~~and Evidentiary~~ Matters

~~The Hearing Panel Chair may require a pre-hearing conference.~~

~~The Hearing Panel Chair shall have the authority to decide all procedural and evidentiary matters and all pre-hearing motions, and the Hearing Panel Chair's decision shall be final. Notwithstanding the preceding sentence, a motion to dismiss any or all of the charges may be granted only by the Panel. The Market Regulation Department may appeal to the Board any decision of the Panel to grant such a motion. If such an appeal is requested, the Board shall conduct a hearing on the matter in accordance with the procedures in Rule 411.~~

~~All pre-hearing motions, with the exception of motions to dismiss, must be submitted in writing to the parties and BCC's counsel at least five days in advance of the scheduled hearing. Motions to dismiss any or all of the charges must be submitted in writing to the BCC's counsel and to the Market Regulation Department at least 21 days in advance of the originally scheduled hearing date. Upon receipt, the Market Regulation Department shall have seven days to submit a written response to the BCC's counsel, and shall provide a copy to the respondent. All pre-hearing motions shall be decided on the written papers of the parties, except where the Hearing Panel Chair determines, in his sole discretion, that oral arguments are necessary to resolve the pre-hearing motion.~~

~~Prior to the hearing, but subsequent to the timely filing of an answer, a party charged by the PCC with a violation of a CME SEF rulethe respondent may examine all evidence in the investigation file that is relevant to the violation(s) charged by the PCC and all evidence which is to be relied upon by the Market Regulation Department during the hearing. However, the respondent shall not be entitled to examine protected attorney work product, attorney-client communications or investigative work product, including, but not limited to, the investigation report and any exception reports. The respondent may obtain a copy of all such evidence, and any copying costs shall be the sole responsibility of the respondent. The Market Regulation Department is not required to produce or obtain any documents that are not in its possession. A respondent who seeks documents that are not in the possession of the Market Regulation Department may request the documents from their custodian of such documents. Upon a showing of good cause, the respondent may petition the Hearing Panel Chair, in writing, for an order compelling the production of documents by a custodian, provided that the custodian is subject to the jurisdiction of CME SEF, the custodian has refused voluntarily to provide the documents and the documents are relevant to the charges. The Market Regulation Department or the custodian may object, in whole or in part, to any such petition.~~

~~The issuance of charges shall not restrict the Market Regulation Department from further investigating the activity underlying the charges or investigating other potential violations by the respondent. The Market Regulation Department reserves the right to modify the charging memorandum with the consent of the PCC.~~

##### 2. Appointment of a Panel for a Contested Hearing

~~The Market Regulation Department shall, in writing, notify the respondent of the names of the individuals originally appointed to the Panel for a contested hearing at least 28 days in advance of the originally scheduled hearing date. Within seven days of such notice, parties to the hearing may request the Hearing Panel Chair to strike any panelist for good cause shown. The Hearing Panel Chair may then excuse such panelist and direct that an alternate panelist be appointed. In the sole discretion of the Panel Chair, the hearing may be conducted with less than a full Panel provided a quorum exists.~~

~~In the event any panelist is added, the Market Regulation Department shall provide all parties reasonable notice regarding the new panelist. The addition of a new panelist will not delay the scheduled hearing date unless the panelist is added less than five days in advance of the scheduled hearing and a party can demonstrate good cause for the requested delay.~~

~~Notwithstanding the foregoing, any party to a contested hearing may, following the filing of an answer to the charges, request the appointment of a Hearing Panel Chair prior to the time period set forth above for the purpose of resolving pre-trial disputes. The matters that may be raised before the Hearing Panel Chair include, without limitation:~~

- ~~a. scope and timing of fact discovery;~~
- ~~b. scope and timing of expert discovery;~~
- ~~c. allocation of discovery costs;~~

- d. use and disclosure of demonstratives;
- e. requests to alter timing requirements set forth in these Rules; or
- f. scheduling of the contested hearing

The Hearing Panel Chair may hold a pre-trial conference to address these issues or may, in his discretion, resolve them on written submissions by the parties.

The Hearing Panel Chair shall have the authority to issue non-monetary sanctions against any party or legal counsel or other representative who fails to comply with an Order of the Chair or who engages in vexatious, frivolous or bad faith conduct. Such sanctions may include drawing adverse inferences or excluding legal argument, evidence or other submissions. Sanctions may not include entry of a default judgment. The Hearing Panel Chair must allow both parties to make written submissions on the issue prior to imposing any sanction.

### 3.2. Submission of Documents and Identification of Witnesses by Respondent

At least 2844 days in advance of a contested hearing, the respondent shall submit to the Market Regulation Department, and the Market Regulation Department shall submit to the respondent, copies of all books, documents, records and other tangible evidence, upon which the respondent each plans to rely on or refer to during its direct case at the hearing, and provide a list of the names and titles of witnesses that the respondent each plans to call on its direct case at the hearing. The Panel may refuse to consider any books, records, documents or other tangible evidence which was not made available to, or witnesses whose names and titles were not submitted to, the Market Regulation Department other party pursuant to this section.

To the extent Market Regulation or the respondent intends to call any expert witness at the hearing then such party shall provide to the other, 28 days prior to the date of the hearing, a summary of the expert's opinions to be offered at the hearing and the basis and/or methodology underlying such opinions. In addition, the expert's credentials (e.g., a curriculum vitae) and all documents or other materials on which the expert relied in forming his opinions shall be produced to the other party at the same time. For purposes of this provision, staff in the Market Regulation Department or other CME Group employee shall not be considered experts. The Panel may decline to consider any expert testimony beyond the scope of the submitted summary.

### 4. Additional Discovery

Absent an order of the Hearing Panel Chair or consent of the parties, no discovery beyond that set forth in Rules 407 and 408 shall be permitted.

### 5. Motions

The Hearing Panel Chair shall have the authority to decide all procedural and evidentiary matters and all pre-hearing motions, and the Hearing Panel Chair's decision shall be final. Notwithstanding the preceding sentence, no motions to dismiss any or all of the charges or any other dispositive motion may be filed.

Any pre-hearing motion must be submitted in writing to the parties and BCC's counsel at least 21 days in advance of the scheduled hearing. The opposing party shall submit a response, if any, within 7 days of receipt of any pre-hearing motion. No reply papers are permitted. The Hearing Panel Chair, in his sole discretion, may hold oral argument on any motion or may decide any motion on the written submissions of the parties.

## **408.C. Offers of Settlement**

A respondent that is the subject of an investigation which has been referred to the Market Regulation Department Enforcement Group for prosecution or who is charged with a Rule violation(s) may submit for consideration by the Panel a written offer of settlement in disposition of such matter, investigation or charges. Such submission may be made at any time prior to the Panel commencing deliberations at a contested hearing of the case. No offer of settlement may be submitted by a respondent to the Panel unless the Market Regulation Department supports the offer.

A respondent may submit an offer of settlement without admitting or denying the Rule violations or factual findings upon which the penalty is based; provided, however, that an offer must include a consent to entry of findings by the Panel regarding the conduct and Rule violations at issue, and to the penalty to be imposed and to the effective date of the penalty.

If the Market Regulation Department does not oppose the respondent's offer of settlement, the respondent's written offer of settlement and the Market Regulation Department's supporting statement shall be submitted to the Panel for consideration.

If the Market Regulation Department opposes the respondent's offer of settlement, the respondent, following the issuance of any charges by the PCC, may submit a written unsupported offer of settlement for



~~consideration by the Panel no less than 28 days in advance of the originally scheduled hearing date. If a respondent submits an unsupported offer less than 28 days before a scheduled hearing date, or after the hearing has commenced, the offer shall not be considered unless agreed upon by the parties. The Market Regulation Department shall be entitled to file a written response to an unsupported offer of settlement within 10 days of receiving the unsupported offer. In considering whether to accept the respondent's offer, the Panel shall examine the respondent's written offer of settlement and the Market Regulation Department's written opposition thereto. The respondent may not submit more than one unsupported offer of settlement. Notwithstanding the preceding sentence, a respondent may submit a single additional unsupported offer of settlement if the charging memorandum has been modified pursuant to Rule 408.B.1. subsequent to the BCC Panel's consideration of an unsupported offer of settlement.~~

The Market Regulation Department shall, in writing, notify the respondent of the names of the individuals originally appointed to the Panel to consider respondent's settlement offer at least seven days in advance of the originally scheduled hearing date. Parties to the hearing may request the Hearing Panel Chair to strike any panelist for good cause shown. The Hearing Panel Chair may then excuse such panelist and direct that an alternate panelist be appointed. In the sole discretion of the Panel Chair, the hearing may be conducted with less than a full Panel provided a quorum exists.

In the event any panelist is added, the Market Regulation Department shall provide all parties reasonable notice regarding the new panelist. The addition of a new panelist will not delay the scheduled hearing date unless the panelist is added less than five days in advance of the scheduled hearing and a party can demonstrate good cause for the requested delay.

A respondent may withdraw an offer of settlement at any time prior to ~~final acceptance~~ the start of the hearing on the proposed settlement before by the Panel. If the Panel accepts the offer, a written decision setting forth the Panel's findings and sanction shall be issued, and written notice of the decision shall be given to the respondent. If the offer of settlement is accepted, the BCC's decision shall be final on the date it is signed by the Hearing Panel Chair and, unless otherwise ordered by the Panel, it shall become effective two business days after it becomes final.

If the Panel rejects an offer of settlement, the respondent will be notified of the rejection and it will be deemed withdrawn. If an offer is withdrawn or rejected by the Panel, the respondent shall not be deemed to have made any admissions by reason of the offer and shall not otherwise be prejudiced by having submitted the offer. No statements made or documents exchanged by the parties solely in the context of a withdrawn or rejected offer of settlement or during any settlement negotiations shall be admissible in any contested hearing.

~~The assigned Hearing Panel Chair may decline to convene the Panel to consider an offer of settlement. Any subsequent offers of settlement not opposed by the Market Regulation Department shall be heard by the same Panel; however, alternate panelists may be appointed in the event of scheduling conflicts. Any contested hearing following an offer of settlement not accepted by the Panel will be heard by a new Panel.~~

In submitting an offer of settlement, the respondent waives his right to a contested hearing and to appeal the Panel's decision if the offer is accepted; the respondent also waives any claim of bias or prejudice on the part of the Panel.

~~If the offer of settlement is accepted, the BCC's decision shall be final on the date it is signed by the Hearing Panel Chair. In the case of an unsupported offer of settlement accepted by the Panel, the BCC's decision shall become the final decision of the Exchange after the appeal period has lapsed.~~

#### **408.D. Contested Hearings**

The Market Regulation Department shall be a party to the contested hearing and shall present evidence in support of the charged Rule violation(s). The Market Regulation Department and the members of the Panel may question any witness and examine all the evidence stipulated to or presented at the hearing. The respondent shall be entitled to appear personally, testify, produce evidence, call witnesses on his behalf and cross-examine any witness. The Hearing Panel Chair may exclude any witness, other than a party or other essential Person, during the opening statements or during the testimony of any other witness.

The Market Regulation Department bears the burden of establishing the basis for a finding of guilt on any charge by a preponderance of the evidence. Formal rules of evidence shall not apply. The parties may offer such evidence as is relevant to the charges at issue. The Hearing Panel Chair shall determine the admissibility of evidence offered and may exclude evidence that he deems irrelevant or cumulative. The Hearing Panel Chair has the discretion to vary the structure and presentation of evidence to make the hearing as efficient as possible. The parties may submit stipulated facts in order to make the hearing more efficient.

The hearing may proceed in the absence of a respondent who, after due notice, fails to appear. However, the failure to appear is not a default if the respondent has filed a written answer denying the charges issued. Accordingly, Market Regulation still bears the burden of proof and must present evidence to meet that burden.

All testimony and documents produced in connection with a disciplinary hearing shall be deemed non-public and confidential and shall not be disclosed except in connection with proceedings resulting from that hearing or as required by law. A recording or other substantially verbatim record of the hearing shall be made by Market Regulation or a court reporter hired by Market Regulation and become part of the record of the proceeding. If a respondent requests a transcript, he shall be solely responsible for the cost of producing the transcript. No other means of recording the proceedings will be permitted absent written agreement of the parties or pursuant to an order of the Hearing Panel Chair.

A majority vote of the Panel is required for a finding of guilt. A respondent that is found not guilty shall not again be charged with or tried for the same underlying conduct. In the event of a finding of guilt, the Panel, in a separate sanctioning phase, must allow both parties to present arguments and information regarding the appropriate nature and amount of a sanction prior to determining such sanction. In the absence of exceptional circumstances, as determined by the Hearing Panel Chair, the sanctioning phase shall proceed immediately upon the conclusion of the evidence and determination of the committee.

The BCC's decision shall be final on the date it is signed by the Hearing Panel Chair. The BCC's decision shall become the final decision of the Exchange after the appeal period has lapsed.

#### **408.E. Decisions**

Promptly following a hearing, BCC Panel shall issue to the Market Regulation Department and to respondent ~~shall be issued~~ a written decision of the Panel's findings, which shall include: the notice of charges (or a summary thereof); the answer to the charges, if any (or a summary thereof); a brief summary of the evidence produced at the hearing; a statement of findings and reasoned conclusions with respect to each charge, including the specific Rules which the respondent is found to have violated; a declaration of any penalty imposed and the effective date of such penalty; and the availability, if any, of an appeal of the decision within the Exchange or to the Commodity Futures Trading Commission.

#### **409. LETTERS OF WARNING**

Market Regulation Department staff may issue warning letters to Persons under investigation in lieu of recommending action by a Disciplinary Panel. A warning letter issued in accordance with this Rule is not a penalty or an indication that CME SEF has found a violation to have occurred. ~~No more than one warning letter for the same potential violation may be issues to the same Person during a rolling 12-month period.~~ Any letter of warning issued must be included in the Market Regulation Department's investigation report.

#### **410. [RESERVED]**

#### **411. APPEAL TO A HEARING PANEL OF THE BOARD OF DIRECTORS**

The Market Regulation Department may ~~request an~~ appeal to a hearing panel of the Board ("Appellate Panel") regarding a final decision of or sanction imposed by the BCC, or any refusal by the PCC to issue those charges requested by the Market Regulation Department, by filing a written ~~request for an notice of~~ appeal with the Exchange Legal Department within 10 business days after receiving notice of such decision, sanction or refusal. A copy of such notice of appeal shall be provided to the Respondent at the time it is filed with the Legal Department, unless it is an appeal of the PCC decision not to issue charges in which case no notice is required. Filing of a ~~request for an notice of~~ appeal by the Market Regulation Department shall stay any decision that is appealed unless the Chairman of the Board or the BCC Hearing Panel Chair from which the appeal is taken specifically directs that the decision is not stayed pending appeal.

A Member found guilty of an offense or otherwise aggrieved by a final decision of the BCC, may ~~request an~~ appeal to an Appellate Panel provided that the decision assesses a monetary sanction (including a fine, disgorgement or restitution) greater than \$2540,000 and/or an access denial or suspension of any membership privileges for greater than ~~five-ten~~ business days against the Member. The ~~request notice~~ shall be filed in writing with the Exchange's Legal Department within 10 business days after Notice of any such decision. A copy of such notice shall be provided to the Market Regulation Department at the time it is filed with the Legal Department. Filing of a ~~request for an notice of~~ appeal by a Member shall stay the decision appealed unless the Market Regulation Department objects to such a stay and the Chairman of the Board or the BCC Hearing Panel Chair from which the appeal is taken specifically directs that the decision is not stayed pending appeal.

A ~~written request for an notice of~~ appeal must specify the grounds for the appeal and the specific error(s) or impropriety of the original decision. Upon receiving the ~~written request for an notice of~~ appeal, ~~the~~

~~Appellate Panel, by a majority vote, shall determine whether sufficient grounds exist to hold a hearing on the appeal. The Appellate Panel may only determine that sufficient grounds exist if there is a reasonable basis to conclude that the appellant might be able to meet one of the three standards identified below that would permit the Appellate Panel to set aside, modify or amend the appealed decision or the refusal to issue charges. The Appellate Panel's determination shall be based solely upon the written request and, in the case of an appeal of a BCC decision, any written response by the opposing party. The Appellate Panel's determination of whether to hold a hearing on an appeal shall be final. The parties, in conjunction with the Exchange Legal Department shall determine a briefing schedule for the appeal. If agreement on the schedule cannot be reached the Appellate Panel Chair shall set the schedule. The Appellate Panel Chair shall determine, in his sole discretion, whether to hold oral argument on the appeal or whether to decide the appeal on the papers submitted by the parties.~~

~~If the Appellate Panel grants the appellant's request for a hearing, the appeal shall be heard within 60 days of the filing of the request for an appeal, unless the chairman of the Appellate Panel determines that good cause for an extension has been shown.~~

The appellate hearing shall be limited to the record from the appealed proceeding. The Appellate Panel shall not entertain any new evidence or new legal theory not raised in the prior proceeding except upon a clear showing by the appellant that such new evidence or new legal theory did not exist or was not ascertainable by due diligence at the time of the proceeding, and that there was insufficient time within the intervening period prior to the hearing of the Appellate Panel for the appellant to bring such new evidence or legal theory to the attention of the BCC or the PCC, as applicable. ~~The chairman of the Appellate Panel shall allow the filing of briefs in connection with the appeal of a decision of the BCC.~~

The Appellate Panel shall review the investigation report in connection with the appeal of a refusal by the PCC to issue those charges requested by the Market Regulation Department.

No member of the Board may serve on a particular Appellate Panel if he participated on the PCC Panel that issued, or considered issuing, the charges, or on the BCC Panel that issued the decision, or if he has a personal, financial, or other direct interest in the matter under consideration or is a member of the same broker association as the respondent or potential respondent.

The Chairman of the Board shall appoint a director to serve as the Appellate Panel chairman, who shall conduct the hearing, and two additional directors to serve on the Appellate Panel. One of these directors shall be a non-member. Any party to the appeal may request the Chairman of the Board to strike any director for good cause shown. The Chairman of the Board may then excuse such director and shall then select an alternate director from the Board. An Appellate Panel shall consist of directors that possess sufficiently diverse interests so as to ensure fairness.

The Appellate Panel shall not set aside, modify or amend the appealed decision or the refusal to issue charges unless it determines, by a majority vote, that the decision or the refusal to issue charges was:

- A. Arbitrary, capricious, or an abuse of the committee's discretion;
- B. In excess of the committee's authority or jurisdiction; or
- C. Based on a clearly erroneous application or interpretation of CME SEF Rules.

In the case of an appeal of a disciplinary decision, the Appellate Panel shall promptly issue a written decision which shall include a statement of findings with respect to the decision from which the appeal was taken and the Appellate Panel's determination that such initial decision is affirmed, set aside, modified or amended in whole or in part and, with respect to any initial decision that is not affirmed in whole, the Appellate Panel's determination of the order or penalty to be imposed, if any. The decision of the Appellate Panel shall be deemed a decision of the Board and shall be a final decision of CME SEF. If a disciplinary sanction results from the decision of the Appellate Panel, the party against whom such sanction was imposed shall be notified of its potential ability to appeal to the Commodity Futures Trading Commission.

In the case of an appeal by the Market Regulation Department of a decision by the PCC not to issue those charges requested by the Market Regulation Department, the Appellate Panel shall either affirm or set aside the decision of the PCC. If the decision is set aside, the Appellate Panel shall issue the charges it deems appropriate or remand the matter to the same Panel of the PCC for the issuance of charges. If the decision is affirmed, the Appellate Panel shall direct that no further action be taken and such decision shall be deemed a decision of the Board and shall be a final decision of CME SEF.

~~In the case of an appeal by the Market Regulation Department of a decision by the BCC to grant a respondent's motion to dismiss any or all of the charges, the Appellate Panel shall either affirm or set aside the decision of the BCC with respect to each dismissed charge. If the decision is set aside with respect to any dismissed charge, such charge shall be deemed to be reinstated and disciplinary proceedings with respect to all of the charges shall be conducted before a different panel of the BCC pursuant to the procedures in Rule 408. If the decision is affirmed with respect to any dismissed charge,~~

~~the Panel shall direct that no further action be taken with respect to such dismissed charge and such decision shall be deemed a decision of the Board and shall be a final decision of CME SEF.~~

This Rule shall not apply to appeals of Arbitration Committee decisions, which shall be governed by the Rules contained in Chapter 6.

#### **412. RESERVED**

#### **413. SUMMARY ACCESS DENIAL ACTIONS**

##### **413.A. Authority to Deny Access**

The Chief Compliance Officer or his delegate, upon a good faith determination that there are substantial reasons to believe that such immediate action is necessary to protect the best interests of CME SEF, may order that: 1) any party be denied access to any or all CME Group markets, including CME SEF; 2) any party be denied access to the Globex platform; 3) any party be denied access to any other electronic trading or clearing platform owned or controlled by CME Group; or (4) any Participant be immediately removed from any trading floor or facility owned or controlled by CME Group.

##### **413.B. Notice**

Promptly after an action is taken pursuant to Rule 413.A., the party shall be informed of the action taken, the reasons for the action, and the effective date, time and the duration of the action taken. The party shall be advised of his right to a hearing before a panel of the BCC ("Panel") by filing notice of intent with the Market Regulation Department within 10 business days of receiving notice of the action taken~~the Notice date~~.

##### **413.C. Hearing**

Parties shall have the right to representation, at their own cost, by legal counsel or anyone other than a member of any CME SEF disciplinary committee, a member of the Board, an employee of CME Group or a Person related to the investigation. The Panel shall conduct a de novo hearing solely on the issue of the denial of access in accordance with the procedures in Rule 408.A. Filing of a notice of intent pursuant to Rule 413.B. shall not stay the Chief Compliance Officer's decision to deny access.

##### **413.D. Duration of Access Denial**

Any decision to deny access pursuant to Rule 413.A. or Rule 413.C. shall not remain in effect for more than 60 days unless the Chief Compliance Officer or his delegate, upon further consideration of the circumstances that resulted in a prior access denial action, provides written Notice to the party that his access will be denied for an additional period of time not to exceed 60 days and the Notice comports with the provisions of Rule 413.B. Any subsequent extension of the access denial pursuant to this Rule must be mutually agreed to by the party and the Chief Compliance Officer or his delegate. In the absence of such mutual agreement, the Market Regulation Department may petition the BCC to take emergency action pursuant to Rule 402.C. At any time, a Participant may petition the BCC to reconsider an access denial pursuant to this Rule based upon materially changed circumstances.

#### **414. INVESTIGATIONS BY OTHER SELF-REGULATORY ORGANIZATIONS**

If a self-regulatory organization that is a party to an information sharing agreement with CME SEF requests assistance in connection with an investigation, the Chief Compliance Officer may direct a party subject to the jurisdiction of CME SEF ~~pursuant to Rule 418~~ to submit to an examination by the requesting self-regulatory organization and to produce information pertinent to that investigation. The request for assistance shall describe the investigation, explain why CME SEF assistance is necessary and describe the scope of assistance sought. An order directing a party subject to the jurisdiction of CME SEF pursuant to Rule 418 to submit to an examination shall be issued unless the Chief Compliance Officer determines that such order would not be in the best interests of CME SEF. An examination pursuant to such order shall be conducted according to CME SEF Rules and shall be conducted on CME Group premises under the direction of Market Regulation Department staff. At the discretion of the Chief Compliance Officer, representatives of the requesting self-regulatory organization may observe and participate in the examination. Failure to comply with an order issued under this Rule shall be an offense against CME SEF.

#### **415. COOPERATION WITH OTHER EXCHANGES, SWAP EXECUTION FACILITIES AND CLEARING ORGANIZATIONS AND INTERNATIONAL GOVERNMENT INFORMATION-SHARING AGREEMENTS**

The Chief Executive Officer or the President, or their delegates, are authorized to provide information to:

- A. an exchange, swap execution facility, data repository, other regulatory organization, a third-party data reporting service or clearing organization that is a party to an information sharing agreement with CME SEF, in accordance with the terms and conditions of such agreement;
- B. a duly authorized foreign regulator or governmental entity in accordance with an information-sharing agreement executed either with the Commission or CME SEF; or
- C. the Commission, upon request, in a form and manner that the Commission approves.

#### **416. CONFLICTS OF INTEREST**

##### **416.A. Abstention Requirements**

A member of a charging, adjudicating, or appeal committee or panel must abstain from participating in any matter where such member:

- 1. Is a witness, potential witness, or a party;
- 2. Is an employer, employee, or co-worker of a witness, potential witness, or a party;
- 3. Has any significant personal or business relationship with a witness, potential witness, or a party, not including relationships limited to (a) executing swap transactions opposite each other, or (b) clearing swap transactions through the same clearing member; or
- 4. Has a familial relationship to a witness, potential witness, or a party.

##### **416.B. Disclosure of Relationship**

- 1. Prior to the consideration of any matter involving a subject, each member of a charging, adjudicating, or appeal committee or panel must disclose to the appropriate CME Group Legal Department or Market Regulation staff whether he or she has one of the relationships listed in Rule 416.A. above with the subject.
- 2. In its sole discretion, the CME Legal Department staff shall determine whether any member of the committee or panel is required to abstain in any matter.

#### **417. PROHIBITED COMMUNICATIONS**

##### **417.A. Ex Parte Communications**

Unless on notice and opportunity for all parties to participate:

- 1. No subject or respondent (or any counsel to or representative of a subject or respondent) or the Financial and Regulatory Surveillance Department (or any counsel to or representative of the Financial and Regulatory Surveillance Department) or the Market Regulation Department (or any counsel to or representative of the Market Regulation Department) shall knowingly make or cause to be made an ex parte communication relevant to the merits (which shall not include scheduling and procedural matters) of an investigation or a proceeding to a member of a charging, adjudicatory, or appeal committee or panel with respect to that matter or proceeding.
- 2. No member of a charging, adjudicating, or appeal committee or panel that is participating in a decision with respect to an investigation or a proceeding shall knowingly make or cause to be made to a subject or respondent (or any counsel to or representative of a subject or respondent) or the Financial and Regulatory Surveillance Department (or any counsel to or representative of the Financial and Regulatory Surveillance Department) or the Market Regulation Department (or any counsel to or representative of the Market Regulation Department) an ex parte communication relevant to the merits (which shall not include scheduling and procedural matters) of that matter or proceeding.

##### **417.B. Communications with Panelists**

No Person shall attempt to influence disciplinary matters pending before a charging, adjudicatory, or appeal committee by discussing, or attempting to discuss, such pending matters with a member of such committee or any member of the Board.

##### **417.C. Disclosure**

Any Person who receives, makes or learns of any communication which is prohibited by this Rule shall promptly give notice of such communication and any response thereto to the Market Regulation Department or the Financial and Regulatory Surveillance Department, as applicable, and all parties to the proceeding to which the communication relates. A Person shall not be deemed to have violated this Rule if the Person refuses an attempted communication concerning the merits of an investigation or proceeding as soon as it becomes apparent that the communication concerns the merits.



#### 418. CONSENT TO CME SEF JURISDICTION

Any Person initiating or executing a transaction on or subject to the Rules of CME SEF directly or through an intermediary, and any person for whose benefit such a transaction has been initiated or executed, expressly consents to the jurisdiction of CME SEF and agrees to be bound by and comply with the Rules of CME SEF in relation to such transactions, including, but not limited to, rules requiring cooperation and participation in investigatory and disciplinary processes.

#### 419.-31. [RESERVED]

#### 432. GENERAL OFFENSES

It shall be an offense:

- A. to have an interest in, operate or knowingly act on behalf of a bucket-shop, or knowingly make any transaction with a bucket-shop;
- B.
  - 1. to engage in fraud or bad faith;
  - 2. to engage in conduct or proceedings inconsistent with just and equitable principles of trade;
- C. to engage in dishonest conduct;
- D. to create or report a false or fictitious trade;
- E. to extort or attempt extortion;
- F. to buy or sell any swap with the intent to default on such purchase or sale;
- G. to prearrange the execution of transactions in CME SEF products for the purpose of transferring equity between accounts;
- H. to engage in, or attempt to engage in, the manipulation of prices of CME SEF products or to purchase or sell, or offer to purchase or sell CME SEF products or any underlying commodities or securities, for the purpose of upsetting the equilibrium of the market or creating a condition in which prices do not or will not reflect fair market values;
- I. to make a verbal or written material misstatement to the Board, a committee, or CME Group employees;
- J. to knowingly disseminate false, misleading or inaccurate information concerning market information or conditions that affect or may affect the price of any CME SEF product or its underlying commodity;
- K. to trade or accept performance bonds after insolvency;
- L.
  - 1. to fail to appear before the Board, CME Group Market Regulation staff or any investigative or hearing committee at a duly convened hearing, scheduled staff interview or in connection with any investigation;
  - 2. to fail to fully answer all questions ~~or~~ produce all books and records at such hearing or in connection with any investigation, or to make false statements;
  - 3. to fail to produce any books or records requested by duly authorized CME Group staff, in the format and medium specified in the request, within 10 days after such request is made or such shorter period of time as determined by the Market Regulation Department in exigent circumstances;
- M. to use or disclose, for any purpose other than the performance of an individual's official duties as a member of any committee or the Board of Directors, any non-public information obtained by reason of participating in any Board of Directors or committee meeting or hearing;
- N. to fail to comply with all disclosure requirements set forth in applicable SEF Rules, and CFTC, SEC and NFA Rules and Regulations.
- O. for a Participant to permit the use of facilities or privileges in a manner that is detrimental to the interest or welfare of CME SEF or results in a violation of CME SEF Rules or the Commodity Exchange Act;
- P. for a Participant to fail to maintain minimum financial requirements;
- Q. to commit an act which is detrimental to the interest or welfare of CME SEF or to engage in any conduct which tends to impair the dignity or good name of CME SEF;
- R. to fail to comply with a final arbitration award;
- S. to fail, after hearing, to comply with an order of the Board, CME Group Market Regulation staff or any hearing committee;

- T. to engage in dishonorable or uncommercial conduct;
- U. except where a power of attorney or similar document has been executed, for any party to accept or transmit a customer order which has not been specifically authorized;
- V. to be expelled from a U.S. or foreign designated commodities or securities exchange;
- W. for any party to fail to diligently supervise its employees and agents in the conduct of their business relating to CME SEF;
- X. to aid or abet the commission of any offense against CME SEF or any violation of a CME SEF Rule;
- Y. to ~~improperly~~ use improperly the Globex platform or any electronic trading or clearing platform owned or controlled by CME Group or permit the unauthorized use of such platforms;
- Z. for a Participant to fail to disclose to his qualifying Clearing Member that an involuntary bankruptcy petition has been filed against him or, in the case of a voluntary bankruptcy proceeding, that he has filed or has formed a definite intention to file for bankruptcy; and/or

#### **433. STRICT LIABILITY FOR THE ACTS OF AGENTS**

Pursuant to Section 2(a)(1)(B) of the Commodity Exchange Act, and notwithstanding Rule 432.W., the act, omission, or failure of any official, agent, or other Person acting for any party within the scope of his employment or office shall be deemed the act, omission or failure of the party, as well as of the official, agent or other Person who committed the act.

#### **434. [RESERVED]**

#### **435. EFFECT OF SUSPENSION OR EXPULSION**

Unless otherwise determined by the committee with jurisdiction over such matters, a suspended or expelled Participant shall not be entitled to any of the privileges of being a Participant during the period of such suspension or expulsion, including, but not limited to, the right to:

- A. direct and indirect access to the Globex platform or any other electronic trading or clearing platform or facility owned or controlled by CME Group;
- B. Access to the CME SEF
- C. Participant rates;

#### **436. [RESERVED]**

#### **437. NOTICE OF DISCIPLINE**

Notice shall be made available to an internet accessible computer database at the National Futures Association and shall be provided to any Participant who is suspended, expelled, disciplined or denied access to CME SEF within 30 days after the decision becomes final. The notice shall include the Participant's name, the Rule(s) violated, the reason for CME SEF's action and the action taken or penalty imposed.

#### **438. [RESERVED]**

#### **439. PARTICIPANT'S INDEMNIFICATION LIABILITY**

A Participant or former Participant shall indemnify and hold harmless CME SEF and CME Group Inc., including each of their respective subsidiaries and affiliates (collectively, the indemnified parties) and their officers, directors, employees, and agents, for any and all losses, damages, costs and expenses (including attorneys' fees) incurred by the indemnified parties as a result (directly or indirectly) of such Participant's violation or alleged violation of CME SEF Rules or state or federal law.

#### **440. CLAIMS BY PARTICIPANTS**

A Participant who commences a legal action against CME SEF, its directors, officers, employees, or agents, or another Participant without first resorting to and exhausting the procedures established by the mandatory arbitration provisions of Chapter 6 (including appeals to the Board), or any other Rules relating to settlement of disputes arising out of transactions or matters pertaining to CME SEF shall be deemed to have committed an act detrimental to the interest or welfare of CME SEF. This Rule shall not abrogate an individual's right to reparations pursuant to Section 14 of the Commodity Exchange Act.

A Participant who commences a legal action against CME SEF, its directors, officers, employees, or agents, after he has exhausted all of the procedures established by CME SEF, may be found to have committed an act detrimental to the interest or welfare of CME SEF in the event that at hearing the Board or the BCC determines that the Participant's action was not meritorious or warranted.

#### 441. COMMUNICATIONS WITH THE PUBLIC AND PROMOTIONAL MATERIAL

Promotional material and similar information issued by Participants shall comply with the requirements of National Futures Association Rule 2-29, as amended.

#### 442. NOTIFICATION OF SIGNIFICANT EVENTS

Each Participant that is a Clearing Member shall also provide immediate notice to the Market Regulation Department and to the Clearing House, in writing upon becoming aware of any of the following events relating to such Participant:

1. any suspension, expulsion, revocation or restriction of such Participant's trading privileges or any fine in excess of \$25,000, through an adverse determination, voluntary settlement or otherwise, by any court, commodity or securities exchange or related clearing organization, the Securities and Exchange Commission, the Commodity Futures Trading Commission or the securities commission or equivalent authority of any state, territory, the District of Columbia or foreign country, the National Futures Association, the Financial Industry Regulatory Authority, Inc. or any self-regulatory or regulatory organization;
2. any indictment of the Participant or any of its officers for, any conviction of the Participant or any of its officers of, or any confession of guilt or plea of guilty or nolo contendere by the Participant or any of its officers to 1) any felony or 2) any misdemeanor involving, arising from, or related to the purchase or sale of any commodity, security, futures contract or other financial instrument or involving or arising from fraud or moral turpitude; and/or
3. any filing of a bankruptcy petition or insolvency, receivership or equivalent proceeding of which the Participant is a subject. In the case of a voluntary bankruptcy, insolvency, receivership or equivalent proceeding, the Participant also shall notify the Market Regulation Department and the Clearing House when such Participant forms a definite intention to file such proceeding.

Nothing in this Rule shall limit or negate any other reporting obligations that any Person may have to CME SEF or any other regulator or person.

#### 443. [RESERVED]

#### 444. PAYMENTS OF DISCIPLINARY FINES, DISGORGEMENT ORDERS, SANCTIONS AND RESTITUTION ORDERS

Disciplinary fines, disgorgement and restitution ~~orders~~ amounts ordered issued by a CME SEF disciplinary committee must be submitted to the Market Regulation Department no later than the date specified in the notice of decision. An individual or entity who fails to provide proof of payment within the time prescribed will forfeit the following privileges until the payment has been received by the Market Regulation Department: 1) access to all CME Group markets, including CME SEF; 2) access to the Globex platform; and 3) access to any other electronic trading or clearing platform owned or controlled by CME Group. Any firm that fails to make the required payment within the time prescribed will automatically forfeit preferred fee treatment for its proprietary trading until the payment has been received by the Market Regulation Department. Any party that fails to make the required payment shall immediately forfeit eligibility for any CME SEF incentive or rebate program until the amount is paid in full. Any party that fails to pay a disciplinary fine, disgorgement order or restitution ~~order~~ amount within the prescribed time period may also be subject to sanctions pursuant to Rule 432.S.

Parties may, subject to a determination by the sanctioning entity, be liable for unpaid fines or unpaid disgorgement orders and restitution amounts ~~orders~~ imposed upon their employees.