

## SUBMISSION COVER SHEET

**IMPORTANT:** Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 16-07

Organization: Bats Hotspot SEF LLC

Filing as a:  DCM  SEF  DCO  SDR Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): 12/09/2016 Filing Description:

Rule amendments

**SPECIFY FILING TYPE** Please note only ONE choice allowed per Submission.

**Organization Rules and Rule Amendments**

- |  |            |
|--|------------|
| <input checked="" type="checkbox"/> Certification            | § 40.6(a)  |
| <input type="checkbox"/> Approval                            | § 40.5(a)  |
| <input type="checkbox"/> Notification                        | § 40.6(d)  |
| <input type="checkbox"/> Advance Notice of SIDCO Rule Change | § 40.10(a) |
| <input type="checkbox"/> SIDCO Emergency Rule Change         | § 40.10(h) |

Rule Numbers: name change, various definitions and Rules 212, 213, 216, 301, 406, 501, 504, 506, 507, 511, 515, 518, 520 - 524, 608, and 1001 - 1008

**New Product**

Please note only ONE product per Submission.

- |  |            |
|--|------------|
| <input type="checkbox"/> Certification                         | § 40.2(a)  |
| <input type="checkbox"/> Certification Security Futures        | § 41.23(a) |
| <input type="checkbox"/> Certification Swap Class              | § 40.2(d)  |
| <input type="checkbox"/> Approval                              | § 40.3(a)  |
| <input type="checkbox"/> Approval Security Futures             | § 41.23(b) |
| <input type="checkbox"/> Novel Derivative Product Notification | § 40.12(a) |
| <input type="checkbox"/> Swap Submission                       | § 39.5     |

Official Product Name: \_\_\_\_\_

**Product Terms and Conditions (product related Rules and Rule Amendments)**

- |  |                      |
|--|----------------------|
| <input type="checkbox"/> Certification   | § 40.6(a)            |
| <input type="checkbox"/> Certification Made Available to Trade Determination     | § 40.6(a)            |
| <input type="checkbox"/> Certification Security Futures                          | § 41.24(a)           |
| <input type="checkbox"/> Delisting (No Open Interest)                            | § 40.6(a)            |
| <input type="checkbox"/> Approval  | § 40.5(a)            |
| <input type="checkbox"/> Approval Made Available to Trade Determination          | § 40.5(a)            |
| <input type="checkbox"/> Approval Security Futures                               | § 41.24(b)           |
| <input type="checkbox"/> Approval Amendments to enumerated agricultural products | § 40.4(a), § 40.5(a) |
| <input type="checkbox"/> "Non-Material Agricultural Rule Change"                 | § 40.4(b)(5)         |
| <input type="checkbox"/> Notification  | § 40.6(d)            |

Official Name(s) of Product(s) Affected: \_\_\_\_\_

Rule Numbers: \_\_\_\_\_

December 9, 2016

Submitted via CFTC Portal  
Office of the Secretariat  
U.S. Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21<sup>st</sup> Street  
Washington, DC 20581

Re: Submission of Bats Hotspot SEF LLC Rule Amendment (Submission No. 16-07)

To Whom It May Concern:

Pursuant to Section 5c(c) of the Commodity Exchange Act (“CEA”) and Section 40.6(a) of the regulations of the Commodity Futures Trading Commission (the “Commission”) Bats Hotspot SEF LLC (“Bats Hotspot SEF”) hereby submits to the Commission amendments to its rulebook.

Specifically, Bats Hotspot SEF has amended various definitions and Rules 212, 213, 216, 301, 406, 501, 504, 506, 507, 511, 515, 516, 520 - 524, 606, and 1001 - 1008 (“Rule Amendments”). The Rule Amendments will be effective December 23, 2016.

A concise explanation and analysis of the Rule Amendments is attached as Exhibit A. A marked copy of the Rule Amendments, which indicates the revisions with additions underscored and deletions overstruck as indicated, is attached as Exhibit B. A clean copy of the Rule Amendments is attached as Exhibit C.

Bats Hotspot SEF certifies that these rule amendments comply with the CEA and the Commission’s Regulations. Bats Hotspot SEF further certifies that this Submission has been concurrently posted on Bats Hotspot SEF’s website at <http://www.bats.com/global/fx/sef>. No substantive opposing views were expressed with respect to Rule Amendments.

If you have any questions regarding this submission, please contact me at (646) 856-8843 or [sgalish@bats.com](mailto:sgalish@bats.com).

Sincerely,

/s/Suellen Galish  
Counsel and Chief Compliance Officer

Attachments

cc: Jonathan Lave, Division of Market Oversight, Commodity Futures Trading  
Commission (Email: [jlave@cftc.gov](mailto:jlave@cftc.gov))

Exhibit A

Explanation and Analysis of Bats Hotspot SEF LLC Rule Changes

The following is a concise explanation and analysis of the proposed rule amendments which includes the core principles and Commission regulations thereunder.

<b>Rule Number or Definition</b>	<b>Explanation of Amendment(s)</b>	<b>Applicable Core Principle and Commission Regulation</b>
All definitions and Rules throughout rulebook	Throughout the rulebook the words "Javelin SEF, LLC" and "Javelin SEF" have been replaced with "Bats Hotspot SEF LLC" and "Bats Hotspot SEF", as applicable. Where definitions included the words "Javelin SEF" the definition was deleted and replaced with a new definition containing the words "Bats Hotspot SEF" (i.e., "Javelin SEF Rules" was replaced by "Bats Hotspot SEF Rules" and listed in alphabetical order).	Core Principle 2 Rule 37.200 Rule 37.201
Authorized Employee	Definition deleted as it is no longer needed as a result of the rule amendments made to effect the termination of voice trading.	Core Principle 2 Rule 37.200 Rule 37.201 Core Principle 4 Rule 37.400
CDS Vertical	Definition deleted as it is no longer needed as a result of amendments made to Rule 301 (i.e., Bats Hotspot SEF has one division known as the IRS Vertical).	Core Principle 2 Rule 37.200 Rule 37.201
Macro News Event	Definition deleted as it is no longer needed due to the deletion of the definition "Macro News Out" and the deletion of Rule 213 (discussed below).	Core Principle 2 Rule 37.200 Rule 37.201
Macro News Out	Definition deleted as it is no longer needed due to the deletion of Rule 213 (discussed below).	Core Principle 2 Rule 37.200 Rule 37.201
Matched Orders	Definition amended to conform to amendments made to Rules 501 and 504 (i.e., the only method of trade execution is by electronic central limit order book)	Core Principle 2 Rule 37.200 Rule 37.201 Core Principle 4 Rule 37.400
Package Trades	Definition deleted as Bats Hotspot SEF no longer lists package trades.	Core Principle 2 Rule 37.200 Rule 37.201 Core Principle 4 Rule 37.400

Product	Definition amended to conform to Rule amendments made to product listings (i.e., credit indices and treasury spread trades are not listed on Bats Hotspot SEF).	Core Principle 2 Rule 37.200 Rule 37.201 Core Principle 4 Rule 37.400
RFQ	Definition deleted to conform to amendments made to Rules 501 and 504 (i.e., the only method of trade execution is by electronic central limit order book)	Core Principle 2 Rule 37.200 Rule 37.201 Core Principle 4 Rule 37.400
RFQ Responder	Definition deleted to conform to amendments made to Rules 501 and 504 (i.e., the only method of trade execution is by electronic central limit order book)	Core Principle 2 Rule 37.200 Rule 37.201 Core Principle 4 Rule 37.400
212	Due to lack of Participant interest in this committee Bats Hotspot SEF has determined to terminate the IRS Vertical Committee and, therefore, is deleting this rule.	Core Principle 2 Rule 37.200 Rule 37.201
213	Due to lack of Participant interest in this committee Bats Hotspot SEF has determined to terminate the IRS Markets Committee and, therefore, is deleting this rule. There is no harm to the market as a result of the termination of the IRS Markets Committee. The monitoring of market conditions and liquidity has been, and will continue to be, performed by SEF senior staff. In addition, any necessary emergency action needed can be exercised by the Bats Hotspot Board pursuant to Rule 203.	Core Principle 2 Rule 37.200 Rule 37.201
216	This rule has been amended to provide for changes in the composition of the Regulatory Oversight Committee (“ROC”). The composition of the ROC will now be three Independent Directors.	Core Principle 2 Rule 37.200 Rule 37.201
301	This rule has been amended to reflect that Bats Hotspot SEF has one division known as the IRS Vertical.	Core Principle 2 Rule 37.200 Rule 37.201
406	Rule amended to align with Bats Hotspot policies.	
501	This rule has been amended to reflect that the only method of trade execution on Bats Hotspot SEF is by electronic central limit order book.	Core Principle 2 Rule 37.200 Rule 37.201 Core Principle 4 Rule 37.400

504	This rule has been amended to reflect that the only method of order submission on Bats Hotspot SEF is through the electronic central limit order book, pursuant to Rule 505.	Core Principle 2 Rule 37.200 Rule 37.201 Core Principle 4 Rule 37.400
506	Rule deleted to conform to amendments made to Rules 501 and 504 (i.e., the only method of trade execution is by electronic central limit order book).	Core Principle 2 Rule 37.200 Rule 37.201 Core Principle 4 Rule 37.400
507	Rule amended to conform to amendments made to Rules 501 and 504 (i.e., the only method of trade execution is by electronic central limit order book)	Core Principle 2 Rule 37.200 Rule 37.201 Core Principle 4 Rule 37.400
511	Rule amended to conform to amendments made to Rule 213 and to substitute the IRS Markets Committee with a designee of the Chief Executive Officer.	Core Principle 2 Rule 37.200 Rule 37.201
515	Rule amendments made to conform to amendments to Rules 1001 – 1008 concerning the delisting of products and provides that Bats Hotspot SEF will no longer accept block trades.	Core Principle 2 Rule 37.200 Rule 37.201 Core Principle 4 Rule 37.400
516	Rule amendments made to conform to amendments to Rules 515 and 1001 – 1008 (i.e., indicating that Bat Hotspot SEF will no longer accepted Block Trades).	Core Principle 2 Rule 37.200 Rule 37.201 Core Principle 4 Rule 37.400
520	Rule amendments made to conform to amendments made to Rules 501, 504 (i.e., the only method of trade execution is by the electronic central limit order book) and 515 (i.e. submission of block trades are no longer accepted)	Core Principle 2 Rule 37.200 Rule 37.201 Core Principle 4 Rule 37.400
521	Rule amendments made to effect termination of voice trading.	Core Principle 2 Rule 37.200 Rule 37.201 Core Principle 4 Rule 37.400
522	Rule amendments made to effect termination of voice hybrid electronic trading.	Core Principle 2 Rule 37.200 Rule 37.201 Core Principle 4 Rule 37.400

523	Rule amendments made to effect termination of voice trading regarding the crossing of orders.	Core Principle 2 Rule 37.200 Rule 37.201 Core Principle 4 Rule 37.400
524	Rule amendments made to conform to amendments to Rules 1001 – 1008 concerning the delisting of Package Trades.	Core Principle 2 Rule 37.200 Rule 37.201 Core Principle 4 Rule 37.400
606	Rule amendments made to conform to amendments to Rules 515 and 1001 – 1008 concerning the submission of Block Trades.	Core Principle 2 Rule 37.200 Rule 37.201 Core Principle 4 Rule 37.400
1001	Rule amendments made to effect the delisting of Australian Dollar interest rate swaps (cleared by LCH). There is no open interest in the delisted products, and therefore there will be no market disruption related to their delisting.	Core Principle 2 Rule 37.200 Rule 37.201 Core Principle 4 Rule 37.400
1002	Rule amendments made to effect the delisting of Canadian Dollar interest rate swaps (cleared by LCH). There is no open interest in the delisted products, and therefore there will be no market disruption related to their delisting.	Core Principle 2 Rule 37.200 Rule 37.201 Core Principle 4 Rule 37.400
1003	Rule amendments made to effect the delisting of Swiss Franc interest rate swaps (cleared by LCH). There is no open interest in the delisted products, and therefore there will be no market disruption related to their delisting.	Core Principle 2 Rule 37.200 Rule 37.201 Core Principle 4 Rule 37.400
1004	Rule amendments made to effect the delisting of Euro interest rate swaps (cleared by LCH). There is no open interest in the delisted products, and therefore there will be no market disruption related to their delisting.	Core Principle 2 Rule 37.200 Rule 37.201 Core Principle 4 Rule 37.400
1005	Rule amendments made to effect the delisting of British Pound interest rate swaps (cleared by LCH). There is no open interest in the delisted products, and therefore there will be no market disruption related to their delisting.	Core Principle 2 Rule 37.200 Rule 37.201 Core Principle 4 Rule 37.400
1006	Rule amendments made to effect the delisting of Japanese Yen interest rate swaps	Core Principle 2 Rule 37.200

	(cleared by LCH). There is no open interest in the delisted products, and therefore there will be no market disruption related to their delisting.	Rule 37.201 Core Principle 4 Rule 37.400
1007	Rule amendments made to indicate that, with respect to US Dollar interest rate swap products cleared by LCH, Bats Hotspot SEF is delisting (a) all swap tenors except for 2, 3, 5, 7 and 10 years, (b) Spreads (i.e., combinations of interest rate swap and US Treasury Bond purchases or sales), (c) IMM Swaps (i.e., interest rate swaps where Effective Date, Accrual Dates and Maturity Date are IMM Dates), (d) MAC Swaps (i.e., Market Agreed Coupon Swaps), (e) Basis Swaps (i.e., the exchange of two floating rate indices), (f) Package Trades (i.e., combination of interest rate swaps), and (g) Block Trades. There is no open interest in the delisted products, and therefore there will be no market disruption related to their delisting.	Core Principle 2 Rule 37.200 Rule 37.201 Core Principle 4 Rule 37.400
1008	Rule amendments made to indicate that, with respect to US Dollar interest rate swap products cleared by CME, Bats Hotspot SEF is delisting (a) all swap tenors except for 2, 3, 5, 7 and 10 years, (b) Spreads (i.e., combinations of interest rate swap and US Treasury Bond purchases or sales), (c) IMM Swaps (i.e., interest rate swaps where Effective Date, Accrual Dates and Maturity Date are IMM Dates), (d) MAC Swaps (i.e., Market Agreed Coupon Swaps), (e) Basis Swaps (i.e., the exchange of two floating rate indices), (f) Package Trades (i.e., combination of interest rate swaps), and (g) Block Trades. There is no open interest in the delisted products, and therefore there will be no market disruption related to their delisting.	Core Principle 2 Rule 37.200 Rule 37.201 Core Principle 4 Rule 37.400



EXHIBIT B

Marked Copy of Rule Amendments

HOTSPOT SEF  
A BATS GLOBAL MARKETS COMPANY



~~Javelin SEF LLC~~ Bats Hotspot SEF LLC

RULEBOOK

Effective ~~December 23, 2016~~, October 21, 2016

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## CHAPTER 1 DEFINED TERMS

“Affected Person” shall have the meaning set forth in ~~Javelin SEF~~Bats Hotspot SEF Rule 313.

“Agent” shall mean a DMM or DSB (including their Sponsored Persons) that is authorized to act, including entering orders and/or causing Trades, on behalf of a Customer on ~~Javelin SEF~~Bats Hotspot SEF and shall not apply to references to “AGENT” in ~~Javelin SEF~~Bats Hotspot SEF Rule 512.

“Answer” shall mean a written pleading served by either (a) a Respondent in a Disciplinary Proceeding that meets the requirements of ~~Javelin SEF~~Bats Hotspot SEF Rule 719, or (b) a Respondent in a ~~Javelin SEF~~Bats Hotspot SEF Arbitration that meets the requirements of ~~Javelin SEF~~Bats Hotspot SEF Rule 807.

“Applicant” shall have meaning set forth in ~~Javelin SEF~~Bats Hotspot SEF Rule 309.

“Arbitration Panel” shall mean a panel appointed to fulfill the various adjudicative responsibilities described in Chapter 8 regarding arbitration matters.

“Authorized Customer” shall mean a category of Participant of ~~Javelin SEF~~Bats Hotspot SEF described in Chapter 3 of the ~~Javelin SEF~~Bats Hotspot SEF Rules.

~~“Authorized Employee” shall mean an employee of Javelin SEF that is authorized by Javelin SEF to facilitate the execution of trades via voice execution and voice hybrid electronic execution pursuant to the Javelin SEF Rules.~~

“Authorized Representative” shall have the meaning set forth in ~~Javelin SEF~~Bats Hotspot SEF Rule 314.

“Authorized Trader” shall mean a natural person that has been designated by a Participant or a Sponsored Person to be an Authorized Trader pursuant to the ~~Javelin SEF~~Bats Hotspot SEF Rules and who has been approved by ~~Javelin SEF~~Bats Hotspot SEF.

~~“Bats Hotspot SEF Arbitration” shall mean an arbitration proceeding commenced and conducted pursuant to the Bats Hotspot SEF Rules.~~

~~“Bats Hotspot SEF Committee” shall mean the Board including, without limitation, any subcommittee of the Board or any special committee appointed by the Board, and any committee described in the Bats Hotspot SEF Rules.~~

“Bats Hotspot SEF Market Data” shall have the meaning set forth in Bats Hotspot SEF Rule 901.

“Bats Hotspot SEF Market Monitor” shall mean one member of Bats Hotspot SEF senior staff and one member of Bats Hotspot SEF compliance staff that are authorized to resolve error trades pursuant to Bats Hotspot SEF Rule 510.

“Bats Hotspot SEF Rules” shall mean the rules, policies, procedures, interpretations, guidelines and orders of the Bats Hotspot SEF Board of Directors that are established, and amended from time to time, by Bats Hotspot SEF.

“Bats Hotspot SEF User ID” shall mean the unique identification number assigned by Bats Hotspot SEF to each Authorized Trader which enables such Authorized Trader to access the Bats Hotspot SEF Trading System.

“Bats Hotspot SEF Proceeding” shall mean any meeting, hearing or other proceeding before any Bats Hotspot SEF Committee including, without limitation, the Board, the Arbitration Committee, the Disciplinary Committee, the Participation Committee and the Regulatory Oversight Committee.

“Bats Hotspot SEF Trading System” shall mean the electronic proprietary order entry and execution system operated by Bats Hotspot SEF for the entry and execution of orders regarding the swaps traded on Bats Hotspot SEF and the collection and transmission of information related thereto.

“Board” shall mean the members of the Board of Managers of ~~Javelin SEF~~Bats Hotspot SEF.

“CEA” shall mean the Commodity Exchange Act.

~~“CDS Vertical” shall mean a division of Javelin SEF on which such Products as determined by Javelin SEF are traded, including, without limitation, credit indices.~~

“CFTC” shall mean the United States Commodity Futures Trading Commission.

“Chief Executive Officer” shall mean the individual appointed by the Board as ~~Javelin SEF~~Bats Hotspot SEF’s chief executive officer.

“Chief Compliance Officer” shall mean the individual appointed by the Board as ~~Javelin SEF~~Bats Hotspot SEF’s chief compliance officer.

“Claimant” shall mean a party that commences an Arbitration proceeding pursuant to Chapter 8 of the ~~Javelin SEF~~Bats Hotspot SEF Rules.

“Clearing Member” shall mean any firm that is a member in good standing of any Clearinghouse that is authorized by such Clearinghouse to clear Trades executed on ~~Javelin SEF~~Bats Hotspot SEF and is approved by ~~Javelin SEF~~Bats Hotspot SEF pursuant to the ~~Javelin SEF~~Bats Hotspot SEF Rules. A Clearing

Member may clear Trades for its own account (if it has also been admitted as a Participant), or on behalf of a Customer, Designated Swap Broker, Designated Market Maker, or any combination thereof.

“Clearinghouse” shall mean any derivatives clearing organization registered with the CFTC that [Javelin SEFBats Hotspot SEF](#) may designate to provide clearing services regarding any or all of the Products traded on [Javelin SEFBats Hotspot SEF](#).

“CLOB” shall mean the central limit order book functionality of the [Javelin SEFBats Hotspot SEF](#) Trading System.

“Complaint” shall have the meaning set forth in [Javelin SEFBats Hotspot SEF](#) Rule 714.

“Customer” shall mean an ECP, for which a Participant (including its Authorized Trader(s)) or a Sponsored Person (including its Authorized Trader(s)) is authorized to act on [Javelin SEFBats Hotspot SEF](#), including entering orders and/or causing Trades.

“Deliberating Body” shall have the meaning set forth in [Javelin SEFBats Hotspot SEF](#) Rule 206.

“Designated Market Maker” or “DMM” shall mean a category of Participant of [Javelin SEFBats Hotspot SEF](#) described in Chapter 3 of the [Javelin SEFBats Hotspot SEF](#) Rules that has been accepted into the [Javelin SEFBats Hotspot SEF](#) market maker program and continues to meet the required performance obligations.

“Designated Swap Broker” or “DSB” shall mean a category of Participant of [Javelin SEFBats Hotspot SEF](#) described in Chapter 3 of the [Javelin SEFBats Hotspot SEF](#) Rules. In addition to agency trades, a DSB shall be authorized to trade on behalf of a Customer for which it is authorized to exercise investment discretion.

“Designated Operational Contact” shall mean a natural person that is an employee of a Participant designated by such Participant (subject to [Javelin SEFBats Hotspot SEF](#)'s approval) in accordance with [Javelin SEFBats Hotspot SEF](#) Rule 314 to liaise with [Javelin SEFBats Hotspot SEF](#) for the purposes of onboarding onto the [Javelin SEFBats Hotspot SEF](#) and to perform other operational duties.

“Director” shall mean any member of the Board.

“Disciplinary Committee” shall mean a “disciplinary committee” and a “oversight panel” as both defined in CFTC Regulation 1.69, the Disciplinary Committee described in [Javelin SEFBats Hotspot SEF](#) Rule 217 (“Disciplinary Committee”) and any subcommittee thereof (including, without limitation, any Disciplinary Panel), and the Regulatory Oversight Committee.

“Disciplinary Offense” shall mean “disciplinary offense” as defined in CFTC Regulation 1.63(a)(6).

“Disciplinary Panel” shall mean the types of panels, described in Javelin SEFBats Hotspot SEF Rule 217, appointed by the Regulatory Oversight Committee from Javelin SEFBats Hotspot SEF’s Disciplinary Committee. Such panels shall fulfill the various adjudicative responsibilities described in Chapter 7.

“Disciplinary Proceeding” shall mean an inquiry, investigation, disciplinary proceeding, appeal from a disciplinary proceeding, Summary Proceeding or appeal from a Summary Proceeding conducted pursuant to Chapter 7 of the Javelin SEFBats Hotspot SEF Rules.

“ECP” shall mean an eligible contract participant as defined by Section 1a(18) of the CEA.

“Emergency” shall mean any occurrence or circumstance which, in the opinion of the Board, or its designee authorized pursuant to Javelin SEFBats Hotspot SEF Rule 203, or as indicated to Javelin SEFBats Hotspot SEF by the CFTC, requires immediate action to maintain markets with fair and orderly trading and to prevent or address manipulation or disruptive trading practices, whether the need for intervention arises exclusively from such occurrence or circumstance only involving Javelin SEFBats Hotspot SEF’s market or as part of a coordinated, cross-market intervention including, without limitation, the following:

- a) any circumstance that may materially affect trading on Javelin SEFBats Hotspot SEF or Javelin SEFBats Hotspot SEF’s market , including the failure of a Clearinghouse or Clearing Member;
- b) any action taken by any United States or foreign regulatory, self-regulatory, judicial, arbitral, or governmental (whether national, state or municipal) or quasi-governmental authority, or any agency, department, instrumentality, or sub-division thereof; or other Person exercising or entitled to exercise any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power; or any other swap execution facility, designated contract market, board of trade, clearinghouse, security-based swap execution facility or other exchange or trade association (foreign or domestic) that may have a direct impact on trading on Javelin SEFBats Hotspot SEF, the settlement or enforceability of any Trades conducted on Javelin SEFBats Hotspot SEF, or Javelin SEFBats Hotspot SEF’s market;
- c) any actual, attempted or threatened corner, squeeze, congestion, manipulative activity or undue concentration of positions on Javelin SEFBats Hotspot SEF or in Javelin SEFBats Hotspot SEF’s market;
- d) any circumstance that may have a severe, adverse effect upon the physical operations and facilities of Javelin SEFBats Hotspot SEF including, without limitation, fire or other casualty, flood or other natural disasters, bomb threats, acts of terrorism or war, other loss of or interruptions of essential services such as power, computer failures or malfunctions, communications failures, or disruptions in transportation; and
- e) any other unusual, unforeseeable or adverse circumstances as determined by Javelin SEFBats Hotspot SEF.



“Emergency Rules” shall have the meaning set forth in ~~Javelin SEF~~Bats Hotspot SEF Rule 203.

“EULA” shall have the meaning set forth in ~~Javelin SEF~~Bats Hotspot SEF Rule 309.

“FCM” shall mean a futures commission merchant registered with the CFTC.

“Family Relationship” of a natural person shall mean a person’s spouse, former spouse, co-habitator, parent, stepparent, child, stepchild, sibling, stepbrother, stepsister, grandparent, grandchild, uncle, aunt, nephew, niece or in-law.

“Final Decision” shall mean any decision of: (a) a self-regulatory organization which cannot be further appealed within the self-regulatory organization, is not subject to the stay of CFTC or SEC or a court of competent jurisdiction and has not been reversed by the CFTC, SEC, or any court of competent jurisdiction; or (b) an administrative law judge, a court of competent jurisdiction, the CFTC, or the SEC which has not been stayed or reversed.

“Independent Committee Member” shall mean an individual appointed by the Board to serve on a ~~Javelin SEF~~Bats Hotspot SEF committee, who has been found by the Board, on the record, to have no Material Relationship with ~~Javelin SEF~~Bats Hotspot SEF.

“Independent Director” shall mean an independent member of the Board, who has been found, by the Board, on the record, to have no Material Relationship with ~~Javelin SEF~~Bats Hotspot SEF.

“Interested Person” shall have the meaning set forth in ~~Javelin SEF~~Bats Hotspot SEF Rule 206.

“Investigative Report” shall have the meaning set forth in ~~Javelin SEF~~Bats Hotspot SEF Rule 716.

“IRS Liquidity Commitment” shall mean the market maker performance obligations of Designated Market Makers regarding ~~Javelin SEF~~Bats Hotspot SEF’s market maker program for the IRS Vertical.

“IRS Vertical” shall mean a division of ~~Javelin SEF~~Bats Hotspot SEF on which such Products as determined by ~~Javelin SEF~~Bats Hotspot SEF are traded, including, without limitation, interest rate swaps.

“ISV” shall have the meaning set forth in ~~Javelin SEF~~Bats Hotspot SEF Rule 321.

~~“Javelin SEF Arbitration” shall mean an arbitration proceeding commenced and conducted pursuant to the Javelin SEF Rules.~~

~~“Javelin SEF Committee” shall mean the Board including, without limitation, any subcommittee of the Board or any special committee appointed by the Board, and any committee described in the Javelin SEF Rules.~~

~~“Javelin SEF Market Data” shall have the meaning set forth in Javelin SEF Rule 901.~~

~~“Javelin SEF Market Monitor” shall mean one member of Javelin SEF senior staff and one member of Javelin SEF compliance staff that are authorized to resolve error trades pursuant to Javelin SEF Rule 510.~~

~~“Javelin SEF Rules” shall mean the rules, policies, procedures, interpretations, guidelines and orders of the Javelin SEF Board of Directors that are established, and amended from time to time, by Javelin SEF.~~

~~“Javelin SEF User ID” shall mean the unique identification number assigned by Javelin SEF to each Authorized Trader which enables such Authorized Trader to access the Javelin SEF Trading System.~~

~~“Javelin SEF Proceeding” shall mean any meeting, hearing or other proceeding before any Javelin SEF Committee including, without limitation, the Board, the Arbitration Committee, the Disciplinary Committee, the Participation Committee and the Regulatory Oversight Committee.~~

~~“Javelin SEF Trading System” shall mean the electronic proprietary order entry and execution system operated by Javelin SEF for the entry and execution of orders regarding the swaps traded on Javelin SEF and the collection and transmission of information related thereto.~~

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

~~“Macro News Event” shall mean a significant news event that has an economic effect on the financial markets and prevents Javelin SEF from maintaining an orderly market in the IRS Vertical.~~

~~“Macro News Out” shall mean the suspension of the IRS Liquidity Commitment, as a result of a Macro News Event, for a period of 60 minutes by the IRS Markets Committee or the Board.~~

“Market Maker Program” shall have the meaning set forth in Javelin SEF Bats Hotspot SEF Rule 318.

“Market Participant” shall mean a person that directly or indirectly engages in trading activity on Javelin SEF Bats Hotspot SEF, and includes Sponsored Persons, persons with Trading Privileges and persons whose trades are intermediated.

“Matched Orders” shall mean an electronic message that contains both sides of a Trade executed on Javelin SEF Bats Hotspot SEF, one for the trade buy side and the other for the trade sell side ~~(regardless of whether the trade is executed on Javelin SEF by central limit order book, request for quote system, voice or voice hybrid electronic)~~, which shall contain data sufficient to clear the Trade.

“Material Conflict of Interest” shall have the meaning set forth in Javelin SEF Bats Hotspot SEF Rule 206.

“Material Relationship” shall mean any relationship that could reasonably affect the independent judgment or decision making of an Independent Director, which shall be subject to a one year look back period. Circumstances in which an Independent Director shall be considered to have a “material relationship” with Javelin SEF Bats Hotspot SEF include, without limitation, the following: (i) such director

is an officer or an employee of [Javelin SEFBats Hotspot SEF](#), or an officer or an employee of any of its affiliates (for the purposes of this definition “affiliate” includes parents or subsidiaries of the [Javelin SEFBats Hotspot SEF](#) or entities that share a common parent with [Javelin SEFBats Hotspot SEF](#) or direct or indirect controlling interest holders); (ii) such director is a member of [Javelin SEFBats Hotspot SEF](#), or a director, and officer, or an employee of a member (for the purposes of this definition “member” is defined according to Section 1a(34) of the CEA and any regulation promulgated thereunder, including, without limitation, 1.3(c) and 1.3(q)); (iii) such director is an officer of another entity, which entity has a compensation committee (or similar body) on which any officer of [Javelin SEFBats Hotspot SEF](#) serves; (iv) such director, or an entity with which the director is a partner, an officer, an employee, or a director, received more than \$100,000 in combined annual payments for legal, accounting, or consulting services from [Javelin SEFBats Hotspot SEF](#) or any affiliate thereof, any member of [Javelin SEFBats Hotspot SEF](#) or any affiliate of such member (the terms “affiliate” and “member” shall have the same meanings as stated above), except that compensation for services as a director of the registered entity or as a director of an affiliate thereof does not count toward the \$100,000 payment limit, nor does deferred compensation for services rendered prior to becoming a director of [Javelin SEFBats Hotspot SEF](#), so long as such compensation is in no way contingent, conditional or revocable; or (v) notwithstanding the foregoing, in the case of an Independent Director that is a member of the Regulatory Oversight Committee, or the Membership or Participation Committee (or any committee serving a similar function), such director (other than in the capacity of a member of such committee, and other committee, or the Board, in each case, of [Javelin SEFBats Hotspot SEF](#)), accepts, directly or indirectly, any consulting, advisory, or other compensatory fee from [Javelin SEFBats Hotspot SEF](#), any affiliate thereof (as defined herein), any member of [Javelin SEFBats Hotspot SEF](#) (as defined herein), or any affiliate of such member, other than deferred compensation for service rendered prior to becoming a member of the Regulatory Oversight Committee or the Membership or Participation Committee (or any committee serving a similar function), provided that such compensation is in no way contingent, conditioned or revocable. All the relationships set forth in this definition shall apply to “immediate family” of such Independent Director (i.e.; spouse, parents, children, and siblings, in each case, whether by blood, marriage, or adoptions, or any person in the home of the Independent Director or that of his or her “immediate family”).

“Notice of Arbitration” shall mean a pleading served by a Claimant in connection with a [Javelin SEFBats Hotspot SEF](#) Arbitration that meets the requirements of [Javelin SEFBats Hotspot SEF](#) Rule 803.

“Notice to Participants” shall have the meaning set forth in [Javelin SEFBats Hotspot SEF](#) Rule 315.

“Operating Agreement” shall have the meaning set forth in [Javelin SEFBats Hotspot SEF](#) Rule 201.

“Order Modify” shall mean instructions entered into the [Javelin SEFBats Hotspot SEF](#) Trading System that updates an existing order to change the size or price of such order.

~~“Package Trade” shall mean a transaction involving two or more instruments: (1) that is executed between two or more counterparties; (2) that is priced or quoted as one economic transaction with simultaneous or near simultaneous execution of all components; and (3) where the execution of each component is contingent upon the execution of all other components.~~

“Participant” shall mean an entity that has been granted, and continues to have, Trading Privileges on ~~Javelin SEF~~Bats Hotspot SEF pursuant to Chapter 3 of the ~~Javelin SEF~~Bats Hotspot SEF Rules. For the purposes of the CEA and Part 37 of the CFTC Regulations, Participants shall be deemed to be members of ~~Javelin SEF~~Bats Hotspot SEF as the term “member” is defined in CEA section 1a(34).

“Participant Category” shall mean an Authorized Customer, a Designated Swap Broker, or a Designated Market Maker.

“Participant Data” shall mean any and all data and other information submitted to the ~~Javelin SEF~~Bats Hotspot SEF by or through a Participant or Customer of a Participant or Sponsored Person (including, without limitation, any information regarding any and all orders ~~or RFQs~~ of such Participant or Customer or Sponsored Person).

“Participant Representative” shall mean an Authorized Representative, Designated Operational Contact or Trading Manager, as applicable, designated by a Participant and approved by ~~Javelin SEF~~Bats Hotspot SEF.

“Person” shall mean any natural person or entity, including, without limitation, any association, corporation, governmental or quasi-governmental authority, limited liability company, or partnership.

“Position Limits” shall have the meaning set forth in ~~Javelin SEF~~Bats Hotspot SEF Rule 517.

“Principal” shall mean the beneficial owner of an account for which an Agent trades.

“Product” shall mean any interest rate swap, ~~credit indices swap, treasury spread trade,~~ or other product available for trading on ~~Javelin SEF~~Bats Hotspot SEF.

“Product Specification” shall mean with respect to each Product listed on ~~Javelin SEF~~Bats Hotspot SEF, the ~~Javelin SEF~~Bats Hotspot SEF Rules and/or other trading protocols containing the specification for each Product as adopted, amended, supplemented or otherwise modified from time to time by ~~Javelin SEF~~Bats Hotspot SEF.

“Reconsideration Request” shall have the meaning set forth in ~~Javelin SEF~~Bats Hotspot SEF Rule 313.

“Regulatory Service Provider” shall mean the organization, if any, that provides regulatory services to ~~Javelin SEF~~Bats Hotspot SEF.

“Required Records” shall have the meaning set forth in [Javelin SEFBats Hotspot SEF](#) Rule 404.

“Required Transaction” shall have the meaning set forth in CFTC Regulation 37.9(a)(1).

“Respondent” shall mean either (a) the subject of an investigation, Disciplinary Proceeding or Summary Proceeding, or (b) a Person against whom a [Javelin SEFBats Hotspot SEF](#) Arbitration has been commenced pursuant to [Javelin SEFBats Hotspot SEF](#) Rules.

~~“RFQ” shall mean the request for quote functionality of the Javelin SEF Trading System which provides trading protocols such that each Market Participants electing to participate in a RFQ pursuant to Rule 506 as either the RFQ requestor or the RFQ responder will have equal priority in receiving requests for quotes and in transmitting and displaying responsive orders for execution.~~

~~“RFQ Responder” shall mean a Participant of Javelin SEF or a Sponsored Person that receives a RFQ inquiry.~~

“SEC” shall mean the United States Securities and Exchange Commission.

“Self-Regulatory Action” shall have the meaning set forth in [Javelin SEFBats Hotspot SEF](#) Rule 206.

“Sponsored Access” shall mean the provision by [Javelin SEFBats Hotspot SEF](#) of access to [Javelin SEFBats Hotspot SEF](#) to a Sponsored Person by the means of a Sponsoring Participant pursuant to the [Javelin SEFBats Hotspot SEF](#) Rules.

“Sponsored Person” shall mean an ECP, other than an individual or an ISV, which has been provided access to [Javelin SEFBats Hotspot SEF](#) by the means of a Sponsoring Participant pursuant to [Javelin SEFBats Hotspot SEF](#) Rules, and shall be subject to the jurisdiction of [Javelin SEFBats Hotspot SEF](#) and comply with [Javelin SEFBats Hotspot SEF](#) Rules as if such Sponsored Person was a Participant. Except as provided in [Javelin SEFBats Hotspot SEF](#) Rule 323, for the avoidance of doubt, all references to Participant includes Sponsored Persons and their Authorized Traders.

“Sponsoring Participant” shall mean a Participant that has (i) designated a Sponsored Person to [Javelin SEFBats Hotspot SEF](#) pursuant to [Javelin SEFBats Hotspot SEF](#) Rules and (ii) been designated as the Sponsoring Participant by such Sponsored Person generally and in respect of the applicable Trade on [Javelin SEFBats Hotspot SEF](#). Upon acceptance of such designations by [Javelin SEFBats Hotspot SEF](#) and the provision of trading access to the Sponsored Person, the Sponsoring Participant shall be responsible for the undertakings provided in [Javelin SEFBats Hotspot SEF](#) Rule 322.

“Status Determination Notice” shall have the meaning set forth in [Javelin SEFBats Hotspot SEF](#) Rule 313.

“Summary Proceeding” shall have the meaning set forth in [Javelin SEFBats Hotspot SEF](#) Rule 727.

“Summary Proceeding Decision” shall have the meaning set forth in [Javelin SEFBats Hotspot SEF](#) Rule 727.

“Summary Proceeding Review Notice” shall have the meaning set forth in [Javelin SEFBats Hotspot SEF](#) Rule 727.

“Summary Proceeding Review Conference” shall have the meaning set forth in [Javelin SEFBats Hotspot SEF](#) Rule 727.

“Supervised Persons” shall mean the directors, officers, employees or agents of a Participant, including, without limitation, such Participant’s Authorized Representative, Authorized Trader(s), Trading Manager and Designated Operational Contact.

“Technology Service Provider” shall mean the organization, if any, that provides technology services to [Javelin SEFBats Hotspot SEF](#).

“Trade” shall mean the purchase or sale of any Product executed on [Javelin SEFBats Hotspot SEF](#).

“Trade Confirmation” shall have the meaning set forth in [Javelin SEFBats Hotspot SEF](#) Rule 526.

“Trading Day” shall mean each day that the [Javelin SEFBats Hotspot SEF](#) is open for trading, which will be based upon the Securities Industry and Financial Markets Association’s holiday recommendations for financial markets in the United States.

“Trading Hours” shall mean with respect to any Product, the hours during the Trading Day that [Javelin SEFBats Hotspot SEF](#) is regularly open for the trading of such Product, which are published on [Javelin SEFBats Hotspot SEF](#)’s website.

“Trading Manager” shall mean an employee of a Participant designated by the Participant to provide notice to [Javelin SEFBats Hotspot SEF](#) of what instruments such Participant’s Authorized Traders may trade and their respective Trading Limits or the Trading Limits of their Customer and Customer’s Authorized Traders, as applicable.

“Trading Limits” shall mean the risk-based limits established in respect of each proprietary account of Participant or Participant’s Authorized Traders or in respect of each Customer or Customer’s Authorized Traders.

“Trading Privileges” shall mean the rights granted to a Participant to use, directly or indirectly through an ISV, [Javelin SEFBats Hotspot SEF](#), subject to the terms and conditions of the [Javelin SEFBats Hotspot SEF](#) Rules, for the execution of Trades.

“Vertical” shall mean a division of [Javelin SEFBats Hotspot SEF](#).

## CHAPTER 2 GOVERNANCE AND COMMITTEES

### Rule 201. Governance

~~Javelin SEF~~Bats Hotspot SEF is a Delaware Limited Liability Company, and its limited liability company agreement governs the management and operations of ~~Javelin SEF~~Bats Hotspot SEF (“Operating Agreement”).

### Rule 202. Board

1. The Board shall oversee the operation of ~~Javelin SEF~~Bats Hotspot SEF and shall have the authority to review, call for review, amend, suspend or overrule the decisions and actions of any ~~Javelin SEF~~Bats Hotspot SEF Committee. Without limiting the generality of the foregoing, the Board shall have the power to: (a) adopt, amend, implement and repeal ~~Javelin SEF~~Bats Hotspot SEF Rules, not contrary to applicable law or the Operating Agreement, as in the Board’s judgment promotes the best interest of ~~Javelin SEF~~Bats Hotspot SEF, and (b) make interpretations of the ~~Javelin SEF~~Bats Hotspot SEF Rules, which shall be binding on all Persons subject to the jurisdiction of ~~Javelin SEF~~Bats Hotspot SEF.
2. Each member of the Board shall be appointed in accordance with the Operating 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.
3. Member of the Board, including Independent Members, shall be of sufficiently good repute, and where applicable, have sufficient expertise in financial services.
4. Member of the Board shall satisfy all fitness standards imposed by the CEA and CFTC regulations.
5. The Board shall be composed of at least 35% Independent Directors, who have been determined on the record to have no material relationship, as defined by 1.3(ccc) of the CFTC regulations, with ~~Javelin SEF~~Bats Hotspot SEF.

### Rule 203. Emergency Authority

1. Subject to applicable law, during an Emergency ~~Javelin SEF~~Bats Hotspot SEF will approve and apply temporary rules and procedures (“Emergency Rules”) pursuant to procedures set forth in this Rule.
2. Emergency Rules may require or authorize ~~Javelin SEF~~Bats Hotspot SEF, the Board, any committee of the Board, the Chief Executive Officer or any other Officer to take actions necessary or appropriate to respond to the Emergency, including, but not limited to, the following actions:
  - a. suspending or restricting trading or limiting trading to liquidating only (in whole or in part);
  - b. extending, limiting or changing trading hours;

- c. temporarily modifying or suspending any provision of ~~Javelin SEF~~Bats Hotspot SEF Rules or Participant obligations;
  - d. imposing intraday market restrictions;
  - e. ordering the liquidation or transfer of open positions ;
  - f. suspending or curtailing trading in a Product;
  - g. altering the terms and conditions of a Product;
  - h. imposing or modifying price limits;
  - i. imposing or modifying position limits; and/or
  - j. allowing, denying, suspending, or permanently barring an ECP's access to ~~Javelin SEF~~Bats Hotspot SEF in connection with an emergency action taken by ~~Javelin SEF~~Bats Hotspot SEF.
3. Before any Emergency Rules may be adopted and enforced, a vote of the Board approving such Emergency Rules must occur at a duly convened Board meeting. Directors may attend such meeting in person or by teleconference. If the Chief Executive Officer determines that the Emergency Rules must be implemented with respect to an Emergency before a meeting of the Board can reasonably be convened, then the Chief Executive Officer shall have the authority, without Board action, to implement any Emergency Rules with respect to such Emergency that he or she deems necessary or appropriate to respond to such Emergency. In such circumstances, the Chief Executive Officer must convene a meeting as soon as practicable. The Board may modify any Emergency Rules implemented by the Chief Executive Officer.
4. Any time that ~~Javelin SEF~~Bats Hotspot SEF takes actions necessary or appropriate to respond to an Emergency, including any modification of previously adopted actions, a duly authorized representative of ~~Javelin SEF~~Bats Hotspot SEF will promptly notify the CFTC of such actions and, when possible, will post an announcement of such actions on the ~~Javelin SEF~~Bats Hotspot SEF website. When the Board, any committee of the Board or the Chief Executive Officer determines that the Emergency has been reduced sufficiently to allow ~~Javelin SEF~~Bats Hotspot SEF to resume normal functioning, any such actions responding to the Emergency will be terminated and notification of such termination will be provided on ~~Javelin SEF~~Bats Hotspot SEF's website.

#### **Rule 204. Officers**

1. The Board shall appoint a Chief Executive Officer, a Chief Compliance Officer and such other officers as it deems necessary or appropriate from time to time, in each case for such term and on such conditions it sees fit.
2. The officers shall have the authority and powers in the management of ~~Javelin SEF~~Bats Hotspot SEF as determined by the Board subject to any restrictions set forth in the Operating Agreement. The Chief Compliance Officer shall have all authority required under CFTC Rules 37.1500 et seq.



3. Any officer may also be a director, officer, or employee of the parent of ~~Javelin SEFBats Hotspot SEF~~ or any affiliate of ~~Javelin SEFBats Hotspot SEF~~.

#### **Rule 205. Disqualifications of Board and Committee Members**

Prior to their appointment for Board and/or Committee service, the Compliance Department shall screen all nominees to determine their eligibility for service pursuant to CFTC Regulation 1.63. No Person may serve as a member of the Board or a Committee of ~~Javelin SEFBats Hotspot SEF~~ if such Person:

1. within the past three years was found by a Final Decision to have committed a Disciplinary Offense;
2. within the past three years entered into 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;
3. is currently or has been barred, expelled from membership or suspended from trading on a self-regulatory organization, is serving any sentence of probation or owes any portion of a fine imposed as a result of either:
  - a. 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; or
  - b. a Final Decision determining such Person committed a Disciplinary Offense;
4. is currently subject to an agreement with the CFTC or any self-regulatory organization not to apply for registration with the CFTC or membership in any self-regulatory organization;
5. is currently subject to or has had imposed on him or her within the prior three years a 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 CEA; or
6. is currently subject to a denial, suspension or disqualification from serving on the disciplinary committee, arbitration committee or governing board of any self-regulatory organization as that term is described in section 3(a)(26) of the Securities Exchange Act of 1934.

#### **Rule 206. Conflicts of Interest**

~~Javelin SEFBats Hotspot SEF~~ believes that it is in the best interest of ~~Javelin SEFBats Hotspot SEF~~ and Participants to be aware of and properly manage all conflicts of interest and appearances of conflicts of interest. Accordingly, the following rules shall apply to mitigate potential and actual conflicts of interest.

1. Except as provided below, no Director, Officer, member of the Disciplinary Committee or any Person authorized to act on behalf of ~~Javelin SEFBats Hotspot SEF~~ in connection with any (i) Disciplinary Proceeding, or (ii) emergency action, (collectively a “Self-Regulatory Action”; the Board and/or any ~~Javelin SEFBats Hotspot SEF~~ Committee considering a Self-Regulatory Action collectively a “Deliberating Body” ), shall not knowingly participate in the deliberations and/or

- voting on any Self-Regulatory Action if such person has a Material Conflict of Interest (as defined below).
2. Prior to consideration of any Self-Regulatory Action, each member of a Deliberating Body who determines to participate in any deliberations or vote in a Self-Regulatory Action shall disclose to the Chief Compliance Officer any Material Conflict of Interest (any such person disclosing a Material Conflict of Interest is an “Interested Person”).
  3. For the purposes of this Rule, “Material Conflict of Interest” shall mean with respect to a Director, Officer, and member of the Disciplinary Committee:
    - a. being named as a potential or actual Respondent in a Disciplinary Proceeding;
    - b. being an employer, employee, fellow employee or an affiliate of a Respondent or potential Respondent in a Disciplinary Proceeding;
    - c. having any significant, on-going business relationship with a Respondent or potential Respondent in a Disciplinary Proceeding;
    - d. having a Family Relationship with a Respondent or potential Respondent in a Disciplinary Proceeding;
    - e. having a direct and substantial financial interest in the result of a vote, other than based on a direct or indirect equity or other interest in ~~Javelin SEF~~Bats Hotspot SEF, that could reasonably be expected to be affected by the Self-Regulatory Action. For the purposes of this definition a “direct and substantial financial interest” includes, without limitation, positions held in swaps in the accounts of, controlled by, or affiliated with the Interested Person or any other types of direct and substantial financial positions of the Interested Person that are reasonably expected to be affected by the vote; and/or
    - f. any other circumstance that creates a conflict between the Director’s, Officer’s, or members of a Disciplinary Committee’s exercise of authority regarding any Self-Regulatory Action and his or her personal interests.
  4. Any Interested Person who would be required otherwise to abstain from deliberations and voting because of a Material Conflict may participate in the deliberations, prior to a vote on the matter, if:
    - a. the material facts about the Interested Person’s interest in the matter are disclosed or known to the Deliberating Body;
    - b. the Deliberating Body determines that the participation by the Interested Person would be consistent with the public interest; and
    - c. a majority of the members of the Deliberating Body that are not Interested Persons with respect to the matter vote to allow the Interested Person to participate in the deliberations on the Self-Regulatory Action.
  5. If, pursuant to paragraph (4), a determination is made that an Interested Person may participate in deliberations, then the minutes of the meeting of the Deliberating Body will reflect the determination and the reasons for the determination.

6. If all of the members of the Deliberating Body are Interested Persons with respect to a matter subject to a vote by the Deliberating Body, then the Chief Executive Officer will appoint a panel of individuals who are not Interested Persons with respect to such matter, which will have the same authority and powers over such matter that the Deliberating Body would have if the members thereof were not Interested Persons with respect to such matter.

#### **Rule 207. Disclosure or Use of Material, Non-Public Information**

No member of the Board or ~~Javelin SEF~~Bats Hotspot SEF Committee shall use or disclose material, non-public information for any purpose other than the performance of his or her official duties and responsibilities as a member of the Board or ~~Javelin SEF~~Bats Hotspot SEF Committee. No member of the Board or ~~Javelin SEF~~Bats Hotspot SEF Committee shall, directly or indirectly, disclose or use at any time, either during his or her association with ~~Javelin SEF~~Bats Hotspot SEF or thereafter, any material, non-public information of which a member of the Board or ~~Javelin SEF~~Bats Hotspot SEF Committee becomes aware except when reporting to or at the direction of the Board, when requested by a Government Agency or when compelled to testify at any judicial or administrative proceeding. Each member of the Board or ~~Javelin SEF~~Bats Hotspot SEF Committee, in possession of material, non-public information shall take all appropriate steps to safeguard the information and to protect it against disclosure, misuse, espionage, loss and theft.

#### **Rule 208. Committees**

1. ~~Javelin SEF~~Bats Hotspot SEF shall have such committees, and special committees that the Board may deem, from time to time, necessary for the operations of ~~Javelin SEF~~Bats Hotspot SEF and appointed in accordance with the ~~Javelin SEF~~Bats Hotspot SEF Rules. For the avoidance of any doubt, all references to "committee" shall include any panel appointed from a committee.
2. A majority of the committee shall constitute a quorum for the transaction of business at any meeting of the committee, provided that if less than a majority of committee members is present, those present may adjourn the meeting to another time and place. Any committee may act only by (i) the decision of a majority vote of the members of such committee present at that meeting at which a quorum is present; or (ii) by written consent.
3. All committee decisions shall be reported to the Board for final approval. Except as otherwise provided in the ~~Javelin SEF~~Bats Hotspot SEF Rules, the Board shall have the authority to overrule the decision of any ~~Javelin SEF~~Bats Hotspot SEF Committee.

#### **Rule 209. Arbitration Committee**

1. The Arbitration Committee shall consist of six members, which will include a Chairperson and Vice Chairperson, appointed by the Board. Upon the commencement of an Arbitration proceeding pursuant to the ~~Javelin SEF~~Bats Hotspot SEF Rules, the Chairperson of the Arbitration Committee will appoint an Arbitration Panel to hear and decide the arbitration

matter. If the Chairperson of the Arbitration Committee is unavailable the Vice Chairman will appoint an Arbitration Panel. Each Arbitration Panel will consist of three members.

2. Members of the Arbitration Committee shall each serve a one year term to which he or she is appointed, and until the appointment of their successor, or until his or her earlier resignation or removal as a member of the Arbitration Committee. A member of the Arbitration Committee may serve for multiple terms.

**Rule 210. Reserved**

**Rule 211. Reserved**

**Rule 212. ~~Reserved IRS Vertical Committee~~**

- ~~1. Composition. The IRS Vertical Committee shall have such members as determined by the Board.~~
- ~~2. Term of Service. Members of the IRS Vertical Committee shall each serve a one year term to which he or she is appointed, and until the appointment of a successor, or until his or her earlier resignation or removal as a member of the IRS Vertical Committee. A member of the IRS Vertical Committee may serve for multiple terms.~~
- ~~3. Removal. Javelin SEF may remove and replace the committee member it appointed to the IRS Vertical Committee for any reason.~~
- ~~4. Meeting Schedule. The IRS Vertical Committee shall meet the third Thursday of each month.~~
- ~~5. Powers. The IRS Vertical Committee shall have the following powers: (a) appoint two members of the IRS Markets Committee, (b) appoint one member of the Javelin SEF Board, and (c) make recommendations to Javelin SEF regarding general trading protocols, new products and software enhancements.~~

**Rule 213. ~~Reserved IRS Markets Committee~~**

- ~~1. Purpose. The purpose of the IRS Markets Committee is to monitor the market and liquidity conditions on a day to day basis.~~
- ~~2. Composition. The IRS Markets Committee shall have the following members: (a) two members appointed by the IRS Vertical Committee and (b) one member of Javelin SEF senior staff appointed by Javelin SEF.~~
- ~~3. Term of Service. Members of the IRS Markets Committee shall each serve a six month term to which he or she is appointed, and until the appointment of a successor, or until his or her earlier resignation or removal as a member of the IRS Markets Committee. A member of the IRS Markets Committee may serve for multiple terms.~~
- ~~4. Removal. The IRS Vertical Committee may remove and replace one or both of the committee members that it appointed to the IRS Markets Committee for any reason. Javelin SEF may remove and replace the committee member it appointed to the IRS Markets Committee for any reason. In addition, Javelin SEF may remove any member of the IRS Markets Committee pursuant to the Javelin SEF Rules on committee disqualification, provided, however, that such~~

~~removed committee member shall be replaced only by the party who appointed such removed committee member. If a Designated Market Maker or Designated Swap Broker ceases to be a Participant or a Designated Market Maker or Designated Swap Broker, as applicable, or a committee member ceases to be employed by the Designated Market Maker or Designated Swap Broker by which he or she was employed at the time of appointment, then the committee member, shall no longer be a member of the IRS Markets Committee.~~

~~5. Meeting Schedule A meeting of the IRS Markets Committee can be called at any time by any member of the IRS Markets Committee.~~

~~6.1. Powers. The IRS Markets Committee shall have the following powers (a) to declare a Macro News Out (b) to make recommendations to Javelin SEF to extend the suspension of the IRS Liquidity Commitment in excess of 60 minutes, and (c) subject to Rule 511, to impose (i) price limits, (ii) trading pauses, and/or (iii) trading halts to trading in a particular Product in the event of extraordinary price movements that may result in distorted prices or trigger market disruptions.~~

#### Rule 214. Reserved

#### Rule 215. Participation Committee

1. The Participation Committee shall consist of three members, two of which shall be Independent Directors, appointed by the Board or such other number as the Board shall determine is necessary to comply with any final governance rules adopted by the CFTC.
2. Members of the Participation Committee shall each serve a one year term to which he or she is appointed, and until the appointment of a successor, or until his or her earlier resignation or removal as a member of the Participation Committee; provided, however, that any member of the Participation Committee who does not qualify to act as such under any final governance rules adopted by the CFTC, shall cease to be a member of the Participation Committee upon the appointment of a qualifying successor. A member of the Participation Committee may serve for multiple terms.
3. The Participation Committee shall (i) determine the standards and requirements for initial and continuing eligibility for participation on ~~Javelin SEF~~Bats Hotspot SEF and (ii) review appeals of staff denials of participation applications.

#### Rule 216. Regulatory Oversight Committee ("ROC")

1. The ROC shall have a total of three members consisting of ~~two-three~~ Independent Directors, ~~and one Director~~ appointed by the Board or such other number of committee members as the Board shall determine is necessary to comply with any final governance rules adopted by the CFTC. The Board shall delegate sufficient authority, dedicate sufficient resources, and allow sufficient

time for the ROC to fulfill its mandate. The ROC shall oversee all aspects of ~~Javelin SEF~~Bats Hotspot SEF's regulatory program on behalf of the Board. The ROC shall report to the Board and shall make such recommendations to the Board as may, in its judgment, best promote the interests of ~~Javelin SEF~~Bats Hotspot SEF. The Chief Compliance Officer shall meet with the ROC at least once each calendar quarter.

2. Members of the ROC shall each serve a one year term to which he or she is appointed, and until the appointment of a successor, or until his or her earlier resignation or removal as a member of the ROC; provided, however, that any member of the Participation Committee who does not qualify to act as such under any final governance rules adopted by the CFTC, shall cease to be a member of the Participation Committee upon the appointment of a qualifying successor. A member of the ROC may serve for multiple terms.
3. Without limiting the generality of the foregoing, the ROC shall have authority to monitor all aspects of ~~Javelin SEF~~Bats Hotspot SEF's regulatory program for sufficiency, effectiveness, and independence regarding:
  - a. trade practice and market surveillance, audits, examinations and other regulatory responsibilities with respect to ~~Javelin SEF~~Bats Hotspot SEF Participants, including, without limitation, compliance with financial integrity, financial reporting, sales practice, recordkeeping, and conducting investigations;
  - b. reviewing the size and allocation of regulatory budget and resources, and the number, hiring, termination, and compensation of regulatory personnel;
  - c. reviewing the performance of the Chief Compliance Officer and making recommendations with respect to such performance to the Board of Directors;
  - d. recommending changes that would ensure fair, vigorous, and effective regulation;
  - e. reviewing all regulatory proposals prior to implementation and advising the Board as to whether and how such changes may impact regulation; and
  - f. assisting in minimizing actual or potential conflicts of interest.

#### **Rule 217. Disciplinary Committee**

1. The Disciplinary Committee shall consist of at least 10 members, three of which shall be Independent Committee Members, appointed by the Board or such other number as the Board shall determine is necessary to comply with any final governance rules adopted by the CFTC. The members of the Disciplinary Committee shall provide a fair representation of the Participants on ~~Javelin SEF~~Bats Hotspot SEF.
2. Members of the Disciplinary Committee shall each serve a one year term, to which he or she is appointed and until the appointment of a successor, or until his or her earlier resignation or removal as a member of the Disciplinary Committee. A member of the Disciplinary Committee may serve for multiple terms.
3. Members of the Disciplinary Committee will be appointed to serve on Disciplinary Panels by the Regulatory Oversight Committee. Each Disciplinary Panel shall consist of three members,

including one Independent Committee Member, who shall serve as Chairperson of the Disciplinary Panel.

4. The Regulatory Oversight Committee shall establish one or more of the following Disciplinary Panels.
  - a. Review Panel. The Review Panel shall be responsible for reviewing the Investigative Report and taking such action as permitted under Chapter 7 of the ~~Javelin SEFBats~~ Hotspot SEF Rules.
  - b. Hearing Panel. The Hearing Panel shall be responsible for adjudicating disciplinary cases against persons alleged to have committed rule violations, including, without limitation, the consideration of offers of settlement and conducting hearings.
  - c. Appeal Panel. The Appeal Panel shall be responsible for hearing appeals of decisions issued by a Hearing Panel.
5. No member of the Disciplinary Committee may serve on a Disciplinary Panel for more than one stage in the disciplinary process for the same disciplinary matter. No member of ~~Javelin SEFBats~~ Hotspot SEF compliance staff shall serve on a Disciplinary Panel.

## CHAPTER 3 APPLICATIONS FOR PARTICIPANT STATUS

### Rule 301. ~~Javelin SEFBats Hotspot SEF~~ Divisions

~~Javelin SEFBats Hotspot SEF~~ shall have ~~onetwo~~ divisions: ~~(i) the CDS Vertical and (ii) the IRS Vertical. Applicants shall apply for admission to each division for which they wish to have Participant status. All references to Participant status and Trading Privileges of a Participant refer to the Javelin SEF Division to which the Participant is admitted.~~

### Rule 302. Participant Status and Categories of Participants

All Participants of ~~Javelin SEFBats Hotspot SEF~~ shall have Trading Privileges on the ~~Javelin SEFBats Hotspot SEF~~ which includes the right to access ~~Javelin SEFBats Hotspot SEF~~ and enter orders for proprietary and Customer accounts as authorized by the Participant's Participant Category. Trading Privileges are subject to any limitation, restriction or revocation imposed, from time to time, by ~~Javelin SEFBats Hotspot SEF~~. Trading on ~~Javelin SEFBats Hotspot SEF~~ is limited to ECPs. All Participants that trade on behalf of a Customer shall obtain information or representations sufficient to demonstrate that such Customer is an ECP. There are three categories of Participants: (i) Authorized Customer, (ii) Designated Swap Broker, and (iii) Designated Market Maker. Any Participant may designate, pursuant to the ~~Javelin SEFBats Hotspot SEF~~ Rules, one or more Authorized Traders or, if such Participant is a DSB or DMM, one or more Sponsored Persons.

### Rule 303. Jurisdiction

1. Without need for any further action or agreement, Market Participants agree be bound by and comply with the ~~Javelin SEFBats Hotspot SEF~~ Rules, (including, but not limited to, rules requiring cooperation and participation in investigatory and disciplinary processes), and become subject to the jurisdiction of ~~Javelin SEFBats Hotspot SEF~~ with respect to all matters arising from directly or indirectly engaging in trading activity on ~~Javelin SEFBats Hotspot SEF~~.
2. Unless agreed to in writing by ~~Javelin SEFBats Hotspot SEF~~, no agreement between (a) Participants or Sponsored Persons, (b) Customers, or (c) Participants and Market Participants may supersede the ~~Javelin SEFBats Hotspot SEF~~ Rules.

### Rule 304. Trading Privileges

1. Each Participant shall have the right to access ~~Javelin SEFBats Hotspot SEF~~ and enter orders as permitted by such Participant's Participant Category, pursuant to the ~~Javelin SEFBats Hotspot SEF~~ Rules.
2. The granting of Trading Privileges to a Participant does not confer (i) any right of ownership in ~~Javelin SEFBats Hotspot SEF~~; (ii) any right to share in the profits of ~~Javelin SEFBats Hotspot SEF~~, or (iii) any right to attend or vote at any meeting of ~~Javelin SEFBats Hotspot SEF~~, including, without limitation, any meeting of the Board or any ~~Javelin SEFBats Hotspot SEF~~ Committee.



3. Trading Privileges are non-transferable, non-assignable and may not be sold or leased.
4. Trading Privileges, but not the obligations, of a Participant terminate upon dissolution of a Participant, with respect to an Authorized Trader, upon the death or incapacity of the Authorized Trader.

### **Rule 305. Trading Privileges by Participant Category**

Each Participant Category will have the following trading authority.

1. An Authorized Customer shall be authorized to enter orders on its own account.
2. A Designated Swap Broker shall be authorized to enter orders for (a) its own account, (b) the account of an Authorized Customer, or (c) a Customer's account.
3. A Designated Market Maker shall be authorized to enter orders for (a) its own account, (b) an Authorized Customer's account, or (c) a Customer's account.

### **Rule 306. Restrictions on Trading Privileges**

1. No employee of ~~Javelin SEF~~Bats Hotspot SEF shall be given Trading Privileges on ~~Javelin SEF~~Bats Hotspot SEF or be permitted to trade, directly or indirectly:
  - a. in any swap traded on ~~Javelin SEF~~Bats Hotspot SEF; and
  - b. in any swap traded on another swap execution facility that is fungible with or economically equivalent to swaps traded on ~~Javelin SEF~~Bats Hotspot SEF.
2. No employee, Director, member of any committee, or consultant of ~~Javelin SEF~~Bats Hotspot SEF shall trade, directly or indirectly, in any swap, security or other instrument on the basis of material, non-public information obtained in connection with the performance of his or her official duties.
3. For the purposes of this rule the term "employee" shall mean any person hired or otherwise employed on a salaried or on a contractual basis by ~~Javelin SEF~~Bats Hotspot SEF, but does not include any:
  - a. Director compensated by ~~Javelin SEF~~Bats Hotspot SEF solely for his or her participation in Board matters;
  - b. ~~Javelin SEF~~Bats Hotspot SEF Committee member compensated by ~~Javelin SEF~~Bats Hotspot SEF solely for his or her participation in ~~Javelin SEF~~Bats Hotspot SEF Committee matters; and
  - c. consultant performing consulting services for ~~Javelin SEF~~Bats Hotspot SEF.

### **Rule 307. Eligibility**

To be admitted as a Participant on ~~Javelin SEF~~Bats Hotspot SEF, an Applicant shall be an entity, including, without limitation, a corporation, limited liability company, partnership or trust that meets the following requirements.

1. General Requirements:

- a. is duly organized;
  - b. is of good reputation and business integrity ;
  - c. has the requisite organizational power to become a Participant of and effect Trades on [Javelin SEFBats Hotspot SEF](#);
  - d. holds all necessary regulatory authorizations, licenses, registrations and approvals;
  - e. is not subject to statutory disqualification under Section 8a(2) of the CEA;
  - f. is not prohibited, for any reason, from using the services of [Javelin SEFBats Hotspot SEF](#);
  - g. has appropriate technical and operational controls;
  - h. is an ECP;
  - i. is not currently in bankruptcy;
  - j. is not an ISV or an automated trading system; and
  - k. satisfies all other criteria [Javelin SEFBats Hotspot SEF](#), from time to time, may require.
2. **Clearing Account.** All Applicants shall:
- a. have a clearing account with at least one Clearing Member regarding all Trades executed on [Javelin SEFBats Hotspot SEF](#);
  - b. provide [Javelin SEFBats Hotspot SEF](#) with documentation from each Clearing Member sufficient to demonstrate the existence of the Applicant's clearing relationship with that Clearing Member in a form acceptable to [Javelin SEFBats Hotspot SEF](#);
  - c. provide immediate written notice to [Javelin SEFBats Hotspot SEF](#) of any change to their status with any Clearing Member regarding Trades executed on [Javelin SEFBats Hotspot SEF](#); and
  - d. consent to [Javelin SEFBats Hotspot SEF](#)'s ability to (a) cancel trades, or (b) restrict, suspend or terminate access to the [Javelin SEFBats Hotspot SEF](#) at the direction of their Clearing Member.
3. **Continuing Obligations.** Once an Applicant is admitted as a Participant, it shall continue to comply with all eligibility criteria set by [Javelin SEFBats Hotspot SEF](#).

### **Rule 308. Additional Eligibility Requirements by Participant Category**

In addition to the eligibility criteria stated in [JavelinBats Hotspot SEF](#) Rule 307, an Applicant shall meet the following additional requirements for the Participant category for which it seeks to be admitted.

1. **Authorized Customer.** An Authorized Customer must have at least one natural person that is an Authorized Trader, approved by [Javelin SEFBats Hotspot SEF](#).
2. **Designated Swap Broker.** A Designated Swap Broker must:
  - a. meet all requirements for Designated Swap Brokers; and
  - b. have at least two natural persons that are Authorized Traders approved by [Javelin SEFBats Hotspot SEF](#).
3. **Designated Market Maker.** Designated Market Makers must:

- a. meet all requirements of the ~~Javelin SEF~~Bats Hotspot SEF market maker program for the Vertical for which it has been admitted as a Designated Market Maker; and
- b. must have at least two natural persons that are Authorized Traders approved by ~~Javelin SEF~~Bats Hotspot SEF.

### Rule 309. Participant Application Process

1. Any Person wishing to become a Participant of ~~Javelin SEF~~Bats Hotspot SEF (“Applicant”) shall complete and submit, with complete and accurate information, the forms required by ~~Javelin SEF~~Bats Hotspot SEF which include, without limitation, the following:
  - a. a ~~Javelin SEF~~Bats Hotspot SEF Participant Application, which includes, without limitation, an agreement to abide by ~~Javelin SEF~~Bats Hotspot SEF Rules and applicable law and submit to ~~Javelin SEF~~Bats Hotspot SEF jurisdiction;
  - b. a ~~Javelin SEF~~Bats Hotspot SEF Electronic User License Agreement (or “EULA”);
  - c. an indication of whether the Participant is a Swap Dealer, a Major swap Participant, a financial entity as defined by CEA section 2(h)(7)(C), and a U.S. person. and
  - d. any additional documents and information ~~Javelin SEF~~Bats Hotspot SEF may reasonably deem necessary or desirable to further clarify information provided to ~~Javelin SEF~~Bats Hotspot SEF by an Applicant.
2. Applicant agrees that if any of the information provided in its Application is no longer accurate or any other information becomes available that would affect the accuracy of any information provided by Applicant in its Application, Applicant will notify promptly ~~Javelin SEF~~Bats Hotspot SEF of such information. The obligation stated in the preceding sentence is a continuing obligation that shall commence upon Applicant’s submission of its Application to ~~Javelin SEF~~Bats Hotspot SEF and continue throughout the application process and include the period of time that Applicant is a Participant of ~~Javelin SEF~~Bats Hotspot SEF.
3. In considering an Application from an Applicant, ~~Javelin SEF~~Bats Hotspot SEF may conduct an investigation to verify information submitted by the Applicant.
4. All applications for Participation status will be reviewed by ~~Javelin SEF~~Bats Hotspot SEF staff. Such review shall not take place until such Application is complete. ~~Javelin SEF~~Bats Hotspot SEF shall provide each Applicant with written notice of its determination to grant or deny such Applicant’s request to become a Participant.
5. ~~Javelin SEF~~Bats Hotspot SEF may deny or condition the grant of Participant status of any Applicant:
  - a. if such Applicant is unable to satisfactorily demonstrate its ability to satisfy the eligibility criteria to become or remain a Participant;
  - b. if such Applicant is unable to satisfactorily demonstrate its capacity to adhere to ~~Javelin SEF~~Bats Hotspot SEF Rules; or
  - c. for any such other cause reasonably determined by ~~Javelin SEF~~Bats Hotspot SEF.

6. Any Applicant whose application to become a ~~Javelin SEF~~Bats Hotspot SEF Participant was denied shall not be entitled to re-apply to become a ~~Javelin SEF~~Bats Hotspot SEF Participant for six months from the date of such denial.

### Rule 310. Authorized Traders

1. Each Participant shall designate one or more natural persons to be an Authorized Trader. Each Participant designating an Authorized Trader shall notify ~~Javelin SEF~~Bats Hotspot SEF of such designation in writing. Prior to accessing ~~Javelin SEF~~Bats Hotspot SEF such prospective Authorized Trader shall satisfy the requirements of this Rule and ~~Javelin SEF~~Bats Hotspot SEF Rule 311. Upon approval of its designation as an Authorized Trader by ~~Javelin SEF~~Bats Hotspot SEF, any such Authorized Trader shall be entitled to exercise Trading Privileges subject to the terms and conditions of the ~~Javelin SEF~~Bats Hotspot SEF Rules including, without limitation, the Authorized Trader being subject to the jurisdiction of ~~Javelin SEF~~Bats Hotspot SEF with respect to disciplinary matters, and the possible conditioning, restriction or revocation of Trading Privileges.
2. Each Participant shall guarantee and assume responsibility for all of the trading activity of its Authorized Trader(s) on ~~Javelin SEF~~Bats Hotspot SEF. Such trading activity shall include, without limitation: (i) orders entered, (ii) orders accepted for execution, (iii) trades executed, (iv) orders such Authorized Trader fails to execute, (v) orders executed negligently, (vi) orders executed fraudulently, (vii) orders executed in violation of ~~Javelin SEF~~Bats Hotspot SEF Rules, or (viii) orders executed in violation of applicable law.
3. At any time a Participant may revoke the designation it has granted to any Authorized Trader by providing written notice of such revocation to ~~Javelin SEF~~Bats Hotspot SEF at least one Trading Day before the effective date of any such revocation. Each Participant shall take all such immediate measures appropriate to insure that, after such revocation the affected Authorized Trader(s) shall not (i) have access to ~~Javelin SEF~~Bats Hotspot SEF or (ii) utilize his or her ~~Javelin SEF~~Bats Hotspot SEF User ID. Upon receipt of notice of the revocation of the designation of Authorized Trader, ~~Javelin SEF~~Bats Hotspot SEF shall act promptly, but in no event longer than one Trading Day, to take all steps necessary to disallow access to ~~Javelin SEF~~Bats Hotspot SEF by such formerly designated Authorized Trader.
4. Each Participant shall be responsible for the acts and omissions of each of its Authorized Traders. Each Participant shall make certain on an ongoing basis that none of its Authorized Traders are subject to a disqualification pursuant to applicable law and that each Authorized Trader is technically proficient in the use of ~~Javelin SEF~~Bats Hotspot SEF. Each Participant shall have procedures for performing day-to-day monitoring of its Authorized Trader(s) to make certain that each will conduct its business in a fair and equitable way and in accordance with the ~~Javelin SEF~~Bats Hotspot SEF Rules.
5. In connection with the application and interpretation of these ~~Javelin SEF~~Bats Hotspot SEF Rules, any reference to:

- a. the Trading Privileges of a Participant shall also be deemed to refer and apply to the exercise of Trading Privileges by any such Participant's Authorized Trader(s);
- b. a Participant's entry or receipt of orders, bids, or offers into or from [Javelin SEFBats Hotspot SEF](#) or engaging in Trades on [Javelin SEFBats Hotspot SEF](#), shall be deemed to also refer to and apply to any such actions engaged in by any of such Participant's Authorized Trader(s); and
- c. the knowledge of, or matters known to, any Participant shall be deemed to also refer to and include, without limitation, the knowledge of, or matters known, to its Authorized Trader(s).

**Rule 311. Access to [Javelin SEFBats Hotspot SEF](#) by Authorized Traders**

An Authorized Trader may directly access [Javelin SEFBats Hotspot SEF](#) provided that the following requirements are satisfied.

1. The Authorized Trader shall only be permitted to enter orders as permitted by the [Javelin SEFBats Hotspot SEF](#) Rules.
2. Each Participant designating an Authorized Trader shall provide to [Javelin SEFBats Hotspot SEF](#) such information as reasonably requested by [Javelin SEFBats Hotspot SEF](#) regarding their Authorized Trader(s) including, without limitation, name, email address, street address, phone number(s), fax number, and authorized account number(s).
3. Once [Javelin SEFBats Hotspot SEF](#) is satisfied that all requested information has been provided, [Javelin SEFBats Hotspot SEF](#) shall issue a User ID and password, or other such identifiers as [Javelin SEFBats Hotspot SEF](#) shall determine are necessary, for such Authorized Trader to exercise his or her Trading Privileges.
4. [Javelin SEFBats Hotspot SEF](#) will enable the User ID when it determines, in its sole discretion, that all requirements and procedures have been met and all necessary risk controls are in place. Notwithstanding the foregoing, each Participant shall remain accountable, pursuant to the [JavelinBats Hotspot SEF](#) Rules, for the acts and omissions of any of its Authorized Traders, regardless of the risk controls.

**Rule 312. Suspension and Termination of Participant Status**

1. [JavelinBats Hotspot SEF](#) may summarily limit, restrict, suspend or terminate Participation status of any Participant:
  - a. if such Participant is unable to demonstrate its ability to continue to satisfy all eligibility requirements;
  - b. within a reasonable time from, and in compliance with, a notice of Final Decision regarding a violation of [Javelin SEFBats Hotspot SEF](#) Rules; and

- c. within a reasonable period of time from, and in compliance with, a notice of Final Decision of a self-regulatory organization or regulator in which the Participant has been barred, expelled or suspended.
2. ~~Javelin SEF~~Bats Hotspot SEF may limit, restrict, suspend or terminate a Participant, including any of its Authorized Traders in accordance with Chapters 3, 6 and 7 of the ~~Javelin SEF~~Bats Hotspot SEF Rules.
3. All Participants shall receive prompt written notice of any restriction, suspension or termination of their Participant status.

### **Rule 313. Process for Review of Denial or Change in Participant Status**

1. If ~~Javelin SEF~~Bats Hotspot SEF determines to (i) deny an application for Participant status or (ii) condition, suspend and/or terminate a ~~Javelin SEF~~Bats Hotspot SEF's Participant status ("Status Determination Notice"), then ~~Javelin SEF~~Bats Hotspot SEF shall promptly notify such Applicant or Participant ("Affected Person"), in writing at the address provided by such application or Participant for notices.
2. An Affected Person may, within five business days of the date of Status Determination Notice, send a written request to ~~Javelin SEF~~Bats Hotspot SEF requesting that ~~Javelin SEF~~Bats Hotspot SEF provide the reasons for the denial, conditioning or termination of Participant status. Within 10 business days after receiving such written request, ~~Javelin SEF~~Bats Hotspot SEF shall respond to such Affected Person and provide the reasons for denial, conditioning or termination of Participant status. Within 10 business days of receiving the response, the Affected Person may request in writing that the Participation Committee review the determination to deny, condition or terminate its Participant status ("Reconsideration Request").
3. Upon receipt of the Reconsideration Request the Participation Committee may, in its sole discretion, schedule a hearing (in-person or via teleconference), request additional information from the Applicant or Participant, or establish any other process that it believes is appropriate or necessary to consider the Reconsideration Request.
4. Within the later of 45 days of receiving a Reconsideration Request or 30 days from the date of the hearing is concluded the Participation Committee shall either confirm, reverse or modify the denial, conditioning or termination of the Affected Person and shall promptly send notice to the Affected Person. The decision of the Participation Committee is the final action of ~~Javelin SEF~~Bats Hotspot SEF and is not subject to any appeal within ~~Javelin SEF~~Bats Hotspot SEF and shall include a statement informing the Respondent of their right to appeal to the CFTC. No later than 30 days after the date of the Participation Committee's decision ~~Javelin SEF~~Bats Hotspot SEF shall cause the decision to be delivered to the Respondent, at their last known address, by: (i) hand delivery; (ii) deposit in the United States mail, postage paid, via registered mail or certified mail return receipt requested; (iii) deposit in nationally recognized overnight mail carrier; or (iv) sending of such documents by electronic mail with a confirmation copy promptly sent by United States mail.

#### Rule 314. Participant Representatives

1. Each Participant shall designate, subject to ~~Javelin SEF~~Bats Hotspot SEF's approval, an Authorized Representative to be the primary contact with ~~Javelin SEF~~Bats Hotspot SEF ("Authorized Representative"). An Authorized Representative may be an employee of the Participant that is not an Authorized Trader. Each such Authorized Representative will:
  - a. represent such Participant before ~~Javelin SEF~~Bats Hotspot SEF and its committees and receive notices on behalf of such Participant including, without limitation, notice regarding a Disciplinary Proceeding or ~~Javelin SEF~~Bats Hotspot SEF Arbitration and any subpoena or document demand, issued pursuant to the ~~Javelin SEF~~Bats Hotspot SEF Rules, related thereto; and
  - b. have authority to act on behalf of the Participant and ~~Javelin SEF~~Bats Hotspot SEF shall be entitled to rely on the actions and communications of such Authorized Representative.
2. A Participant may designate a Designated Operational Contact, subject to ~~Javelin SEF~~Bats Hotspot SEF's approval, to liaise with ~~Javelin SEF~~Bats Hotspot SEF for the purposes of on-boarding onto the ~~Javelin SEF~~Bats Hotspot SEF and to perform other operational duties. A Designated Operational Contact may be an employee of the Participant that is not an Authorized Trader. ~~Javelin SEF~~Bats Hotspot SEF shall be entitled to rely on the information supplied by the Designated Operational Contact to be accurate and complete.
3. A Participant may choose to designate, subject to ~~Javelin SEF~~Bats Hotspot SEF's approval, a Trading Manager, who is an employee of Participant, that may provide notice to ~~Javelin SEF~~Bats Hotspot SEF of the following matters:
  - a. what Instruments its Authorized Trader(s) may trade; and
  - b. what Trading Limits its Authorized Trader(s) must adhere to.
4. ~~Javelin SEF~~Bats Hotspot SEF shall promptly notify a Participant in writing of its approval or disapproval of a Participant's designation of an Authorized Representative, a Designated Operational Contact or a Trading Manager.
5. Upon ~~Javelin SEF~~Bats Hotspot SEF's approval of a Participant's designation of an Authorized Representative, Designated Operational Contact or Trading Manager, and at all times that such Authorized Representative, Designated Operational Contact or Trading Manager continues in such capacity, ~~Javelin~~Bats Hotspot SEF Users shall provide ~~Javelin SEF~~Bats Hotspot SEF with:
  - a. current contact information and other information ~~Javelin SEF~~Bats Hotspot SEF deems necessary or desirable regarding its Authorized Representative, Designated Operational Contact or Trading Manager, as applicable; and
  - b. prompt written notice of the removal and replacement of any Authorized Representative, Designated Operational Contact or Trading Manager.

6. For the avoidance of any doubt the replacement of any Participant Representatives designated by a Participant shall be subject to the terms and conditions of this [Javelin SEFBats Hotspot SEF Rule](#).

#### **Rule 315. Notices to Participants**

[Javelin SEFBats Hotspot SEF](#) shall publish notice with respect to each amendment, modification, clarification or interpretation of [Javelin SEFBats Hotspot SEF](#) Rules or any action to implement any [Javelin SEFBats Hotspot SEF](#) Rules, in a form and manner that is reasonably designed to permit each Participant to become aware of and familiar with, and to implement any necessary preparatory measures to be taken by it with respect to such additions or modifications, prior to the effective date thereof (each such notice “Notice to Participants”); provided however that any failure by [Javelin SEFBats Hotspot SEF](#) to publish a Notice to Participants shall not affect the effectiveness of the amendment, modification, clarification or interpretation of [Javelin SEFBats Hotspot SEF](#) Rules. For the purposes of this [Javelin SEFBats Hotspot SEF](#) Rule, it shall be sufficient (without limiting the discretion of [Javelin SEFBats Hotspot SEF](#) as to any other reasonable means of communication) if a Notice to [Javelin SEFBats Hotspot SEF](#) Members is published on [Javelin SEFBats Hotspot SEF](#)’s website. Notwithstanding the foregoing, any amendment, modification, clarification or interpretation of [Javelin SEFBats Hotspot SEF](#) Rules shall be made in compliance with the CFTC’s Part 40 Rules.

#### **Rule 316. Communications between [Javelin SEFBats Hotspot SEF](#) and Participants**

1. Each Participant shall provide [Javelin SEFBats Hotspot SEF](#) with complete and current contact information, including, without limitation, contact information regarding its Authorized Representative, Authorized Trader(s), Trading Manager, and Designated Operational Contact, as applicable.
2. All communications made to an Authorized Representative shall be deemed to have been made to the Participant such Authorized Representative represents. Each Authorized Representative shall be responsible for conveying all communications from [Javelin SEFBats Hotspot SEF](#) to the Participant it represents including, without limitation, its Authorized Trader(s), Trading Manager and Designated Operational Contact, as applicable.

#### **Rule 317. Fees and Assessments**

The Board, in its sole discretion, shall have the authority to determine the amounts and due dates of any fees to be paid by Participants and their Customers. All fees and amounts owed to [Javelin SEFBats Hotspot SEF](#) by a Participant, shall be payable upon receipt of an invoice from [Javelin SEFBats Hotspot SEF](#). [Javelin SEFBats Hotspot SEF](#) shall have the right to limit, restrict, suspend or terminate Trading Privileges of Participant that is more than 60 days late in making payment to [Javelin SEFBats Hotspot SEF](#).



### Rule 318. Market Maker Program

In order to provide liquidity and help to maintain a fair and orderly markets, from time to time [Javelin SEFBats Hotspot SEF](#) may establish one or more market maker programs in such products and for such periods of time that it deems appropriate (“Market Maker Program”). [Javelin SEFBats Hotspot SEF](#) will notify [Javelin SEFBats Hotspot SEF](#)’s Participants of its Market Maker Programs by posting a Notice to Participants on the [Javelin SEFBats Hotspot SEF](#)’s website, which will provide information concerning:

1. the products eligible for the Market Maker Program;
2. the period of time the Market Maker Program will be in effect;
3. the qualifications to become a market maker;
4. the procedure a Participant must follow to apply to become a market maker;
5. the commitments and/or obligations of a market maker which may include, without limitation, trading hours and minimum bid/ask spread; and
6. the incentives offered to market makers, which may include, without limitation, rebates, reduced transaction fees, and/or other benefits as determined by [Javelin SEFBats Hotspot SEF](#).

[Javelin SEFBats Hotspot SEF](#) may withdraw any Market Maker Programs at any time for any reason. [Javelin SEFBats Hotspot SEF](#) shall have the right to monitor trading activity to determine compliance with the commitments and/or obligations required by [Javelin SEFBats Hotspot SEF](#)’s Market Making Program(s), and to ensure that the Market Maker Program(s) does not cause detriment to Market Participants and/or distort market pricing.

### Rule 319. Withdrawal of a Participant

A Participant may withdraw from [Javelin SEFBats Hotspot SEF](#) by submitting a written request to [Javelin SEFBats Hotspot SEF](#). All requests for withdrawal of Participant status will be reviewed by [Javelin SEFBats Hotspot SEF](#) Staff. Unless otherwise provided by written agreement Participant’s request to withdraw from the [Javelin SEFBats Hotspot SEF](#) shall be effective 30 Trading Days after [Javelin SEFBats Hotspot SEF](#)’s receipt of a Participant’s request to withdraw and shall be conditioned upon payment of all fees due and owing to [Javelin SEFBats Hotspot SEF](#) by such Participant. Subject to Rule 320, a Participant shall be subject to the jurisdiction of [Javelin SEFBats Hotspot SEF](#) for one year from the date of its withdrawal from [Javelin SEFBats Hotspot SEF](#) or such longer period as shall be required under CFTC rules.

### Rule 320. Continuing Jurisdiction

Notwithstanding Rule 319, any Participant who either has (i) withdrawn from [Javelin SEFBats Hotspot SEF](#) or (ii) had its Trading Privileges terminated or revoked by [Javelin SEFBats Hotspot SEF](#) shall remain subject to the jurisdiction of [Javelin SEFBats Hotspot SEF](#) with respect to all matters arising from, in connection with or related to the status, acts or omissions of such Participant that occurred prior to such Participant’s withdrawal, or termination or revocation of Trading Privileges.

### Rule 321. Independent Software Vendors

An “Independent Software Vendor” or “ISV” means a Person that makes available to Participants a system or platform offering smart order routing, trading software, an aggregator platform or a combination of the foregoing, but does not provide Participants with the ability to effect Trades on ~~Javelin SEFBats Hotspot SEF~~. Only a ~~Javelin SEFBats Hotspot SEF~~ ISV may have access to ~~Javelin SEFBats Hotspot SEF~~. An ISV that has been approved by ~~Javelin SEFBats Hotspot SEF~~ may become a ~~Javelin SEFBats Hotspot SEF~~ ISV. To be approved as a ~~Javelin SEFBats Hotspot SEF~~ ISV an ISV shall:

1. be an entity, including without limitation, a corporation, limited liability company, partnership or trust that is duly organized and in good standing;
2. be of good reputation and business integrity;
3. have no legal restriction(s) that would prohibit it from obtaining access to ~~Javelin SEFBats Hotspot SEF~~;
4. have appropriate technical and operational controls; and
5. satisfy any other requirements regarding system testing and/or certification that ~~Javelin SEFBats Hotspot SEF~~ may deem necessary or desirable.

### Rule 322. Sponsored Access

1. Sponsoring Participants. A ~~Javelin SEFBats Hotspot SEF~~ DSB or DMM may be a Sponsoring Participant and designate to ~~Javelin SEFBats Hotspot SEF~~ one or more Sponsored Person(s) for Sponsored Access, pursuant to the terms and conditions of the ~~Javelin SEFBats Hotspot SEF~~ Rules.
2. Request for Sponsored Access. A Sponsoring Participant’s designation of a Sponsored Person for Sponsored Access shall be effective upon the approval of ~~Javelin SEFBats Hotspot SEF~~. Prior to designating a Sponsored Person, the Sponsoring Participant shall:
  - a. submit or caused Sponsored Person to submit information in respect of the Sponsored Person as required by ~~Javelin SEFBats Hotspot SEF~~, including information in respect of Sponsored Person’s Authorized Traders; and
  - b. provide information sufficient to demonstrate the existence of the Sponsored Person’s trading services or clearing relationship with Sponsoring Participant or another Clearing Member.
3. Provision of Sponsored Access. Upon receipt of a request for the granting of Sponsored Access, ~~Javelin SEFBats Hotspot SEF~~ will promptly make a determination whether or not to grant Sponsored Access and approve the Authorized Traders designated by the prospective Sponsored Person. ~~Javelin SEFBats Hotspot SEF~~ shall promptly notify a Sponsoring Participant of its determination in writing. ~~Javelin SEFBats Hotspot SEF~~ will issue ~~Javelin SEFBats Hotspot SEF~~

User IDs for each Authorized Trader of the Sponsored Person for which Sponsored Access is approved.

4. Sponsoring Participant. With respect to each Sponsored Person which it has designated for Sponsored Access to Javelin SEFBats Hotspot SEF and which has designated it as Sponsoring Participant generally and in respect of the applicable Trade on Javelin SEFBats Hotspot SEF, the Sponsoring Participant shall:
  - a. represent and warrant to Javelin SEFBats Hotspot SEF that it has obtained information or representations in respect of each Sponsored Person which it designates that such Sponsored Person (i) is an ECP, (ii) has all registrations and licenses required under applicable law to trade Products on Javelin SEFBats Hotspot SEF, (iii) has corporate authority to trade Products on Javelin SEFBats Hotspot SEF, and (iv) is in compliance with, and Trades on Javelin SEFBats Hotspot SEF are not in violation of the Javelin SEFBats Hotspot SEF Rules or any other law or regulation or any agreement to which Sponsored Person is subject in relation to the service provided by Javelin SEFBats Hotspot SEF;
  - b. be financially responsible for all Trades on Javelin SEFBats Hotspot SEF identified to Sponsoring Participant by the Sponsored Person(s) which it has designated; and
  - c. assist Javelin SEFBats Hotspot SEF in any investigation into actual or potential violations of Javelin SEFBats Hotspot SEF Rules which occur through or with respect to the activity of each Sponsored Person. Such assistance must be timely and may include but not be limited to, requiring Sponsored Person to produce documents, to answer questions from Javelin SEFBats Hotspot SEF, and/or appear in connection with an investigation.
5. Sponsored Persons. Each Sponsored Person:
  - a. Agrees that it shall be subject to the jurisdiction of Javelin SEFBats Hotspot SEF and shall comply with the Javelin SEFBats Hotspot SEF Rules and EULA with respect to itself and its Authorized Traders.
  - b. Represents and warrants to Javelin SEFBats Hotspot SEF that it currently: (i) is, and shall continue to be, an ECP and, (ii) shall have, and shall continue to have, all registrations and licenses required under applicable law to trade Products on Javelin SEFBats Hotspot SEF, (iii) has, and shall continue to have, corporate authority to trade Products on Javelin SEFBats Hotspot SEF, (iv) is not subject to statutory disqualification under Section 8a(2) of the CEA, (v) is not prohibited, for any reason, from using the services provided by Javelin SEFBats Hotspot SEF, (vi) has the authority, upon the request of Javelin SEFBats Hotspot SEF, to adjust or withdraw any order it submits to Javelin SEFBats Hotspot SEF, and (vii) is not an ISV or automated trading system.
  - c. Agrees it shall have an arrangement with a Clearing Member that facilitates clearing of all Trades it executes on Javelin SEFBats Hotspot SEF and shall have a clearing account with a clearing broker and that the failure to maintain such arrangements and clearing

- accounts shall constitute conduct detrimental to ~~Javelin SEFBats Hotspot SEF~~.
- Sponsored Person further agrees that upon request from ~~Javelin SEFBats Hotspot SEF~~ it shall provide documentation sufficient to demonstrate the existence of Sponsored Person's clearing facilitation arrangement and clearing account with a Clearing Member.
- d. Ensure that all activity related to its access to ~~Javelin SEFBats Hotspot SEF~~ complies with the ~~Javelin SEFBats Hotspot SEF~~ Rules.
  - e. Cooperate fully and promptly with ~~Javelin SEFBats Hotspot SEF~~ in connection with any audit, examination, investigation, inquiry or proceeding regarding compliance with the ~~Javelin SEFBats Hotspot SEF~~ Rules or any ~~Javelin SEFBats Hotspot SEF~~ disciplinary proceeding or arbitration proceeding.
  - f. Shall designate one or more natural persons to be Authorized Traders, pursuant to ~~Javelin SEFBats Hotspot SEF~~ Rules.
6. Revocation of Sponsored Access.
- a. ~~Javelin SEFBats Hotspot SEF~~ can revoke the grant of Sponsored Access and/or the designation of a Sponsored Person's Authorized Trader at any time pursuant to the ~~Javelin SEFBats Hotspot SEF~~ Rules.
  - b. A Sponsoring Participant may revoke designation of a Sponsored Person and/or such Sponsored Person's Authorized Trader(s) at any time by providing written notice of such revocation to ~~Javelin SEFBats Hotspot SEF~~ at least one Trading Day before the effective date of any such revocation. Each Sponsoring Participant shall take all such immediate measures appropriate and within its exclusive control to ensure that, upon such revocation of Sponsored Person that such Sponsored Person's Authorized Trader(s) shall not (i) have access to ~~Javelin SEFBats Hotspot SEF~~ or (ii) utilize his or her ~~Javelin SEFBats Hotspot SEF~~ User ID. Upon receipt of notice of the revocation of the designation of Authorized Trader, ~~Javelin SEFBats Hotspot SEF~~ shall act promptly, but in no event longer than one Trading Day, take all steps necessary to disallow access to ~~Javelin SEFBats Hotspot SEF~~ by such formerly designated Authorized Trader.

**Rule 323. Access to ~~Javelin SEFBats Hotspot SEF~~ by Sponsored Persons**

1. A Sponsored Person is not a Participant of ~~Javelin SEFBats Hotspot SEF~~ and may only access ~~Javelin SEFBats Hotspot SEF~~ by means of a Sponsoring Participant pursuant to ~~Javelin SEFBats Hotspot SEF~~ Rules.
2. A Sponsored Person shall only be permitted to enter orders and execute Trades for itself or its Customers.

**Rule 324. Impartial Access to ~~Javelin SEFBats Hotspot SEF~~**

1. ~~Javelin SEFBats Hotspot SEF~~ will provide any ECP with impartial access to its markets and market services, including any indicative quote screens or similar pricing data displays, provided that

each ECP complies with the documentation and eligibility requirements set forth in the ~~Javelin SEF~~Bats Hotspot SEF Rules.

2. ~~Javelin SEF~~Bats Hotspot SEF will provide any ISV with impartial access to its markets and market services, including any indicative quote screens or similar pricing data displays, provided that each ISV complies with the documentation and eligibility requirements set forth in the ~~Javelin SEF~~Bats Hotspot SEF Rules.

## CHAPTER 4 PARTICIPANT OBLIGATIONS

### Rule 401. Payment of Fees and Assessments

All Participants shall promptly pay all fees and assessments as determined by the ~~Javelin SEFBats~~ Hotspot SEF.

### Rule 402. Compliance with the Rules

All Participants shall:

1. comply with the ~~Javelin SEFBats~~ Hotspot SEF Rules and all laws applicable to their use of ~~Javelin SEFBats~~ Hotspot SEF;
2. use ~~Javelin SEFBats~~ Hotspot SEF in a responsible manner and not for any improper or illegal purpose;
3. comply with all applicable laws and regulations;
4. comply with high standards of integrity, market conduct, commercial honor, fair dealing, and just and equitable principles of trade while performing or attempting to perform any acts related to any business related to or concerning ~~Javelin SEFBats~~ Hotspot SEF;
5. not knowingly mislead or conceal any material fact or matter in any dealings with ~~Javelin SEFBats~~ Hotspot SEF or in response to any ~~Javelin SEFBats~~ Hotspot SEF Proceeding; and
6. promptly inform ~~Javelin SEFBats~~ Hotspot SEF of material change in the information provided to ~~Javelin SEFBats~~ Hotspot SEF in connection with the Participant's application for Participant status on ~~Javelin SEFBats~~ Hotspot SEF.

### Rule 403. Supervision

Participants shall create, implement and maintain such supervisory procedures as are necessary to adequately supervise its Supervised Persons, independent contractors and consultants to insure their compliance with ~~Javelin SEFBats~~ Hotspot SEF Rules, the rules of any self-regulatory organizations of which the Participant is a member and all applicable laws.

### Rule 404. Required Records

1. Required Records. Each Market Participant shall (i) prepare and keep current full, complete and systematic records and information which include all pertinent data and memoranda relating to the complete audit trail all of the Trades it executes and attempts to execute on ~~Javelin SEFBats~~ Hotspot SEF as are required to be kept by it pursuant to applicable law and regulation including, without limitation, all records required by CFTC Regulations 1.31, 1.35, and 37.404, including, without limitation, records of trading activity in the index or instrument used as a reference price, the underlying commodity, and related derivatives markets, and (ii) shall keep current

such other records and information and adopt such forms as ~~Javelin SEF~~Bats Hotspot SEF may from time to time require (“Required Records”). Each Market Participant shall make all Required Records available, upon request, to ~~Javelin SEF~~Bats Hotspot SEF, its regulatory service provider (if any) and the Commission.

2. Retention of Required Records. Unless otherwise provided by applicable law or the ~~Javelin SEF~~Bats Hotspot SEF Rules, all Market Participants shall retain all Required Records for a period of five years from the date on which they are first prepared. Required Records shall be readily accessible during the first two years of the five year retention period. During the five year retention period, all Required Records shall be made available for inspection by, and copies thereof shall be provided to ~~Javelin SEF~~Bats Hotspot SEF and its authorized representatives promptly upon request, and such production shall be made at the expense of the Market Participant required to keep such Required Records.
3. Delegation of Maintenance of Records. A Sponsored Person may delegate the maintenance of records, of transactions executed on ~~Javelin SEF~~Bats Hotspot SEF that the Sponsored Person is required to maintain pursuant to CFTC Regulation 1.35, to the Sponsored Person’s Sponsoring Participant; provided, however, the Sponsoring Participant has agreed to maintain such records on behalf of the Sponsored Person. Notwithstanding the foregoing, a Sponsored Person shall remain directly responsible for the maintenance of records required by this Rule 404 and CFTC Regulation 1.35
4. Commission Requests. Market Participants shall make Required Records available to the CFTC upon request and/or permit on site visitation by duly authorized representatives of the CFTC.

#### **Rule 405. Disclosure and Reporting**

All Participants shall immediately notify ~~Javelin SEF~~Bats Hotspot SEF upon becoming aware of any of the following events:

1. any material change in contact information it has provided to ~~Javelin SEF~~Bats Hotspot SEF;
2. any material failure of or damage to the systems, facilities or equipment of such Participant used to effect Trades on ~~Javelin SEF~~Bats Hotspot SEF;
3. any material failure or damage to the system, facilities or equipment of such Participant used to timely perform such Participant’s financial obligations related to Trades;
4. any expulsion or withdrawal of the Participant, under threat of expulsion, suspension or other penalty, in any self-regulatory organization, designated contract market or derivatives clearing organization;
5. any revocation, suspension or material conditioning of any registration or license granted by any Governmental Agency in respect of swaps trading;

6. imposition of any material sanction or remedy imposed by a Governmental Agency, including without limitation, a cease and desist letter, a fine, a revocation of trading privileges, or a permanent bar from trading; and
7. the occurrence of an event of insolvency of a Participant, including without limitation, the filing of a bankruptcy petition by the Participant, the appointment of a trustee, receiver or administrator or the commencement of dissolution proceedings.

#### Rule 406. System Security

1. Each Participant shall be solely responsible for controlling and monitoring the use of the ~~Javelin SEFBats Hotspot SEF~~ User ID(s) issued to it and its Authorized Trader(s) and ensuring that each ~~Javelin SEFBats Hotspot SEF~~ User accessing the ~~Javelin SEFBats Hotspot SEF~~ Trading System using such ~~Javelin SEFBats Hotspot SEF~~ User ID is (i) assigned a unique password, (ii) that each password is used only by the Participant to whom it is assigned, and (iii) each Participant takes necessary precautions to prevent the unauthorized disclosure of its ~~Javelin SEFBats Hotspot SEF~~ User ID and unique password.
2. In the event of any system security breach, including, without limitation, the unauthorized disclosure or use of a ~~Javelin SEFBats Hotspot SEF~~ User ID or passwords or unauthorized access to the ~~Javelin SEFBats Hotspot SEF~~ Trading System, each Participant that becomes aware of such security breach shall promptly notify ~~Javelin SEFBats Hotspot SEF~~ by the fastest means possible.
3. ~~Except for actions resulting from the gross negligence of Javelin SEFBats Hotspot SEF~~, each Participant shall be bound by any and all actions taken through use of their ~~Javelin SEFBats Hotspot SEF~~ User ID or passwords regardless of whether such actions were authorized by such Participant.
4. No Person may knowingly permit or assist the unauthorized use of a ~~Javelin SEFBats Hotspot SEF~~ User ID for any purpose.

#### Rule 407. Financial Requirements

1. Each Participant shall (i) maintain an account with a Clearing Member that provides for the clearing of all Trades that such Participant executes on ~~Javelin SEFBats Hotspot SEF~~ for its own account; and (ii) cause each of its Customer to maintain an account with a Clearing Member that provides for the clearing of all Trades that Participant executes on ~~Javelin SEFBats Hotspot SEF~~ on behalf of such Customer.
2. Each Participant shall maintain appropriate Trading Limits for its own account and for the account of each Customer for which it trades and for each Sponsored Person and each Authorized Trader of Sponsored Persons, if any. Each Participant shall provide notice to ~~Javelin SEFBats Hotspot SEF~~ of such Trading Limits. Each Participant shall provide ~~Javelin SEFBats Hotspot SEF~~ with immediate written notice of any change in such Trading Limits.



3. At least once a year, upon request by ~~Javelin~~Bats Hotspot SEF, each Participant shall provide ~~Javelin SEF~~Bats Hotspot SEF with a written certification that (a) Participant is and continues to be an ECP, and, (b) as applicable, Participant has obtained information and representations sufficient to establish that all of the Participant's Customers are ECPs.

#### **Rule 408. Customer Accounts**

Each Participant that handles Customer accounts shall have a written agreement with the Customer containing such terms as are required by applicable law, the rules of any applicable self-regulatory organization and as may from time to time be required by the ~~Javelin SEF~~Bats Hotspot SEF Rules. Each Participant that handles Customer accounts shall have documentation sufficient to establish that each of its Customers is an ECP. In addition, each Participant agrees to inform ~~Javelin SEF~~Bats Hotspot SEF promptly if it determines that any Customer is no longer an ECP or no longer has in place satisfactory arrangements to facilitate clearing, and shall immediately cease executing Trades on ~~Javelin SEF~~Bats Hotspot SEF on behalf of such Customer. In addition, each Participant shall provide or cause the Customer to provide the Legal Entity Identifier information for such Customer to enable ~~Javelin SEF~~Bats Hotspot SEF to perform swap data reporting pursuant to Parts 43 and 45 of the CFTC Regulations.

#### **Rule 409. Disaster Recovery; Business Continuity**

Each Participant shall have written disaster recovery and business continuity policies and procedures in place to ensure it is able to perform certain basic operational functions in the event of a significant internal or external interruption to its operations.

#### **Rule 410. Mandatory Trading**

Each Participant shall be responsible for compliance with the mandatory trading requirement under Section 2(h)(8) of the CEA and shall not enter into any Required Transaction off a SEF.

## CHAPTER 5 TRADING PRACTICES AND SDR REPORTING

### Rule 501. Scope

1. Scope. Unless otherwise provided in the ~~Javelin SEFBats Hotspot SEF~~ Rules, this Chapter 5 governs all trading activity on the IRS Vertical of ~~Javelin SEFBats Hotspot SEF~~.
2. Trade Execution. ~~Trade execution will occur by electronic central limit order book: (i) electronic (ii) voice and (iii) voice hybrid electronic.~~
3. Execution Market Places. ~~Javelin SEFBats Hotspot SEF operates the following market places for trade execution: (i) a voice central limit order book, (ii) an electronic central limit order book, and (iii) an electronic request for quote. Javelin SEF does not share orders between voice and electronic market places unless requested by the Customer.~~

### Rule 502. Trading Day and Trading Hours

From time to time ~~Javelin SEFBats Hotspot SEF~~ shall determine the Trading Days for each calendar year and the Trading Hours. ~~Javelin SEFBats Hotspot SEF~~ shall publish notice of Trading Hours, Trading Days and holidays on its website. Unless expressly stated on the website, all time references shall be based upon local time in New York, New York. Trading Hours may vary by Product. Unless otherwise noted in the product specification for a product listed in Chapter 10 of the ~~Javelin SEFBats Hotspot SEF~~ Rules, on all days except those designated as holidays or early close on the ~~Javelin SEFBats Hotspot SEF~~ website the Trading Hours for the electronic execution of swaps are Monday through Friday, 7:30 am to 5:00 pm ~~and the Trading Hours for the voice execution of swaps are Monday through Friday, 9:30 am to 4 pm.~~

### Rule 503. Publication of Trading Information

~~Javelin SEFBats Hotspot SEF~~ will publish trading information as required by CEA Section 5h(f)(9) and Parts 16 and 37 of the CFTC regulations.

### Rule 504. Order Entry on ~~Javelin SEFBats Hotspot SEF~~

1. No Person may use a ~~Javelin SEFBats Hotspot SEF~~ User ID to place an order except as permitted by the ~~Javelin SEFBats Hotspot SEF~~ Rules.
2. No Participant that is not a Clearing Member shall engage in trading activity on ~~Javelin SEFBats Hotspot SEF~~ unless such Participant and/or its Customer, as applicable, has arrangements to facilitate clearing with a Clearing Member.
3. Orders shall be entered on ~~Javelin SEFBats Hotspot SEF~~ by submitting the order into the Bats Hotspot SEF's central limit order book, pursuant to Bats Hotspot SEF Rules 505. ~~any of the following means:~~
  - a. ~~Electronic. Orders may be submitted into the Javelin SEFBats Hotspot SEF's central limit order book or request for quote system, pursuant to Javelin SEFBats Hotspot SEF Rules 505 and 506;~~

- ~~b.—Voice. Orders may be submitted into Javelin SEF pursuant to Javelin SEF Rule 521.~~
- ~~c.—Voice Hybrid Electronic. Orders may be submitted into Javelin SEF pursuant to Javelin SEF Rule 522.~~
4. ~~Javelin SEF~~Bats Hotspot SEF shall maintain an electronic record of all orders entered into the ~~Javelin SEF~~Bats Hotspot SEF that provides all data reflecting the details of each such order including order modifications, cancellations and executions.
  5. Each Participant shall be legally responsible for any and all obligations arising from trading activity of such Participant and Participant’s Authorized Traders and shall be financially responsible for all trading activity of Participant and Participant’s Authorized Traders on behalf of Customers and for all trading activity identified to Participant in its capacity as a Sponsoring Participant for a Sponsored Person (s) on ~~Javelin SEF~~Bats Hotspot SEF. “Trading Activity” includes, without limitation, the entry, modification or cancellation, or execution of orders as well as any and all errors and omissions.
  6. All orders shall contain the following information:
    - a. the name and Legal Entity Identifier, if available, of the Market Participant placing the order,
    - b. the name of the Authorized Trader on behalf of Participant or, if applicable on behalf of the Sponsored Person,
    - c. Product name and maturity or expiration date,
    - d. price,
    - e. side of order,
    - f. quantity,
    - g. CTI code,
    - h. Clearinghouse,
    - i. Customer name, if applicable, and
    - j. account number.

**Rule 505. Entry of Orders on ~~Javelin SEF~~Bats Hotspot SEF’s Central Limit Order Book**

1. Acceptable Orders. The following types of orders may be entered into the central limit order book of the IRS Vertical of ~~Javelin SEF~~Bats Hotspot SEF.
  - a. Market Orders. A “Market Order” is an order to purchase or sell a Product at the best price obtainable in the central limit order book at the time the order is entered.
  - b. Limit Orders. A “Limit Order” is an order to purchase or sell a Product at a specified price or a better price obtainable in the central limit order book.
  - c. All or None Market Order. An “All or None Market Order” is an order to purchase or sell a Product that requires that the entire order is filled in a single transaction at the best price obtainable in the central limit order book at the time the order is entered.

- d. All or None Limit Order. An “All or None Limit Order” is an order to purchase or sell a Product that requires that the entire order is filled in a single transaction at a specified price or a better price obtainable in the central limit order book.
  - e. Minimum or None Market Order. A “Minimum or None Market Order” is an order to purchase or sell a Product that requires that the minimum quantity of Product stated in the order is filled in a single transaction at the best price obtainable in the central limit order, at the time the order is entered.
  - f. Minimum or None Limit Order. A “Minimum or None Limit Order” is an order to purchase or sell a Product that requires that minimum quantity of Product stated in the order is filled in a single transaction at a specified price or better price obtainable in the central limit order book.
2. Entry of Orders. An order may be submitted directly by a Participant for its own account or on behalf of a Customer on whose behalf such Participant is authorized to act.
  3. Price-Time Priority. All orders received in the central limit order book are sorted based on a strict price-time priority protocol.
  4. Matching of Orders. Orders submitted will be matched as follows.
    - a. Market Orders, All or None Market Orders and Minimum or Non Market Orders. Market orders will be matched against all pending orders in the market in accordance with the price-time priority protocol.
      - i. If any portion of a Market Order is not filled, then the unfilled remainder of the order is immediately cancelled.
      - ii. If any portion of an All or None Market Order is not filled, then the unfilled remainder of the order is immediately cancelled.
      - iii. If any portion of a Minimum or None Market Order is not filled, then the unfilled remainder of the order is immediately cancelled.
    - b. Limit Orders, All or None Limit Orders and Minimum or None Limit Orders. Limit Orders, All or None Limit Orders and Minimum or None Limit Orders will be matched with orders that have a price that is at or better than the price of the order, in accordance with the price-time priority protocol.
      - i. If any portion of a Limit Order is not filled, the unfilled portion of the order will remain in the market at the price and time that the order was entered.
      - ii. If any portion of an All or None Limit Order is not filled, the order is cancelled at the end of the Trading Day
      - iii. If the stated minimum of a Minimum or None Limit Order (“MON Limit Order”) is not filled, the order will be cancelled at the end of the Trading Day. If the stated minimum of the MON Limit Order is filled and the unfilled remainder of the MON Limit Order is less than the minimum size, then the unfilled remainder

of the MON Limit Order is converted into an All or None Limit Order, which, if not filled, will be cancelled at the end of the Trading Day. If the unfilled remainder of the MON Limit Order is greater than the minimum size, then the unfilled remainder of the order will rest in the market at the price and time that the order was entered, and if unfilled will be cancelled at the end of the Trading Day.

5. Resting Orders.

- a. Resting orders are visible to all Market Participants and are firm and executable until such time that order is executed, modified or cancelled by either the Participant, pursuant to Rule 507, or as provided below.
- b. After the close of trading each Trading Day, all resting orders are automatically cancelled.
- c. Upon a Participant's logging out from the ~~Javelin SEF~~ Bats Hotspot SEF Trading System during the Trading Day, all resting orders entered by such Participant are automatically cancelled.
- d. In the event that connectivity to a Clearinghouse is lost during a Trading Day all resting orders designated for such Clearinghouse are automatically cancelled.
- e. Resting orders are automatically cancelled upon the expiration of the pre-trade credit token provided by the Participant's Clearing Member.

**Rule 506. ~~Reserved Entry of Orders on Javelin SEF~~ Bats Hotspot SEF's Request for Quote ("RFQ") System**

- ~~1. Entry of Orders. Participants may submit RFQ inquiries on a disclosed or anonymous basis, as provided by the Javelin SEF Rules. RFQ inquiries shall be sent to the minimum number of counterparties required by law, and such minimum number of counterparties shall not include (a) affiliates of or controlled by the counterparty initiating the RFQ inquiry or (b) counterparties that are affiliates of or controlled by each other. A Market Participant is considered to be "controlled by" a third party to whom the Market Participant has granted trading discretion.~~
- ~~2. RFQ inquiries. In sending a RFQ inquiry the sender of the RFQ inquiry may: (a) disclose the name of the counterparty, (b) not disclose the name of the counterparty, or (c) only disclose the name of the counterparty to the RFQ Responder whose quote is accepted.~~
- ~~3. RFQ Responses. In responding to an RFQ inquiry and RFQ Responder may: (a) disclose the name of the counterparty, (b) not disclose the name of the counterparty, or (c) only disclose the name of the counterparty if the quote is accepted by the counterparty that sent the RFQ inquiry. A response to an RFQ inquiry will be firm at the time it is communicated to the RFQ requestor. Provided that an RFQ response has not been accepted, an RFQ responder can modify or cancel their RFQ response after two seconds.~~

~~4. RFQ Respondents. The sender of the RFQ inquiry may select to send an RFQ inquiry to “all” Javelin Participants. The list of “all” RFQ respondents includes those Javelin Participants who have elected to receive RFQ inquiries. During the onboarding process to Javelin SEF all Javelin Participants must elect whether or not to receive RFQ inquiries. This election may be amended at any time by providing appropriate documentation to Javelin SEF.~~

~~5.1. Order Interaction with Electronic Central Limit Order Book. When an RFQ response is displayed to the RFQ requestor, the Javelin SEF’s RFQ system also will display resting orders in Javelin’s electronic central limit order book for that product.~~

#### **Rule 507. Modification and Cancellation of Orders**

Unless otherwise provided in the ~~Javelin SEFBats Hotspot SEF~~ Rules, any ~~Electronic or Voice Hybrid Electronic~~ order entered into ~~Javelin SEFBats Hotspot SEF the electronic central limit order book~~ may be modified or cancelled until such time that such order is executed or has otherwise expired. Any such modification or cancellation of an order requires that an Order Modify or Order Cancel be entered into ~~Javelin SEFBats Hotspot SEF~~. Such modification or cancellation shall become effective upon receipt by ~~Javelin SEFBats Hotspot SEF of the Order Modify or Order Cancel. Pursuant to Rule 521, order modification is not permitted when trading via Voice Trading.~~

#### **Rule 508. Market Information**

~~Javelin SEFBats Hotspot SEF~~ will make available on an anonymous basis, (whether through the ~~Javelin SEFBats Hotspot SEF~~ Trading System, a ticker, a financial information services provider or otherwise), market information regarding prices bid and offered, trades executed and any other information it deems appropriate to Participants in such manner and at such times as it believes is necessary or desirable and consistent with CFTC regulations. Each Participant receiving such information may only redistribute such information to such extent and in such manner as may be permitted by the ~~Javelin SEFBats Hotspot SEF~~ Rules.

#### **Rule 509. Real-Time Market Monitoring**

Real-time monitoring of trading on ~~Javelin SEFBats Hotspot SEF~~ for compliance purposes shall be conducted by ~~Javelin SEFBats Hotspot SEF’s~~ compliance department.

1. ~~Javelin SEFBats Hotspot SEF~~ shall monitor and evaluate data on:
  - a. an ongoing basis in order to detect and prevent manipulation, price distortion, and where necessary disruptions in the cash-settlement process, and
  - b. general market data in order to detect and prevent manipulative activity that would result in the failure of the market price to reflect the normal forces of supply and demand, unusual trading volumes, and impairments to market liquidity.
2. In addition, ~~Javelin SEFBats Hotspot SEF~~ may protect market integrity through use of the following system safeguards to prevent the entry of orders in any of the following circumstances:

- a. pre-trade quantity limits on individual orders to screen for order quantities not within acceptable parameters;
- b. pre-trade price collars to screen for orders outside of current market conditions;
- c. throttles to screen for the execution of too many orders over a specified period of time; and
- d. throttles to screen for the submission of too many messages in a specified period of time.

**Rule 510. Error Trades**

1. Authority. ~~Javelin SEF~~Bats Hotspot SEF shall be authorized to adjust trade prices or cancel Accepted Trades when necessary to mitigate market disrupting events, which include, without limitation, errors resulting from order entry or system malfunctions.
2. Process for Trade Review.
  - a. ~~Javelin SEF~~Bats Hotspot SEF may adjust trade prices or cancel any Accepted Trade that, if allowed to remain, would have meaningful adverse effects on the integrity of the market that result from (i) ~~Javelin SEF~~Bats Hotspot SEF’s observation of the market, (ii) system malfunction, or (iii) a request from a Participant.
  - b. Any request for review made by a Participant shall be made within 8 minutes of trade execution. ~~Javelin SEF~~Bats Hotspot SEF Market Monitor, in its sole discretion will determine if the request for review will be accepted. If the request to review an Accepted Trade is granted, ~~Javelin SEF~~Bats Hotspot SEF Market Monitor will issue a notice to all Participants that the Accepted Trade has entered the review process.
  - c. The non-reviewable range test shall be applied to all Accepted Trades accepted for review, which shall be as follows. If the Accepted Trade under review is within the non-reviewable range the Accepted Trade will stand. Accepted Trades that fall outside the non-reviewable range will be price adjusted to the fair value level determined by ~~Javelin SEF~~Bats Hotspot SEF Market Monitor plus or minus the non-reviewable range. The following ranges shall apply to the IRS Vertical.

Product	Non-Reviewable Range
IRS-Rate	6 basis points from fair value
IRS-Spread	3 basis points from fair value

- d. In the event of a trade review that results in a price adjustment or cancellation, Participants agree that Accepted Trades will be subject to cancel and correct protocols and will notify their respective Clearing Member as required to complete the necessary

adjustments or cancellations. In the event that a U.S Treasury spread trade is cancelled the Matched Orders related to U.S. Treasury hedge of the cancelled U.S. Treasury spread trade shall also be cancelled.

- e. Promptly upon completion of its trade review ~~Javelin SEF~~Bats Hotspot SEF will issue a notice to all Participants of the results of the trade review indicating whether the Accepted Trade stands, the Accepted Trade has been cancelled or, if the Accepted Trade has been adjusted, the adjusted price.

#### **Rule 511. Price Limits**

Subject to Rule 203, ~~Javelin SEF~~Bats Hotspot SEF's Chief Executive ~~Officer and the IRS Markets Committee each~~ shall have the authority to impose (i) price limits, (ii) trading pauses, and/or (iii) trading halts to trading in a particular Product in the event of extraordinary price movements that may result in distorted prices or trigger market disruptions.

#### **Rule 512. Limitation of Liability and Prohibition on Claims**

ANY CLAIM BROUGHT AGAINST ~~JAVELIN SEF~~BATS HOTSPOT SEF (AND ANY OF ITS AFFILIATES, SUBSIDIARIES AND THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, CONSULTANTS, COMMITTEE MEMBERS AND MEMBERS) MUST BE BROUGHT IN COMPLIANCE WITH THIS RULE . LIMITATIONS ON LIABILITY OF THIS RULE SHALL BE SUBJECT TO ~~JAVELIN SEF~~BATS HOTSPOT SEF's OBLIGATIONS ARISING UNDER THE COMMODITY EXCHANGE ACT AND CFTC REGULATIONS, INCLUDING PART 37. A PERSON THAT HAS BEEN FINALLY ADJUDICATED TO HAVE ENGAGED IN WANTON OR WILLFUL MISCONDUCT CANNOT AVAIL ITSELF OF THE PROTECTIONS OF THIS RULE.

1. PARTICIPANT UNDERSTANDS AND AGREES THAT ~~JAVELIN SEF~~BATS HOTSPOT SEF IS NOT A PARTY (EITHER DIRECTLY OR INDIRECTLY) IN ANY TRADE OR TRANSACTION CONDUCTED OR EXECUTED THROUGH ~~JAVELIN SEF~~BATS HOTSPOT SEF AND ~~JAVELIN SEF~~BATS HOTSPOT SEF IS NOT LIABLE FOR ANY REASON TO ANY PERSON (INCLUDING WITHOUT LIMITATION ANY PARTICIPANT, AND/OR CUSTOMER, AGENT, EMPLOYEE OF A PARTICIPANT) FOR THE ACT OR OMISSION OF ANY PERSON (INCLUDING, WITHOUT LIMITATION, ANY PARTICIPANT, AND/OR CUSTOMER, AGENT, OR EMPLOYEE OF A PARTICIPANT) ENTERING INTO ANY TRADES ON ~~JAVELIN SEF~~BATS HOTSPOT SEF.
2. NEITHER ~~JAVELIN SEF~~BATS HOTSPOT SEF, NOR ANY OF ITS AFFILIATES, SUBSIDIARIES AND THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, CONSULTANTS, COMMITTEE MEMBERS, MEMBERS AND SHAREHOLDERS (COLLECTIVELY "~~JAVELIN SEF~~BATS HOTSPOT SEF REPRESENTATIVES") SHALL BE LIABLE TO ANY PERSON FOR ANY LOSSES, DAMAGES, COSTS OR EXPENSES, INCLUDING, WITHOUT LIMITATION, INCIDENTAL, CONSEQUENTIAL OR PUNITIVE DAMAGES REGARDING A CLAIM, BROUGHT DIRECTLY OR AS A THIRD-PARTY CLAIM REGARDLESS OF NATURE OF THE CAUSE OF ACTION, ARISING FROM:



- a. ANY FAILURE, MALFUNCTION, FAULT IN DELIVERY, DELAY, OMISSION, SUSPENSION, INACCURACY, INTERRUPTION, TERMINATION OR OTHER CAUSE RELATED TO THE FURNISHING, MAINTENANCE, PERFORMANCE, OPERATION, USE, INABILITY TO USE ALL OR ANY PART OF THE SYSTEM OR SERVICES OF JAVELIN SEFBATS HOTSPOT SEF, INCLUDING, WITHOUT LIMITATION, ORDER ENTRY/DELIVERY, TRADING BY ELECTRONIC MEANS, ELECTRONIC COMMUNICATION OF INFORMATION OR MARKET DATA, PRICE REPORTING SYSTEMS AND ALL SOFTWARE AND HARDWARE RELATED THERETO;
  - b. ANY FAILURE, MALFUNCTION, FAULT IN DELIVERY, DELAY, OMISSION, SUSPENSION, INACCURACY, INTERRUPTION, TERMINATION OR OTHER CAUSE RELATED TO ANY SYSTEM OR SERVICES USED BY JAVELIN SEFBATS HOTSPOT SEF TO SUPPORT SUCH SYSTEMS AND SERVICES PROVIDED BY JAVELIN SEFBATS HOTSPOT SEF, INCLUDING, WITHOUT LIMITATION, THIRD PARTIES SUCH AS NETWORK PROVIDERS AND/OR INDEPENDENT SOFTWARE PROVIDERS;
  - c. ANY UNAUTHORIZED USE OR UNAUTHORIZED ACCESS TO ANY JAVELIN BATS HOTSPOT SEF SEF SYSTEM, SERVICES, EQUIPMENT OR FACILITIES BY ANY PERSON;
  - d. EXCEPT FOR ORDER STATUS, ANY ERRORS OR INACCURACIES IN INFORMATION PROVIDED BY JAVELIN SEFBATS HOTSPOT SEF;
3. TO THE EXTENT PERMITTED BY LAW THE TOTAL COMBINED LIABILITY OF JAVELIN SEFBATS HOTSPOT SEF AND ITS AFFILIATES, SUBSIDIARIES, AND/OR ANY OF THE JAVELIN SEFBATS HOTSPOT SEF REPRESENTATIVES SHALL NOT EXCEED (i) \$200,000 FOR ALL CLAIMS SUFFERED BY ALL PERSONS FROM ALL CAUSES IN A SINGLE CALENDAR MONTH; AND (ii) \$750,000 IN THE AGGREGATE FOR ALL CLAIMS SUFFERED BY ALL PERSONS FROM ALL CAUSES IN A SINGLE CALENDAR YEAR. IF THE NUMBER OF ALLOWED CLAIMS ARISING OUT OF ANY FAILURES OR MALFUNCTIONS IN A SINGLE CALENDAR MONTH CANNOT BE FULLY SATISFIED OF THE ABOVE DOLLAR LIMITATIONS, ALL SUCH CLAIMS SHALL BE LIMITED TO A PRO RATA SHARE OF THE MAXIMUM AMOUNT FOR THE RESPECTIVE PERIOD.
  4. THERE ARE NO EXPRESS OR IMPLIED WARRANTIES OR REPRESENTATIONS, INCLUDING, WITHOUT LIMITATION, WARRANTIES OF MERCHANTABILITY AND WARRANTIES OF FITNESS FOR A PARTICULAR PURPOSE OR USE, PROVIDED BY JAVELIN SEFBATS HOTSPOT SEF, OR ANY OF ITS AFFILIATES OR SUBSIDIARIES, TO ANY PERSON REGARDING ANY SYSTEM FURNISHED BY JAVELIN SEFBATS HOTSPOT SEF (AND ITS AFFILATES AND SUBSIDIARIES).
  5. ANY ACTION, PROCEEDING OR SUITS BROUGHT AGAINST JAVELIN SEFBATS HOTSPOT SEF OR ANY OF ITS JAVELIN SEFBATS HOTSPOT SEF REPRESENTATIVES SHALL BE BROUGHT WITHIN ONE YEAR FROM THE DATE THAT THE CAUSE OF ACTION ACCRUED. ANY SUCH ACTION, PROCEEDING OR SUIT SHALL BE COMMENCED IN THE STATE AND FEDERAL COURTS LOCATED IN THE STATE, CITY AND COUNTY OF NEW YORK AND EACH PARTY EXPRESSLY WAIVES ANY OBJECTION TO VENUE THEREIN AND CONSENTS TO THE JURISDICTION OF SUCH COURTS. IN ANY SUCH

ACTION, PROCEEDING, OR SUIT AGAINST ~~JAVELIN SEF~~BATS HOTSPOT SEF AND/OR THE ~~JAVELIN SEF~~BATS HOTSPOT SEF REPRESENTATIVES EACH PARTY WAIVES ANY RIGHT IT MAY HAVE TO A JURY TRIAL.

### **Rule 513. Customer Type Indicator Codes**

At the time of order entry, all Participants shall identify each order submitted to ~~Javelin SEF~~Bats Hotspot SEF with the correct Customer type indicator code ("CTI Code"). The CTI Codes are as follows:

CTI 1 - All orders that do not fall within the definition of CTI 2.

CTI 2 - All orders entered on behalf of the proprietary account of a Participant.

### **Rule 514. Agency Trading**

- ~~1.~~ An Agent may enter orders, ~~initiate RFQ inquiries~~ or trade on ~~Javelin SEF~~Bats Hotspot SEF on behalf of a Principal pursuant to this Rule 514 and subject to applicable law.
- ~~1.2.~~ Authorization. Each Agent shall have the prior authorization to act on behalf of a Principal and keep a record of such authorization. In addition, it is the Agent's responsibility to confirm that the person providing trading instruction on behalf of a Principal is authorized to do so. Each Agent that pursuant to a power of attorney, or otherwise, directly or indirectly is granted control of trading for a Market Participant, must promptly disclose such discretionary trading relationship(s) in writing to ~~Javelin SEF~~Bats Hotspot SEF.
- ~~2.~~ Choice of Trading Method. ~~Each Agent shall give the Principal the choice to trade in either the CLOB or the RFQ.~~

### **~~Rule 515. Block Trades~~**

- ~~1.~~ ~~Pursuant to NAL 15-60, expiring November 15, 2016, Participants may submit Block Trades to Javelin SEF by electronic or voice hybrid electronic execution on Javelin SEF's RFQ System, which shall not be subject to the requirements of Javelin SEF Rule 506(1). In addition, Participants may use the Block Trade window of the Javelin SEF Trading System to: (a) perform pre-trade credit checks for Block Trade orders and (b) electronically submit Block Trades to Javelin SEF for clearing and swap data reporting.~~
- ~~2.~~ Participants shall not submit Block Trades to Bats Hotspot SEF, nor shall Bats Hotspot SEF accept Block Trades submitted by a Participant. Block Trades shall mean a publically reportable swap transaction that: (a) involves a swap that is listed on a registered swap execution facility or a designated contract market, (b) occurs away from the registered swap execution facility's or designated contract market's trading system or platform and is executed pursuant to the registered swap execution facility's or designated contract market's rules and procedures; (c) has a notional or principal amount at or above the appropriate minimum block size applicable to such swap; and (d) is reported subject to the rules and procedures of the registered swap execution facility or designated

contract market and the rules described in this part, including the appropriate time delay requirements set forth in CFTC Regulation 43.5.

- ~~3.—All Block Trades executed subject to the rules of Javelin SEF shall be reported to Javelin SEF by one counterparty to the block trade and confirmed by the other counterparty as soon as technologically practicable after execution, but no later than ten minutes after execution. Block Trades reported to Javelin SEF must be identified as block trades and include the actual notional or principal amount of the Block Trade.~~
- ~~4.—This Rule does not prohibit the execution of a trade that is above the appropriate minimum block size threshold on Javelin SEF's voice central limit order book, electronic central limit order book, voice request for quote or electronic request for quote system as non block trades. However, any such trade shall not receive treatment as a Block Trade and will not be afforded the reporting time delay that is afforded to Block Trades.~~
- ~~5.—Except as provided in section 6 below, the aggregation of orders for different accounts in order to satisfy the minimum block trade size requirement is prohibited.~~
- ~~6.—Aggregation (of orders to meet the appropriate minimum block size ) is permissible if done by a person who is: (a) a commodity trading advisor registered pursuant to Section 4n of the CEA, or exempt from registration under the CEA, or a principal thereof, who has discretionary trading authority or directs client accounts, (b) an investment adviser who has discretionary trading authority or directs client accounts and satisfies the criteria of CFTC Regulation 4.7(a)(2)(v), or (c) a foreign person who (i) performs a similar role or function as the persons described in CFTC Regulation 43.6(h)(6)(i)(A) or (h)(6)(i)(B) and is subject as such to foreign regulation; and, (ii) Has more than \$25,000,000 in total assets under management.~~

#### Rule 516. SDR Reporting

1. In order for ~~Javelin SEF~~Bats Hotspot SEF to report swap transaction and pricing data necessary to publically disseminate such data pursuant to part 43 and Appendix A thereto, to a registered SDR, each swap counterparty shall provide ~~Javelin SEF~~Bats Hotspot SEF information sufficient to enable ~~Javelin SEF~~Bats Hotspot SEF to report all swap creation data, including whether the trade is a Block Trade, as required by applicable law.
2. ~~Javelin SEF~~Bats Hotspot SEF shall determine the identity of the reporting counterparty, as required by applicable law, and will, as soon as technologically practicable after a publicly reportable swap transaction has been executed on or pursuant to the rules of ~~Javelin SEF~~Bats Hotspot SEF, report trades as follows: (a) all trades cleared by the CME will be reported to the CME SDR, unless prior to the execution of the transaction ~~Javelin~~Bats Hotspot SEF has received and accepted written instructions from the reporting counterparty that direct ~~Javelin~~Bats Hotspot SEF to report all such trades to the DTCC Data Repository (US) LLC, and (b) all trades cleared by LCH. Clearent, Ltd will be reported to DTCC Data Repository (US) LLC.

3. All Participants and their Customers agree that in the event that ~~Javelin SEF~~Bats Hotspot SEF cannot determine the reporting counterparty because either (a) both counter parties are swap dealers, (b) both counterparties are major swap participants, (c) both counterparties are a financial entities as defined by Section 2(h)(7)(C) of the CEA but not a swap dealer or a major swap participant, or (d) both counterparties are neither a swap dealer nor a major swap participants nor a financial entity as defined by Section 2(h)(7)(C) of the CEA, then ~~Javelin SEF~~Bats Hotspot SEF shall determine the reporting counterparty shall be the payer.
4. As soon as technologically practicable after execution of the publicly reportable swap transaction, ~~Javelin SEF~~Bats Hotspot SEF shall report to a registered SDR swap transaction and pricing data necessary to publicly disseminate such data pursuant to CFTC Regulation Part 43 and Appendix A thereto, confirmation data for the swap as defined in CFTC Regulations Part 23 and 45.1, and all primary economic data terms for the swap as defined in CFTC Regulation 45.1. ~~If a trade has been executed as a Block Trade, Javelin SEF shall report the trade as a block transaction to an SDR as soon as technologically practicable after execution to facilitate the public dissemination of the swap transaction and pricing data by the SDR 15 minutes immediately after execution.~~
5. A counter party to a swap, upon becoming aware (either through its own initiative or through notice by the other party to the swap) of an error or omission in the swap transaction or pricing data which was publically reported by ~~Javelin SEF~~Bats Hotspot SEF with respect to such swap shall promptly submit corrected data to the ~~Javelin SEF~~Bats Hotspot SEF.

#### **Rule 517. Position Limits**

~~Javelin SEF~~Bats Hotspot SEF may set position limits for any Product (“Position Limits”). Except as provided by ~~Javelin SEF~~Bats Hotspot SEF Rules, no Market Participant that executes Trades on ~~Javelin SEF~~Bats Hotspot SEF may own or control a position in excess of such Position Limit. To reduce the potential threat of market manipulation or congestion, ~~Javelin SEF~~Bats Hotspot SEF shall adopt for each of the contracts of ~~Javelin SEF~~Bats Hotspot SEF, as is necessary and appropriate, position limitations or position accountability levels for speculators. Where the CFTC has established a position limit for any swap, ~~Javelin SEF~~Bats Hotspot SEF’s position limit for that swap shall not be higher than such limit established by the CFTC. Position limits established by ~~Javelin SEF~~Bats Hotspot SEF shall apply only with respect to trading activity on or subject to the rules of ~~Javelin SEF~~Bats Hotspot SEF.

#### **Rule 518. Position Limit Exemptions**

Any Market Participant that executes Trades on ~~Javelin SEF~~Bats Hotspot SEF may seek an exemption from Position Limits by submitting a Position Limit exemption application in the manner required by ~~Javelin SEF~~Bats Hotspot SEF. ~~Javelin SEF~~Bats Hotspot SEF, in its sole discretion, subject to CFTC regulations, may take the following action with respect to a Position Limit exemption application: (a) grant the exemption conditioned upon certain limitations or conditions, (b) grant the exemption, or (c)

deny the exemption. ~~Javelin SEFBats Hotspot SEF~~ shall provide the applicant with written notice of its determination, which shall be final.

#### **Rule 519. Position Accountability**

~~Javelin SEFBats Hotspot SEF~~ may establish a position accountability level for any Product. Any Market Participant who owns or controls a position that exceeds the position accountability level in a Product shall provide, upon the request of ~~Javelin SEFBats Hotspot SEF~~, information to ~~Javelin SEFBats Hotspot SEF~~ regarding the nature of the position, trading strategy or hedging activities, as applicable. ~~Javelin SEFBats Hotspot SEF~~ shall have the right to direct a Market Participant not to increase the size of a position that is subject to position accountability levels.

#### **Rule 520. Pre-Execution Order Screening**

1. Upon the entry of any order ~~(including, without limitation, a RFQ inquiry)~~ for execution through use of automated means ~~and/or the submission of an order for a Block Trade~~, ~~Javelin SEFBats Hotspot SEF~~ shall facilitate prompt pre-execution screening of such order (a) by the Clearing Member identified by the Participant (or its Customer), or (b) if the Participant is a Swap Dealer or FCM that clears its own trades without use of a third-party platform, service or hub (as described below), ~~Javelin SEFBats Hotspot SEF~~ will deem the order submitted by such self-clearing Participant to have been screened against pre-trade credit limits (and approved) prior to its submission to ~~Javelin SEFBats Hotspot SEF~~ for execution. For avoidance of any doubt, a Participant that clears its own trades is included in all references to “Clearing Member” in this Rule 520. If ~~Javelin SEFBats Hotspot SEF~~ (i) receives confirmation (by either an applicable established risk-based limit of sufficient size, or a discrete approval in respect of a particular order, including from a third-party platform, service or hub as described below) from the identified Clearing Member that it will accept responsibility for clearing any Trade resulting from such order through such Clearing Member at the Clearinghouse and (ii) has not been notified by the relevant Clearinghouse that the Clearing Member is at such time is not eligible to submit such order (or orders generally) for clearing as such Clearinghouse, then, and only then, may ~~Javelin SEFBats Hotspot SEF~~ accept such order
2. In making the determination whether or not to permit an order from or on behalf of any Participant (or its Customer) to be entered into ~~Javelin SEFBats Hotspot SEF~~ pursuant to this Rule 520, ~~Javelin SEFBats Hotspot SEF~~ shall be entitled to rely upon information provided to it by a trade processing platform, a credit hub or pre-trade credit or limit checking service provided by one or more third parties (“Pre- Trading Credit Checking Service”) and ~~Javelin SEFBats Hotspot SEF~~ shall not be responsible for any losses to a Clearing Member, Participant (including their Sponsored Persons), Customers (Including Customers of Sponsored Persons) or other Person arising from the failure, error or communication delay caused by a Pre-Trade Credit Checking Service.

**Rule 521. Reserved Trade Execution on Javelin SEF via Voice Trading**

~~Participants may execute Trades on Javelin SEF by voice trading. Voice trading on Javelin SEF is a Trading Facility, as defined by section 1a(51) of the CEA, that enables multiple Participants to make bids and/or offers into Javelin SEF that are open to multiple Participants through the use of the telephone, instant message and electronic mail that are acceptable to Javelin SEF or through system functionality provided by Javelin SEF. Voice trading is facilitated by Authorized Employees who communicate to Participants engaged in voice trading the existence of bids and/or offers to multiple Participants and assists in the order execution of voice Trades. Voice trading is accomplished as follows.~~

- ~~1. Participants may submit orders to an Authorized Employee. All orders communicated to Authorized Employees shall be considered to be firm at the time first communicated to the Authorized Employee and subsequently may be indicative. An Authorized Employee, in his or her discretion, may communicate with Participants to determine trading interest.~~
- ~~2. Promptly upon receipt of an order the Authorized Employee shall communicate, on an anonymous basis, such order by posting an alert on the Javelin SEF system which shall be visible to all Market Participants.~~
- ~~3. Participants may cancel orders at any time prior to trade execution by communicating such cancellation to an Authorized Employee, and such cancellation shall become effective upon the Authorized Employee's receipt of such cancellation. Order modification is not permitted. Instead, a customer may cancel an existing order and enter a new order.~~
- ~~4. Participants can determine if orders are firm or indicative by communicating with an Authorized Employee. Orders shall be matched by Authorized Employees on a price time priority (the order closest in price that is first in time is given priority).~~
- ~~5. The Authorized Employee shall promptly inform Participants when they are matched in a voice trade and Javelin SEF will process the Trade, as directed by the counterparties, through either Javelin's systems or by entering the Trade into MarkitWire.~~
- ~~6. If the counterparties elect to process a Trade through MarkitWire, then such Trade will be subject to auto-processing.~~

**Rule 522. Reserved Trade Execution on Javelin SEF via Voice Hybrid Electronic Trading**

~~Participants may execute Trades on Javelin SEF by a hybrid of voice and electronic trading as follows.~~

- ~~1. Participants may submit orders to Authorized Employees and direct that such orders be submitted for execution via Javelin SEF's central limit order book or request for quote system. All orders communicated to Authorized Employees shall be considered to be firm at the time first communicated to the Authorized Employee. An Authorized Employee, in his or her discretion, may communicate with Participants to determine trading interest.~~
- ~~2. All orders that a Participant directs an Authorized Employee to enter into the central limit order book shall be promptly entered into the central limit order book pursuant to Javelin SEF Rule 505, and all resting orders will be supported as provided in Rule 505. All orders that a~~

~~Participant directs an Authorized Employee to enter into the request for quote system shall be promptly entered into the request for quote system pursuant to Javelin SEF Rule 506.~~

- ~~3. Participants must communicate the following information to the Authorized Employee when submitting a voice hybrid electronic order for execution via Javelin SEF's electronic central limit order book or request for quote system:
  - ~~a. the name of Participant or the Sponsored Person, if applicable;~~
  - ~~b. the name of the Authorized Trader on behalf of Participant or Sponsored Person, if applicable;~~
  - ~~c. product name;~~
  - ~~d. price;~~
  - ~~e. quantity;~~
  - ~~f. clearinghouse;~~
  - ~~g. customer name, if applicable; and~~
  - ~~h. account number.~~~~
- ~~4. Participants may cancel or modify resting orders at any time prior to trade execution by communicating such cancellation or modification to an Authorized Employee and such cancellation or modification shall become effective upon the Authorized Employee's entry of the cancellation or modification of the order into the central limit order book or request for quote system, as applicable.~~
- ~~5. The Authorized Employee shall promptly inform Participants when their order is executed.~~

#### **Rule 523. Cross Trades; Time Delays for Required Transactions**

All Participants who, in connection with the execution of a Required Transaction, seek to cross orders by either executing against a Customer's order or executing two Customers' orders against each other through ~~Javelin SEF~~Bats Hotspot SEF's ~~voice or~~ electronic central limit order book shall use the following procedure to cross orders in the electronic central limit order book:

- ~~1. Cross Trades Executed Through the Electronic Central Limit Order Book~~
  - ~~a.1. if a Participant seeks to execute an order against a Customer order, then such Participant shall enter the Customer order into Javelin SEFBats Hotspot SEF's electronic central limit order book and then wait at least 15 seconds before entering the Participant's order;~~
  - ~~b.2. if a Participant seeks to execute two Customer orders against each other, then such Participant shall enter one side of the trade into Javelin SEFBats Hotspot SEF's electronic central limit order book and wait at least 15 seconds before entering the second side of the trade for execution;~~
  - ~~c. if, pursuant to Javelin SEF Rule 522, a Participant informs an Authorized Employee that they seek to execute an order against a Customer order, then the Authorized Employee shall enter the Customer order into the electronic central limit order book and then wait at least 15 seconds before entering the Participant's order; or~~

~~d. if, pursuant to Javelin SEF Rule 522, a Participant informs an Authorized Employee that they seek to execute two Customer orders against each other, then the Authorized Employee shall enter one side of the trade into the electronic central order book and wait at least 15 seconds before entering the second side of the trade for execution.~~

~~2. Cross Trades Executed Through the Voice Central Limit Order Book~~

~~a. If, pursuant to Javelin SEF Rule 521, a Participant informs an Authorized Employee that it seeks to execute an order against a Customer order, then the Authorized Employee shall enter the Customer order into the voice central limit order book and then wait at least 15 seconds before entering the Participant's order; or~~

~~b. if, pursuant to Javelin SEF Rule 521, a Participant informs an Authorized Employee that it seeks to execute two Customer orders against each other, then the Authorized Employee shall enter one side of the trade into the voice central limit order book and wait at least 15 seconds before entering the second side of the trade for execution.~~

~~c. Alternatively, if, pursuant to Javelin SEF Rule 521, a Participant seeks to either (a) execute an order against a Customer order or (b) execute two Customer orders against each other, such Participant may do so through system functionality provided by Javelin SEF for that purpose.~~

**Rule 524. Reserved Package Trades**

~~1. Method of Execution. Participants may execute Package Trades (listed on Javelin SEF) by electronic order execution through Javelin SEF's central limit order book or request for quote system, voice execution or voice hybrid order execution, pursuant to the Javelin SEF Rules.~~

~~2. Clearing. Each component of a Package Trade must comply with the requirements of Chapter 6 of the Javelin SEF Rules.~~

~~3. Block Trades. In order for a Package Trade to be reported as a Block Trade to Javelin SEF, each component of a Package Trade must be a Block Trade.~~

**Rule 525. Legal Certainty of Trades**

Any Trade entered into on or pursuant to the ~~Javelin SEF~~Bats Hotspot SEF Rules shall not be void, voidable, subject of rescission, otherwise invalidated, or rendered unenforceable as a result of:

1. ~~Javelin SEF~~Bats Hotspot SEF's violation of section 5h of the CEA or Part 37 of the CFTC regulations;
2. any Commission 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
3. 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 a swap execution facility to adopt a specific term or condition, trading rule or procedure, or to take or refrain from taking a specific action.



#### Rule 526. Written Record of Trades

Contemporaneously with the execution of a Trade, ~~Javelin SEF~~Bats Hotspot SEF will provide each counterparty to a Trade with a written record of all terms of the Trade (“Trade Confirmation”), which shall legally supersede any previous agreement and serve as a confirmation of the Trade. Specific customer identifiers for accounts included in bunched orders need not be included in the Trade Confirmation, if the applicable requirements of CFTC Regulation 1.35(b)(5) are met.

#### Rule 527. Product Specifications

1. ~~Javelin SEF~~Bats Hotspot SEF shall permit trading only in swaps that are not readily susceptible to manipulation. ~~Javelin SEF~~Bats Hotspot SEF shall, at the time it submits a new Product in advance to the CFTC pursuant to Part 40 of the CFTC Regulations, provide the applicable information as set forth in Appendix C to Part 38 of the CFTC Regulations – Demonstration of Compliance that a Contract is not Readily Susceptible to Manipulation.
2. Notwithstanding any provision of the ~~Javelin SEF~~Bats Hotspot SEF Rules to the contrary, the Product Specification with respect to a particular Product shall govern the applicability of the ~~Javelin SEF~~Bats Hotspot SEF Rules to trading in such Product and, in the event of any conflict between the ~~Javelin SEF~~Bats Hotspot SEF Rules and the Product Specification, the Product Specification shall govern with respect to trading in the relevant Product.
3. The Product Specification for each individual Product must specify, to the extent applicable:
  - a. different classes of Market Participants eligible to trade such Products. Each such class of Market Participants shall have the rights and obligations specified by the Product Specification for each such Product;
  - b. whether such Product may be settled via cash settlement, physical delivery of the underlying commodity, or by any other means, as applicable; and
  - c. the method for determining settlement prices, and that the cash settlement of the Product contract is a price reflecting the underlying market, will not be subject to manipulation or distortion, and is based on data that is reliable, acceptable, publicly available and timely.
4. Product Specifications will be contained in Chapter 10 to the ~~Javelin SEF~~Bats Hotspot SEF Rules and each Product Specification shall constitute a ~~Javelin SEF~~Bats Hotspot SEF Rule. In addition, each Product Specification will be published by ~~Javelin SEF~~Bats Hotspot SEF on its website.

## CHAPTER 6 CLEARING

### Rule 601. General

All Trades executed on ~~Javelin SEF~~Bats Hotspot SEF shall be routed for clearing through the Clearinghouse selected for such Trade at the time of order entry. All Trades executed on ~~Javelin SEF~~Bats Hotspot SEF or submitted for Clearing by ~~Javelin SEF~~Bats Hotspot SEF to correct an error pursuant to Rule 606, shall be subject to the rules, policies and procedures of such Clearinghouse, the ~~Javelin SEF~~Bats Hotspot SEF Rules and applicable law. Clearing Members approved by ~~Javelin SEF~~Bats Hotspot SEF shall provide such services as are necessary to process and clear Trades as provided by applicable law. ~~Javelin SEF~~Bats Hotspot SEF shall route Matched Orders to the Clearinghouse in a manner acceptable to the Clearinghouse for the purposes of facilitating the processing of Matched Orders for clearing in a prompt, efficient and accurate manner, in compliance with applicable law.

### Rule 602. Clearing Members

A Clearing Member approved by ~~Javelin SEF~~Bats Hotspot SEF (a) shall not be required to execute a ~~Javelin SEF~~Bats Hotspot SEF Participant Agreement and (b) shall not have Trading Privileges. A Clearing Member consents to the jurisdiction of ~~Javelin SEF~~Bats Hotspot SEF only with respect to Clearing Services it provides to its Customers who submits orders on ~~Javelin SEF~~Bats Hotspot SEF. A Clearing Member agrees to comply with the ~~Javelin~~Bats Hotspot SEF Rules and be subject to the jurisdiction of ~~Javelin SEF~~Bats Hotspot SEF only with respect to such Clearing Services. "Clearing Services" shall be defined as those services necessary to process its Customer's orders and trades with respect to applicable law including but not limited to CFTC Regulations 1.72, 1.73 and 1.71. Any Clearing Member that desires Trading Privileges may apply for Participant status pursuant to Chapter 3 of the ~~Javelin SEF~~Bats Hotspot SEF Rules.

### Rule 603. Criteria for Clearing Members

To be approved as a Clearing Member on ~~Javelin SEF~~Bats Hotspot SEF, a Clearing Member must:

1. be a member in good standing of at least one Clearinghouse and is authorized by such Clearinghouse to clear Trades; and
2. hold all necessary regulatory authorizations, licenses, permissions and approvals.

### Rule 604. Reserved

### Rule 605. Obligations of a Clearing Member

Each Clearing Member shall provide services necessary to process and facilitate clearing of its Customer's trades to Customer's clearing broker, and for itself if it is a Participant.

### Rule 606. Acceptance and Rejection for Clearing

1. Upon the execution of any orders resulting in Matched Orders through use of automated means to screen orders for compliance with risk based limits, ~~Javelin SEF~~Bats Hotspot SEF shall promptly submit such Matched Orders to the Clearinghouse for acceptance for clearing. Upon the execution of any orders resulting in Matched Orders without the use of automated means for compliance with risk based limits, ~~Javelin SEF~~Bats Hotspot SEF shall promptly submit such Matched Orders to the Clearinghouse for acceptance for clearing by the applicable Clearing Member and Clearinghouse. Matched Orders and Block Trades submitted for clearing and for which a rejection notice from the Clearinghouse has been received by ~~Javelin SEF~~Bats Hotspot SEF shall be void *ab initio*.
2. Pursuant to CFTC No-Action Letter 16-58 which extends the relief granted in CFTC No-Action Letter 15-24 through June 15, 2017, or until the effective date of revised Commission regulations that establish permanent relief (whichever is earlier), the following procedures will be in effect in the event that Matched Orders submitted for clearing have been rejected by the Clearinghouse for non-credit reasons. Upon receipt of a rejection notice, ~~Javelin SEF~~Bats Hotspot SEF shall promptly review the Matched Order submission to address clerical or operational errors that caused the Matched Orders to be rejected for clearing and
  - a. If ~~Javelin SEF~~Bats Hotspot SEF determines that that the Clearinghouse rejected the Matched Orders because of an operational or clerical error or omission made by ~~Javelin SEF~~Bats Hotspot SEF, one of the counterparties, or an agent of one of the counterparties, ~~Javelin SEF~~Bats Hotspot SEF may:
    - i. resubmit the corrected Matched Orders for clearing without obtaining consent from the counterparties,
    - ii. Seek guidance on how to address the error from the counterparties and implement such guidance with the consent of both counterparties, or
    - iii. Elect not to fix the error.
  - b. The correction of the Matched Order must be completed as quickly as technologically practicable after receipt of notice of the rejection by the DCO to ~~Javelin SEF~~Bats Hotspot SEF, but in any event, no later than one hour after receipt of the rejection notice
  - c. Promptly upon discovery and correction of any errors resulting in cancellation or resubmission of transactions, ~~Javelin SEF~~Bats Hotspot SEF will issue a notice to the relevant SDR and to all Participants of the results of the review and any actions taken.
  - d. With respect to swaps rejected from clearing for non-credit reasons, if the new transaction that corrects the errors in the original transaction is also rejected for clearing, it is void *ab initio* and the parties will not be provided a second opportunity to submit a new trade.
3. Pursuant to CFTC No-Action Letter 16-58 which extends the relief granted in CFTC No-Action Letter 15-24 through June 15, 2017, or until the effective date of revised Commission regulations that establish permanent relief (whichever is earlier), the following procedures will

be in effect to offset swaps carried on a Clearinghouse's books where a clerical or operational error or omission was made and not identified until after ~~Javelin SEF~~Bats Hotspot SEF receives notification that the Matched Orders have been accepted for clearing.

- a. In the event that ~~Javelin SEF~~Bats Hotspot SEF determines that that the terms of the Matched Orders contain an operational or clerical error or omission made by ~~Javelin SEF~~Bats Hotspot SEF, one of the counterparties, or an agent of one of the counterparties, and such Matched Orders have been accepted and cleared by the Clearinghouse, upon the consent of both counterparties ~~Javelin SEF~~Bats Hotspot SEF may submit an offsetting transaction to the Clearinghouse and may also submit a new transaction for clearing that corrects the errors in the original transaction.
- b. The transactions to offset and correct the errors in the original transaction must be reentered and submitted for clearing no later than three days after the erroneous cleared swap was submitted to the Clearinghouse by ~~Javelin SEF~~Bats Hotspot SEF.

**Rule 607. Reserved**

## CHAPTER 7 BUSINESS CONDUCT

### Rule 701. General

As provided in Rules 303 and 602, all Covered Persons and Market Participants, respectively, shall be subject to the jurisdiction of ~~Javelin SEF~~Bats Hotspot SEF, which includes, without limitation, compliance with ~~Javelin SEF~~Bats Hotspot SEF's business conduct rules. For purposes of this Chapter 7, the term "Participant" shall include a Participant, a Market Participant, a Clearing Member and, as applicable, all of their Authorized Traders, Supervised Persons and Participant Representatives. All Participants are deemed to know, consent to and agree to be bound by the ~~Javelin SEF~~Bats Hotspot SEF Rules. ~~Javelin SEF~~Bats Hotspot SEF may hold a Participant liable for its acts and omissions that constitute violations of ~~Javelin SEF~~Bats Hotspot SEF Rules and impose sanctions against such Participant as provided in the ~~Javelin SEF~~Bats Hotspot SEF Rules.

### Rule 702. Inquiries and Investigations

~~Javelin SEF~~Bats Hotspot SEF's Compliance Department will monitor compliance with the ~~Javelin SEF~~Bats Hotspot SEF Rules and will commence an investigation upon the discovery or receipt of information indicating that a reasonable basis exists to believe that a rule violation is about to occur or has occurred, and recommend the commencement of Summary Proceedings and/or Disciplinary Proceedings as it deems appropriate. ~~Javelin SEF~~Bats Hotspot SEF's Compliance Department shall have the authority to examine all books and records kept by Market Participants who are the subject of such inquiries and investigations, and to examine all books and records kept by Market Participants to ensure that ~~Javelin SEF~~Bats Hotspot SEF is compliant with the requirements of the CEA and CFTC regulations. In addition to discovery or receipt of information that is an indication of a possible rule violation, ~~Javelin SEF~~Bats Hotspot SEF will commence an investigation upon the request of a regulator or law enforcement agency.

### Rule 703. Services Agreement with Regulatory Services Provider

~~Javelin SEF~~Bats Hotspot SEF may, at any time, choose to contract with a registered futures association, or other registered entity, for the provision of regulatory services which includes, without limitation, assistance with ~~Javelin SEF~~Bats Hotspot SEF's enforcement of the ~~Javelin SEF~~Bats Hotspot SEF Rules. Any act or requirement that is required to be performed by the Compliance Department, under the ~~Javelin SEF~~Bats Hotspot SEF Rules, may be performed by a regulatory service provider. ~~Javelin SEF~~Bats Hotspot SEF shall retain ultimate decision-making authority with respect to any functions that are contracted to a Regulatory Service Provider.

### Rule 704. Appointment of Disciplinary Panel

1. At the commencement of a Disciplinary Proceeding the Regulatory Oversight Committee shall serve the Compliance Department, the Respondent, as applicable, and the Disciplinary Panel

members with written notice of the appointment of such Disciplinary Panel. The Respondent shall not be provided with notice of the appointment of a Review Panel unless the Respondent has been notified that it must appear before the Review Panel.

2. Within 10 days of service of the appointment of a Disciplinary Panel the Compliance Department and the Respondent, as applicable, may seek to disqualify any individual named to serve on the Disciplinary Panel because such individual has a Material Conflict of Interest or for reasons provided in ~~Javelin SEF~~Bats Hotspot SEF Rule 206 or for any other reason by serving written notice of their disqualification request on the Chairperson of the Regulatory Oversight Committee and contemporaneously serving a copy of the request for disqualification on the Compliance Department. By failing to timely file a request for disqualification, the Compliance Department and Respondent, as applicable, shall be deemed to have consented to and waived any objection to the composition of the Disciplinary Panel. The Chairperson of the Regulatory Oversight Committee, in his or her sole discretion, shall determine the merits of any request for disqualification. If the Chairperson of the Regulatory Oversight Committee determines that the request for disqualification has merit, the Disciplinary Panel member shall be replaced and a new member shall be appointed. Any such decision shall be final and not subject to appeal.
3. Upon appointment to a Disciplinary Panel each member of the Disciplinary Panel shall promptly disclose to the Chief Compliance Officer any actual or potential Material Conflict of interest. The Chief Compliance Officer, will determine if an actual or potential Material Conflict of Interest exists. In the event an actual or potential Material Conflict of Interest exists, the member of the Disciplinary Panel having such actual or potential Material Conflict of Interest shall be removed from the Disciplinary Panel and another panel member shall be appointed.

#### **Rule 705. Confidentiality**

All information regarding a Disciplinary Proceeding shall be confidential and not be disclosed except as necessary to conduct such Disciplinary Proceeding, or as may be required by law.

#### **Rule 706. Rule Violations**

The following conduct and abusive trading practices by ~~Javelin SEF~~Bats Hotspot SEF's Participants and Market Participants (for the purposes of this Rule 706 collectively "Participant") shall be a violation of ~~Javelin SEF~~Bats Hotspot SEF Rules and will result in the commencement of a Disciplinary Proceeding and/or Summary Proceeding.

1. Aiding and Abetting. Participants are prohibited from aiding and abetting any Person that is alleged to have violated, or about to violate, any ~~Javelin SEF~~Bats Hotspot SEF Rule or any provision of applicable law for which ~~Javelin SEF~~Bats Hotspot SEF has jurisdiction.
2. Conduct Detrimental to ~~Javelin SEF~~Bats Hotspot SEF. Participants are prohibited from engaging in conduct that is detrimental to the welfare of ~~Javelin SEF~~Bats Hotspot SEF. Orders ~~or RFQs~~

entered into ~~Javelin SEFBats Hotspot SEF~~ for the purpose of upsetting the equilibrium of the market in any Product without the intent to reflect fair market values or creating a condition in which prices do not or will not reflect fair market values are prohibited, and any Participant or other person with Trading Privileges on ~~Javelin SEFBats Hotspot SEF~~ who makes or assists in entering any such order ~~or RFQ~~ 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 ~~or RFQ~~, will be deemed to have engaged in conduct detrimental to the welfare of ~~Javelin SEFBats Hotspot SEF~~.

3. Disclosing of Customer Orders. Participants are prohibited from disclosing Customer orders to third-parties unrelated to the Customer order.
4. Disruptive Trading Practices. Participants are prohibited from engaging in any trading, practice or conduct that is disruptive of fair and equitable trading, in violation of the CEA, which includes without limitation (i) violating a bid or offer, (ii) intentional or reckless disregard for orderly execution of Trades during the closing period, or (iii) bidding or offering with the intent to cancel the bid or offer before execution (i.e.; “spoofing”).
5. Fictitious Trades. Participants are prohibited from engaging in fictitious Trades.
6. Fraud. Participants are prohibited from engaging, or attempting to engage in any fraudulent act or any manipulative device, scheme or artifice to defraud, mislead, or deceive in any activity related to their participation on ~~Javelin SEFBats Hotspot SEF~~.
7. Market Manipulation. Participants are prohibited from directly or indirectly manipulating or attempting to manipulate the price of any Product including, without limitation, trading activity in violation of CEA sections 6(c)(1) and (3), 9(a)(2), 4c(a)(5)(A) and (C), and Commission Regulations 180.1(a) and 180.2.
8. Material Misstatements. No Participant shall knowingly make any material misstatement of fact to ~~Javelin SEFBats Hotspot SEF~~ including, without limitation, any member of ~~Javelin SEFBats Hotspot SEF~~ staff or a ~~Javelin SEFBats Hotspot SEF~~ Committee.
9. Non-Competitive Trades and Accommodation Trades. Except as otherwise provided by ~~Javelin SEFBats Hotspot SEF~~ Rules, Participants are prohibited from engaging in non-competitive trades and accommodation trades.
10. Prohibition on Handling Customer Orders. Participants are prohibited from knowingly taking the opposite side of a Customer order for their own account, or an account in which they have a direct or indirect financial interest, or account over which they have discretionary trading authority. The prohibition against Customer orders shall not apply where the Customer order has been entered into the ~~Javelin SEFBats Hotspot SEF~~ Trading System immediately upon receipt and has been exposed to the market, as required by CFTC Regulations, prior to a Participant taking the opposite side of the customer order.

11. Trading Ahead of a Customer Order. Participants are prohibited from executing a trade on their own account while holding an executable Customer order for the same Product, which could be executed at the same or better price.
12. Violation of Applicable Law. Participants are prohibited from engaging in activity on ~~Javelin SEFBats Hotspot SEF~~ that violates applicable law.
13. Wash Trades. Participants are prohibited from engaging in wash trades.
14. Withholding Customer Orders. Participants are prohibited from withholding Customer orders from the market for the benefit of any Person other than the Customer.
15. Violation of ~~Javelin SEFBats Hotspot SEF~~ Rules. Participants are prohibited from violating the ~~Javelin SEFBats Hotspot SEF~~ Rules.
16. Money passing. No Participant may enter an order with another party for the purpose of entering a Trade with another party that does not result in a net change in either party's open positions, but instead results in a profit to one party and a loss to the other party.
17. Strobing. No Participant may engage in high-frequency trading strategy that rapidly sends and cancels the same order many times to create the (false) appearance of liquidity.
18. Improper Cross-Trades. No Participant may enter cross-trades in violation of ~~Javelin SEFBats Hotspot SEF~~ Rule 523.
19. Laddering. No Participant shall use any high frequency trading strategy that seeks to intercept trading that would otherwise take place and extract profits from the system without participating in the transference of risk.
20. Front Running. Participants shall not engage in front running.
21. Pre-Arranged Trading. Except for the execution of block trades, as provided by Part 43 of the CFTC Regulations or as otherwise permitted by law, Participants are prohibited from engaging in pre-arranged trading.

#### **Rule 707. Disciplinary Proceedings and Summary Proceedings**

~~Javelin SEFBats Hotspot SEF~~ through its Compliance Department will conduct market surveillance and Disciplinary Proceedings that include, without limitation, inquiries, investigations, disciplinary proceedings, disciplinary hearings, appeals from disciplinary decisions, and Summary Proceedings. ~~Javelin SEFBats Hotspot SEF~~ may impose sanctions, as provided by the ~~Javelin SEFBats Hotspot SEF~~ Rules, against Participants regarding conduct (including the failure to act) that constitutes a violation of ~~Javelin SEFBats Hotspot SEF~~ Rules.

#### **Rule 708. Service of Documents**

Any Complaint, Answer or other documents regarding ~~Javelin SEFBats Hotspot SEF~~ Disciplinary Proceeding, Access Denial Proceeding or Summary Proceeding may be served, and service shall be deemed completed upon (i) hand delivery, (ii) deposit in the United States mail, postage paid, via registered mail or certified mail return receipt requested; (iii) deposit in nationally recognized overnight



mail carrier; or (iv) sending of such documents by electronic mail with a confirmation copy promptly sent by United States mail. Service made on a Respondent shall be to the address Respondent provided to ~~Javelin SEFBats Hotspot SEF~~ for notices from ~~Javelin SEFBats Hotspot SEF~~. Service to the Compliance Department shall be made to the address of the Chief Compliance Officer, or such other address designated by the Chief Compliance Officer. Service to a Disciplinary Committee shall be made at the address of ~~Javelin SEFBats Hotspot SEF~~ and shall state the name of the ~~Javelin SEFBats Hotspot SEF~~ Committee and its Chairperson.

#### **Rule 709. Representation**

During any ~~Javelin SEFBats Hotspot SEF~~ Disciplinary Proceeding, a Respondent may represent itself, or be represented by counsel (at such Respondent's sole cost and expense), the compliance staff of such Respondent or another Participant (including in-house counsel or compliance staff of a Participant) other than a Participant that is a member of a Disciplinary Committee. A Respondent shall provide the Chief Compliance Officer with prompt notice of the name and contact information of its counsel or representative. For the purposes of this Chapter 7, all references to Respondent shall include such Respondent's counsel or representative, and any reference to Respondent's counsel shall include Respondent's representative.

#### **Rule 710. Prohibited Activities**

No Person shall delay, impede, interfere with, or attempt to influence a ~~Javelin SEFBats Hotspot SEF~~ Disciplinary Proceeding or Summary Proceeding. Any Person that learns of any activity prohibited by this ~~Javelin SEFBats Hotspot SEF~~ Rule shall give prompt notice of such activity to the Chief Compliance Officer.

#### **Rule 711. Ex Parte Communications**

1. The Respondent and the ~~Javelin SEFBats Hotspot SEF~~ compliance staff involved in a Disciplinary Proceeding shall have the opportunity to participate in all communications with the Disciplinary Committee.
2. Neither ~~Javelin SEFBats Hotspot SEF~~'s compliance staff nor any Respondent, or its counsel, involved in a Disciplinary Proceeding shall knowingly make or cause to be made an ex-parte communication regarding the merits of such Disciplinary Proceeding with any member of the Disciplinary Committee assigned to handle such Disciplinary Proceeding.
3. No member of the Disciplinary Committee assigned to handle a Disciplinary Proceeding shall knowingly make or cause to be made an ex parte communication with the Respondent or ~~Javelin SEFBats Hotspot SEF~~ compliance staff regarding a Disciplinary Proceeding.
4. It shall not be a violation of this ~~Javelin SEFBats Hotspot SEF~~ Rule for the Respondent or ~~Javelin SEFBats Hotspot SEF~~ compliance staff involved in a Disciplinary Proceeding to individually have communications with the Disciplinary Committee regarding scheduling or procedural matters, nor shall it be a violation of this ~~Javelin SEFBats Hotspot SEF~~ Rule if a Person refuses an

attempted ex parte communication concerning the merits of a Disciplinary Proceeding as soon as it becomes apparent that such communication concerns the merits of a Disciplinary Proceeding.

5. Any Person that receives or learns of any communication prohibited by this ~~Javelin SEFBats Hotspot SEF~~ Rule shall give prompt notice of such communication (including any response thereto) to the Chief Compliance Officer.

#### **Rule 712. Testimony and Production of Documents**

The Board, Chief Executive Officer, Chairperson of any Disciplinary Committee, Chief Compliance Officer and ~~Javelin SEFBats Hotspot SEF~~ compliance staff engaged in any Disciplinary Proceeding shall have the power to issue (i) subpoenas compelling the appearance of any Participant before a ~~Javelin SEFBats Hotspot SEF~~ Committee or ~~Javelin SEFBats Hotspot SEF~~ compliance staff conducting a Disciplinary Proceeding, or (ii) document demands compelling the production of documents, information, records and other tangible evidence to a ~~Javelin SEFBats Hotspot SEF~~ Committee or ~~Javelin SEFBats Hotspot SEF~~ compliance staff conducting a Disciplinary Proceeding. A Participant receiving a subpoena pursuant to the ~~Javelin SEFBats Hotspot SEF~~ Rules shall appear by an Authorized Trader, Participant Representative, officer or employee fully familiar with the relevant facts and circumstances. A Participant's failure to provide testimony as requested by a subpoena or the failure to provide documents, information, records and other tangible evidence as required by a document demand shall be a violation of the ~~Javelin SEFBats Hotspot SEF~~ Rules and shall be subject to disciplinary action.

#### **Rule 713. Reserved**

#### **Rule 714. Authority of the Chief Compliance Officer and the Compliance Department**

The Chief Compliance Officer shall be responsible for enforcing ~~Javelin SEFBats Hotspot SEF~~ Rules and shall have available to him or her all the resources of the Compliance Department. Under the direction of the Chief Compliance Officer, the ~~Javelin SEFBats Hotspot SEF~~ Compliance Department will determine the nature and scope of its inquiries and investigations and will perform its compliance functions independently of any commercial interests of ~~Javelin SEFBats Hotspot SEF~~. The Compliance Department shall have the authority to:

1. conduct annual audit trail and recordkeeping reviews;
2. initiate inquiries;
3. request that Participants appear for an interview, which at the Compliance Department's discretion may be conducted under oath;
4. request documents and/or other tangible evidence;
5. review other trading activity;
6. gather any additional information the Compliance Department, in its discretion, deems necessary;

7. prepare investigative reports, make determinations as to whether or not reasonable cause exists to believe that a rule violation has been committed, and make recommendations as to what charges should be brought;
8. recommend the commencement of a Summary Proceeding or Disciplinary Proceeding;
9. prosecute alleged violations of ~~Javelin SEF~~Bats Hotspot SEF Rules within ~~Javelin SEF~~Bats Hotspot SEF's disciplinary jurisdiction;
10. represent the Compliance Department before the Disciplinary Committee during all phases of the disciplinary process, including, without limitation, settlement offers, hearings and appeals;
11. issue and serve notices of disciplinary charges ("Complaint") on Participants;
12. review denials of access to ~~Javelin SEF~~Bats Hotspot SEF for disciplinary reasons; and
13. issue subpoenas and document requests as provided in the ~~Javelin SEF~~Bats Hotspot SEF Rules.

#### **Rule 715. Obligations of Participants**

Each Participant shall:

1. promptly respond to inquiries made by the Compliance Department, including requests for interviews;
2. produce documents and/or other tangible evidence in response to a document demand issued pursuant to ~~Javelin SEF~~Bats Hotspot SEF Rules;
3. appear before a Disciplinary Committee in response to a subpoena;
4. appear before a Disciplinary Committee as a witness called by either party to a ~~Javelin SEF~~Bats Hotspot SEF Disciplinary Proceeding; or
5. appear before a Disciplinary Committee as a Respondent in any Disciplinary Proceeding or appear before the ROC in connection with a Summary Proceeding.

#### **Rule 716. Investigative Reports**

1. Investigation. The Compliance Department shall maintain a log of all inquiries, investigations and their disposition. At the conclusion of each investigation the Compliance Department will prepare a written report of such investigation ("Investigative Report"). The Investigative Report will provide the following information: (i) whether there is reasonable cause to believe that a rule violation is about to occur or has occurred, (ii) a description of the facts supporting the Compliance Department's determination, (iii) the Respondent's disciplinary history, and (iv) the recommendations of the Compliance Department regarding whether disciplinary action should be pursued. All investigations will be completed in a timely manner.
2. Review of Investigative Reports by Chief Compliance Officer. All Investigative Reports will be reviewed by the Chief Compliance Officer to determine whether there is reasonable cause to believe that a rule violation is about to occur or has occurred. At the conclusion of such review if the Chief Compliance Officer determines that additional evidence or investigation is needed to determine whether a reasonable basis exists to believe that a rule violation is about to occur or

has occurred, the Chief Compliance Officer may direct the Compliance Department to conduct such further investigation.

3. Recommendations of the Compliance Department. At the conclusion of its investigation the Compliance Department may make any of the following recommendations, which will be included in the Investigative Report:
  - a. that the investigation be closed without any further action;
  - b. that a staff Warning Letter be issued in lieu of recommending action by a Review Panel;
  - c. that the matter be submitted to a Review Panel with a recommended settlement prior to preparation of a complaint; or
  - d. that the matter be submitted to a Review Panel with a recommendation that a Complaint be issued.

#### **Rule 717. Review of Investigative Reports by the Review Panel**

The Compliance Department shall present all Investigative Reports to the Review Panel.

1. Upon due consideration of the Investigative Report the Review Panel may:
  - a. reject the recommendation(s) of the Compliance Department and send the matter back for further investigation;
  - b. adopt the recommendation(s) of the Compliance Department;
  - c. adopt in part the recommendation(s) of the Compliance Department; or
  - d. approve the settlement of disciplinary charges (based upon the Investigative Report and prior to the issuance of a complaint).
2. If the Compliance Department makes a recommendation that the preparation and service of a Complaint is warranted, then the Compliance Department may serve the Respondent with notice that the Compliance Department has recommended that disciplinary charges be brought against it.
3. The Compliance Department may permit the Respondent to propose a settlement of the alleged charges or submit a written statement explaining why a disciplinary proceeding should not be commenced or why one or more of the charges alleged should not be brought.

#### **Rule 718. Complaint**

If the Review Panel determines that a complaint should be issued the Compliance Department shall prepare a complaint and serve it within 30 days of the Review Panel's determination that a Complaint should be issued. The Complaint shall:

1. describe the acts, omissions or conduct that the Respondent is alleged to have engaged in;
2. indicate the ~~Javelin SEF~~Bats Hotspot SEF Rules that the Respondent is alleged to have violated or is about to violate;
3. indicate the proposed sanctions for such violation(s);

4. advise the Respondent of Respondent's right to respond to the Complaint and request a hearing and the time deadline provided in the ~~Javelin SEF~~Bats Hotspot SEF Rules for doing so;
5. advise the Respondent that, except for good cause, Respondent's failure to respond to the Complaint within the time deadline provided in the ~~Javelin SEF~~Bats Hotspot SEF Rules will be deemed to be a waiver of the right to a hearing; and
6. advise the Respondent that all allegations in the Complaint not expressly denied shall be deemed admitted.

#### **Rule 719. Answer**

The Respondent shall serve an Answer no later than 20 days after service of the Complaint, or such other date agreed upon by the Respondent and the Compliance Department. The Answer shall:

1. state the allegations the Respondent admits or denies;
2. state which allegations the Respondent does not have sufficient knowledge to either admit or deny;
3. state any affirmative defenses and, where applicable, include any facts that contradict the notice of charges; and
4. be signed by the Respondent.

A general denial of the charges shall not satisfy the requirements of this ~~Javelin SEF~~Bats Hotspot SEF Rule. Any allegation for which the Answer does not provide a response shall be deemed admitted. Unless good cause is shown, if a Respondent fails to serve an Answer within the required time frame, then all charges in the Complaint shall be deemed admitted.

#### **Rule 720. Pre-hearing Procedures**

1. Discovery between the Respondent and the Compliance Department. At any time prior to the start of a hearing a Respondent may make a written request to the Compliance Department to review the records, information and tangible evidence in the possession and control of the Compliance Department that the Compliance Department will rely upon to support the allegations and proposed sanctions stated in the Complaint. Such review shall occur at a date and time mutually convenient to the Respondent and Compliance Department. The Respondent may obtain a copy of all such evidence at the sole cost and expense of the Respondent. ~~Javelin SEF~~Bats Hotspot SEF may withhold documents that: (i) are privileged or constitute attorney work product, (ii) were prepared by an employee of ~~Javelin SEF~~Bats Hotspot SEF but will not be offered in evidence in the disciplinary proceedings; (iii) may disclose a technique or guideline used in examinations, investigations, or enforcement proceedings, or (iv) disclose the identity of a confidential source. The Compliance Department is not required to produce or obtain documents that are not in its possession and control. For the avoidance of any doubt, information that could adversely affect competitive positions include positions in Products

currently held, trading strategies used in establishing or liquidating positions, the identity of any Respondent and the personal finances of the Person providing the information.

2. Discovery between the Respondent and Third-parties. Prior to the hearing the Respondent may seek documents, information or other tangible evidence, not in the possession of the Compliance Department from a third-party. If such third-party is subject to the jurisdiction of ~~Javelin SEF~~Bats Hotspot SEF and fails to provide the documents, information or other tangible evidence requested by the Respondent on a voluntary basis the Respondent may make a written application to the Hearing Panel for an order compelling such production. At any time prior to the hearing the Respondent may make an application to the Hearing Panel requesting the Hearing Panel issue a subpoena compelling the appearance and testimony of a Person, subject to the jurisdiction of ~~Javelin SEF~~Bats Hotspot SEF, at the hearing. The Respondent shall serve the Compliance Department with a copy of any application made to the Hearing Panel pursuant to this ~~Javelin SEF~~Bats Hotspot SEF Rule and the Compliance Department may object in whole or in part to any such application made by the Respondent.
3. Resolution of Discovery Disputes. Either party may make a written application to the Hearing Panel for resolution of any discovery dispute. Any party making an application to the Hearing Panel for the resolution of a discovery dispute shall timely serve the other party with a copy of their written application to the Hearing Panel. Any such application to the Hearing Panel shall include the following information (i) a description of the documents, information or other tangible evidence that is sought, (ii) the name of the custodian of the documents, information or other tangible evidence that is sought, (iii) the nature of the objection to their production, and (iv) the reasons why the Hearing Panel should compel the production of documents, information or other tangible evidence that is sought.
4. Pre-Hearing Disclosure. At least 14 days before the start of the hearing each party shall provide the other party with a (i) list of witnesses that the party intends to call to testify at the hearing, and (ii) copies of the documents, information and other tangible evidence that the party intends to rely upon at the hearing. The Hearing Panel may refuse to consider any documents, information or other tangible evidence which was not produced to a party or permit testimony from a witness whose name was not disclosed to the other party pursuant to this ~~Javelin SEF~~Bats Hotspot SEF Rule.
5. Pre-Hearing Conference. Prior to the hearing the Hearing Panel may hold a meeting to determine motions, procedural issues and evidentiary matters.
6. Notice of the Hearing. The Hearing Panel shall provide the parties with reasonable notice, confirmed in writing, of the date, time and place of the hearing.

#### **Rule 721. Hearing Procedures**

1. Hearing Panel Procedures. After the Complaint is served on the Respondent, the proceeding will be referred to the Hearing Panel. The Hearing Panel will have the authority to review and

consider (i) any settlement offers made by the Respondent and (ii) any evidence presented at a hearing.

2. Hearing Procedures. Hearings shall be fair and shall be promptly convened after reasonable notice to the respondent. The following procedures will apply during a hearing.
  - a. The entire Hearing Panel shall be present during the hearing. The Chairperson of the Hearing Panel may adjourn, continue, or otherwise conduct the hearing.
  - b. The Compliance Department will represent ~~Javelin SEF~~Bats Hotspot SEF at the hearing and may present evidence in support of its case.
  - c. The Compliance Department shall have the burden of proof and shall prove alleged rule violations by a preponderance of the evidence.
  - d. The Respondent may present evidence in support of his or her defense. If the Respondent fails to appear, the hearing may proceed without the Respondent.
  - e. Each party will have the right to call and cross-examine witnesses.
  - f. The formal rules of evidence do not apply. The Chairperson of the Disciplinary Panel will make all evidentiary and procedural determinations, including, without limitation, the admissibility and relevance of evidence. ~~Javelin SEF~~Bats Hotspot SEF staff may provide guidance to the Chairperson of the Disciplinary Panel conducting the hearing.
  - g. After the conclusion of the hearing the Hearing Panel will issue a written decision, which it shall provide to all parties.
  - h. The Hearing proceedings will be recorded in a format that can be transcribed.
  - i. A summary record of the Hearing will be retained unless transcription of the Hearing proceedings is required pursuant to Rule 724 or CFTC Regulation 37.206(c)(2)(i)-(iii).

#### **Rule 722. Decision of the Hearing Panel**

As soon as reasonably practicable after the hearing, the Hearing Panel will issue a written decision and order rendering its determination based upon the weight of the evidence contained in the record of the hearing, and will serve a copy on the Compliance Department and the Respondent. A decision of the majority of the Hearing Panel shall constitute the decision of the Hearing Panel. The Hearing Panel's decision and order shall contain the following (i) a summary of the allegations contained in the Complaint; (ii) a summary of the Answer, including any affirmative defenses asserted; (iii) a brief summary of the documents, information, testimony and/or other tangible evidence admitted into evidence at the hearing; (iv) the Hearing Panel's findings and conclusions concerning each of the allegations charged in the Complaint, including each ~~Javelin SEF~~Bats Hotspot SEF Rule and provision of law the Respondent is found to have violated and a complete explanation of the evidentiary and other basis for ~~Javelin~~Bats Hotspot SEF's findings and conclusions with respect to each charge; (v) the sanctions imposed, if any, and the effective date of each sanction; and (vi) notice of the Respondent's right to appeal. No later than 30 days after the date of the Hearing Panel's decision ~~Javelin SEF~~Bats Hotspot SEF shall cause the decision to be delivered to the Respondent, at their last known address, by:

(i) hand delivery; (ii) deposit in the United States mail, postage paid, via registered mail or certified mail return receipt requested; (iii) deposit in nationally recognized overnight mail carrier; or (iv) sending of such documents by electronic mail with a confirmation copy promptly sent by United States mail.

Unless a timely notice of appeal is filed pursuant to ~~Javelin SEF~~Bats Hotspot SEF Rules, the decision and order of the Hearing Panel will become a Final Decision.

### **Rule 723. Offers of Settlement**

1. A Respondent may propose an offer of settlement at any time during the disciplinary process.
2. All offers of settlement shall be in writing, signed by the Respondent and contain proposed findings and sanctions agreed upon by the Respondent and the Compliance Department. A Respondent may offer to settle a Disciplinary Proceeding without admitting or denying the findings contained in the Complaint, but must consent to the jurisdiction of ~~Javelin SEF~~Bats Hotspot SEF to impose sanctions on Respondent in connection with the Disciplinary Proceeding.
3. Respondent shall serve a copy of the offer of settlement on the Compliance Department and the Chairperson of the Review Panel or Hearing Panel, as applicable.
4. The Review Panel or Hearing Panel, as applicable, will review offers of settlement to determine if proposed settlement terms are in accord with Rule 728 (Sanctions), and may accept or reject the offer of settlement, but may not modify the terms of the offer without the Respondent's consent. In making its determination the Review Panel or Hearing Panel may provide the Compliance Department and the Respondent the reasons why the offer of settlement has been accepted or rejected.
5. All offers of settlement that have been accepted by the Review Panel or Hearing Panel shall be submitted to the Board for approval. If the offer of settlement is accepted by the Board it shall be a Final Action and shall be deemed to constitute a waiver of Respondent's right to hearing. The Compliance Department and Respondent shall receive prompt notice of the Board's determination to accept or reject the offer of settlement.
6. A Respondent may withdraw an offer of settlement any time prior to acceptance of such offer of settlement by the Board.
7. If the offer of settlement is not accepted by the Hearing Panel, Review Panel, or Board, as applicable, then the Disciplinary Proceeding shall continue as if the offer of settlement had not been made. All documents relating to such offer of settlement shall not become part of the record in such Disciplinary Proceeding. Neither the Compliance Department, nor the Respondent shall use an unaccepted offer of settlement for any purpose during any stage in the Disciplinary Proceeding, including, without limitation, as an admission of wrongdoing.

### **Rule 724. Appeals**

1. No later than 30 days after service of a hearing decision any party may file a notice of appeal with the Compliance Department that shall state the reason for the appeal. Upon the timely



service of a notice of appeal the sanctions imposed in the decision and order of the Hearing Panel will be suspended pending the determination of the Respondent's appeal.

2. The notice of appeal shall state the grounds for appeal, including the findings of fact, conclusions or sanctions to which the Respondent objects. A Respondent may appeal a decision and order of the hearing panel on the grounds that:
  - a. the decision and order was arbitrary, capricious, an abuse of discretion, or not in accordance with the rules of ~~Javelin SEF~~Bats Hotspot SEF;
  - b. the decision and order exceeded the authority or jurisdiction of the Hearing Panel;
  - c. the decision and order failed to observe required procedures;
  - d. the decision and order was unsupported by the facts or evidence; or
  - e. the imposed sanctions are inappropriate or unsupported by the record.
3. Upon receipt of the notice of appeal the Compliance Department will compile the appeal record, which will include, without limitation, (i) the complaint, (ii) the Answer, (iii) a copy of all items accepted into evidence, (iv) the transcript of the hearing, and (v) the hearing decision. The Compliance Department will provide the Respondent(s) and Appeal Panel with a copy of the record on appeal no later than 60 days after the Compliance Department's receipt of the notice of appeal or such other deadline agreed upon by the Respondent and the Compliance Department.
4. No later than 20 days after service of the record on appeal by the Compliance Department, the Respondent shall serve the Compliance Department and the Chairperson of the Appeal Panel with a brief supporting its appeal.
5. No later than 20 days after service of Respondent's appeal brief, the Compliance Department may serve a brief in response to Respondent's appeal brief on the Respondent and the Chairperson of the Appeal Panel.
6. No later than 10 days after service of the Compliance Department's responding brief, the Respondent may serve a reply brief on the Compliance Department and the Chairperson of Appeal Panel.
7. After service of the notice of appeal, the Appeal Panel will schedule a meeting at which each party will be given an opportunity to present oral argument to the Appeal Panel. The proceedings held during this meeting will be recorded in a format that can be transcribed. The Appeal Panel shall only consider the record before it, the notice of appeal and the briefs submitted by the parties. The Appeals Panel may only consider new evidence if the Appeals Panel determines that good cause exists as to why the evidence was not introduced during the hearing.
8. After the conclusion of the appeal proceeding, the Appeal Panel will issue a written decision, which it shall provide to all parties.

### **Rule 725. Decision of the Appeal Panel**

As promptly as reasonably possible after the conclusion of oral argument, the Appeal Panel will issue a written decision, based upon the weight of the evidence before the Appeal Panel. The decision of the Appeal Panel will include a statement of the findings of fact and conclusion for each of the findings and sanctions made by the Hearing Panel. In its decision the Appeal Panel may affirm, modify or reverse, in whole or in part, the decision and order of the Hearing Panel, including the increasing, decreasing or elimination of sanctions or remedies imposed by the Hearing Panel. The Appeals Panel shall not set aside, modify or amend the Hearing Panel's decision unless it determines by majority vote that the Hearing Panel's decision was:

1. arbitrary, capricious, or an abuse of the Hearing Panel's discretion;
2. beyond the authority or jurisdiction of the Hearing Panel; or
3. based upon a clearly erroneous application or interpretation of CFTC Regulations or ~~Javelin SEF~~Bats Hotspot SEF Rules.

If the standards for setting aside, modifying or amending the Hearing Panel's decision and order have not been met, and a majority of the Appeal Panel believes that the Hearing Panel's decision and order resulted from a specific error, impropriety, or deficiency in the hearing it may order, by majority vote, that a new hearing be held. In the event that the Appeal Panel determines that a new hearing be held, the Appeals Panel shall provide a copy of the Appeal Panel's decision to the Chairperson of the Regulatory Oversight Committee. No later than 30 days after the receipt of the Appeal Panel's decision, the Regulatory Oversight Committee shall appoint a new Hearing Panel and serve the Compliance Department and the Respondent with notice of such panel appointment.

No later than 30 days after the date of the Appeal Panel's decision ~~Javelin SEF~~Bats Hotspot SEF shall cause the decision to be delivered to the Respondent, at their last known address, by: (i) hand delivery; (ii) deposit in the United States mail, postage paid, via registered mail or certified mail return receipt requested; (iii) deposit in nationally recognized overnight mail carrier; or (iv) sending of such documents by electronic mail with a confirmation copy promptly sent by United States mail. The decision of the Appeal Panel shall be the Final Action of ~~Javelin SEF~~Bats Hotspot SEF and will not be subject to further appeal within ~~Javelin SEF~~Bats Hotspot SEF and shall include a statement informing the Respondent of their right to appeal to the CFTC.

### **Rule 726. Imposition of Summary Fines**

1. The Chief Compliance Officer may summarily impose a fine, pursuant to ~~Javelin SEF~~Bats Hotspot SEF Rule 728(5), against a Respondent for failing to (i) make timely and accurate submissions of notices, reports or other required information to ~~Javelin SEF~~Bats Hotspot SEF or (ii) keep such books and records as required by the ~~Javelin SEF~~Bats Hotspot SEF Rules.

2. The Chief Compliance Officer shall serve written notice of each summary fine imposed which shall include (i) the violation of the ~~Javelin SEF~~Bats Hotspot SEF Rule for which the fine has been issued; (ii) the date of the violation of the ~~Javelin SEF~~Bats Hotspot SEF Rule; (iii) the amount of the fine; and (iv) the payment due date.
3. No later than 20 days after service of the notice of a summary fine, the Respondent upon whom the notice of summary fine was served may appeal the imposition of such summary fine by serving a written request for review of the summary fine to the Regulatory Oversight Committee and the Chief Compliance Officer. The service of a request to review a summary fine shall suspend the payment due date pending the determination of the Respondent's request for review.
4. Within 10 days after service of the request for review of a summary fine, the Chief Compliance Officer may serve a response to the Respondent's review on the Respondent and the Regulatory Oversight Committee.
5. As soon as reasonably possible after service of the Chief Compliance Officer's response to the Respondent's request for review of the summary fine, the Regulatory Oversight Committee will render a written decision that affirms, modifies or sets aside the summary fine imposed by the Chief Compliance Officer. The decision of the Regulatory Oversight Committee shall be the final action of ~~Javelin SEF~~Bats Hotspot SEF and will not be subject to further appeal within ~~Javelin SEF~~Bats Hotspot SEF.

#### **Rule 727. Summary Proceedings**

1. A Summary Proceeding may be commenced in addition to any other Disciplinary Proceeding.
2. After consultation with the Chief Compliance Officer, the Regulatory Oversight Committee, may summarily suspend, restrict or revoke the Trading Privileges of any Respondent as result of (i) Respondent's statutory disqualification, (ii) the reasonable belief that immediate action is required to protect the public or Participants; or (iii) the nonpayment of disciplinary fines ("Summary Proceeding"). The Regulatory Oversight Committee's determinations from the Summary Proceeding shall be in a written decision that states (i) the acts, omissions or conduct the Respondent is alleged to have committed; (ii) the sanctions imposed and their effective date; and (iii) the Respondent's right to appeal ("Summary Proceeding Decision"). The sanctions imposed by Summary Proceeding Decision may be effective immediately, on a future date or dependent upon the occurrence of a future event. The Chief Compliance Officer shall promptly serve a copy of the Summary Proceeding Decision on the Respondent.
3. No later than 10 days after service of the Summary Proceeding Decision, the Respondent may appeal the Summary Proceeding Decision by serving a written request ("Summary Proceeding Review Notice") on the Chairperson of the Regulatory Oversight Committee and serving a copy on the Chief Compliance Officer. The Summary Proceeding Review Notice shall state the grounds for appeal, including the findings of fact, conclusions or sanctions to which the

Respondent objects. The Respondent's failure to serve Summary Proceeding Review Notice in a timely manner shall constitute a waiver of Respondent's right to appeal the Summary Proceeding Decision.

4. The Regulatory Oversight Committee shall meet to consider the Summary Proceeding Review Notice as soon as practicable after its receipt by the Chairperson of the Regulatory Oversight Committee ("Summary Proceeding Review Conference"). Both the Chief Compliance Officer and the Respondent may be present at the Summary Proceeding Review Conference. No later than 20 days after the Summary Proceeding Review Conference, the Regulatory Oversight Committee shall issue a written decision that either affirms, modifies or reverses the Summary Proceeding Decision. Such decision shall be promptly served on the Chief Compliance Officer and the Respondent and shall not be subject to further review by any ~~Javelin SEF~~Bats Hotspot SEF Committee.

#### **Rule 728. Sanctions**

1. Disciplinary Committees are authorized to impose the following sanctions upon a finding of a rule violation or pursuant to an offer of settlement:
  - a. a warning letter, as provided below;
  - b. a condition or limit Trading Privileges;
  - c. suspension or in lieu of a suspension, with the Respondent's consent, a fine as described in section 2 below;
  - d. restitution in accordance with 728(6);
  - e. expulsion; or
  - f. any combination of sanctions.
2. As an alternative to suspension a Respondent may choose to pay a fine to ~~Javelin SEF~~Bats Hotspot SEF, provided that the Disciplinary Committee that imposed such suspension consents to the imposition and amount of the fine. ~~Javelin SEF~~Bats Hotspot SEF may impose a fine in an amount not less than \$1,000 and up to \$100,000 for each disciplinary offense. Failure to pay an agreed fine within 30 days of the date from which the fine is due shall result in suspension and/or further disciplinary action.
3. The following restriction shall apply to the issuance of warning letters. No more than one warning letter, in lieu of stronger disciplinary action, shall be issued to a Respondent for the same rule violation during a rolling 12 month period.
4. The Regulatory Oversight Committee is authorized to impose the following sanctions in connection with a Summary Proceeding:
  - a. condition or limit Trading Privileges;
  - b. suspension of Trading Privileges;
  - c. expulsion; or
  - d. any combination of sanctions.

5. ~~Javelin SEF~~Bats Hotspot SEF may impose summary fines in an amount not less than \$1,000 and up to \$5,000 per offense. Failure to pay a fine within 30 days of date from which the fine is due shall result in the accrual of interest on the fine at the prime rate. Failure to pay a fine within 60 days from the date that the fine was imposed may result in suspension and/or disciplinary action.
6. In the event of demonstrated customer harm, disciplinary sanctions will include full customer restitution, except where the amount of restitution or to whom it should be provided cannot be reasonably determined.
7. Sanctions imposed will take into account the Respondent's disciplinary history, shall be commensurate with the violation(s) committed and clearly sufficient to deter recidivism or similar violations.

#### **Rule 729. Rights and Responsibilities after Suspension or Termination**

1. If the Trading Privileges of a Respondent are suspended by ~~Javelin SEF~~Bats Hotspot SEF none of such Respondent's rights and Trading Privileges (including the right to enter orders into ~~Javelin SEF~~Bats Hotspot SEF and hold oneself out as a Participant) and the Trading Privileges of its Authorized Traders will apply during the period of suspension, except for the Respondent's right to assert claims against others as provided in the ~~Javelin SEF~~Bats Hotspot SEF Rules. Any such suspension will not affect the rights of creditors under the ~~Javelin SEF~~Bats Hotspot SEF Rules or relieve the Respondent from his or her obligations under the ~~Javelin SEF~~Bats Hotspot SEF Rules to perform on Trades entered into before the effective date of such suspension, or for any ~~Javelin SEF~~Bats Hotspot SEF fees or costs incurred during the suspension. ~~Javelin SEF~~Bats Hotspot SEF may discipline any suspended Respondent for any violation of ~~Javelin SEF~~Bats Hotspot SEF Rules committed by such Respondent before, during or after the suspension.
2. If the Trading Privileges of a Respondent are terminated, all of such Respondent's rights and Trading Privileges will terminate (including the right to enter orders into ~~Javelin SEF~~Bats Hotspot SEF and hold oneself out as a Participant and the Trading Privileges of such Respondent's Authorized Traders), except for the right of such Respondent to assert claims against others, as provided by the ~~Javelin SEF~~Bats Hotspot SEF Rules. Any such termination will not affect the rights of creditors under the ~~Javelin SEF~~Bats Hotspot SEF Rules or relieve the Respondent from Respondent's obligations under the ~~Javelin SEF~~Bats Hotspot SEF Rules to perform on Trades entered into before the effective date of such termination. Any Respondent who has had Respondent's Trading Privileges terminated may only obtain reinstatement of Trading Privileges by applying to become ~~Javelin SEF~~Bats Hotspot SEF Participant pursuant to the ~~Javelin SEF~~Bats Hotspot SEF Rules, and such Respondent may not apply to be a ~~Javelin SEF~~Bats Hotspot SEF Participant until six months after the effective date of the termination of such Respondent's Trading Privileges.

3. A terminated Respondent remains subject to the ~~Javelin SEF~~Bats Hotspot SEF Rules and the Jurisdiction of ~~Javelin SEF~~Bats Hotspot SEF for the acts and omissions that occurred before such Respondent's termination and must cooperate in any Disciplinary Proceeding as if the suspension or termination had not occurred. A suspended Respondent remains subject to the ~~Javelin SEF~~Bats Hotspot SEF Rules and the jurisdiction of ~~Javelin SEF~~Bats Hotspot SEF for the acts and omissions that occurred before, during or after such Respondent's suspension and must cooperate in any Disciplinary Proceeding as if the suspension had not occurred.

### **Rule 730. Notice of Final Action**

Contemporaneously with the delivery of a final action including, without limitation, a written decision of the Hearing Panel, offer of settlement accepted by the Board, a decision of the Appeal Panel, or access denial action ~~Javelin SEF~~Bats Hotspot SEF will send, pursuant to CFTC Regulation 9.11, a copy of such final action to the CFTC. Such final action will be effective fifteen days after written notice of final action is delivered to the person disciplined or denied access in accordance with Rule 708 ("Service of Documents").

## CHAPTER 8 ARBITRATION

### Rule 801. Disputes Subject to Arbitration

1. Mandatory Arbitration. The following matters shall be subject to mandatory arbitration in accordance with the Javelin SEFBats Hotspot SEF Rules:
  - a. disputes between Participants that arise out of any trading activity on or subject to the rules of Javelin SEFBats Hotspot SEF;
  - b. disputes between Participants and their Customer(s) that arise out of any trading activity on or subject to the rules of Javelin SEFBats Hotspot SEF; or
  - c. disputes between (i) Participants or (ii) Customers of Participants, and Clearing Members that arise out of any trading activity on or subject to the rules of Javelin SEFBats Hotspot SEF.
2. Permissive Arbitration. Provided that the parties consent, any claim or dispute between a Participant and a Customer of a Participant may be subject to arbitration in accordance with the Javelin SEFBats Hotspot SEF Rules.

### Rule 802. Services Agreement with Regulatory Services Provider

Javelin SEFBats Hotspot SEF may, at any time, choose to contract with a registered futures association, or other registered entity, for the provision of regulatory services which includes, without limitation, assistance with the resolution of disputes pursuant to Javelin SEFBats Hotspot SEF Rules. Any act or requirement that is required to be performed by the Javelin SEFBats Hotspot SEF under the Javelin SEFBats Hotspot SEF Rules, with respect to Arbitration proceedings may be performed by a regulatory service provider. Javelin SEFBats Hotspot SEF shall retain ultimate decision-making authority with respect to any functions that are contracted to a Regulatory Service Provider.

### Rule 803. Commencement of an Arbitration Proceeding

1. Any Person wishing to commence an arbitration proceeding ("Claimant") against a Person ("Respondent") may do so by serving a Notice of Arbitration on the Respondent and the Chairperson of the Arbitration Committee, together with proof of service, within two years from the date the cause of action accrued.
2. The Notice of Arbitration served on the Chairperson of the Arbitration Committee shall be accompanied by the Claimant's non-refundable check for arbitration filings fees, as determined by the Javelin SEFBats Hotspot SEF Board, which shall be as follows:

<u>Amount of Relief Requested</u>	<u>Filing Fee</u>
up to \$5,000	\$100
over \$5,000 and up to \$25,000	\$250

over \$25,000 and up to \$100,000	\$500
over \$100,000	\$1,500

3. The Notice of Arbitration shall set forth the name and address of the Claimant(s) and Respondent(s), the nature of the allegations against the Respondent(s), the relief requested and the factual and legal basis for granting such relief.

#### **Rule 804. Service of Documents**

Any Complaint, Answer or other documents regarding a ~~Javelin SEF~~Bats Hotspot SEF Arbitration may be served, and service shall be deemed completed upon (i) hand delivery, (ii) deposit in the United States mail, postage paid, via registered mail or certified mail return receipt requested; (iii) deposit in nationally recognized overnight mail carrier; or (iv) sending of such documents by electronic mail with a confirmation copy promptly sent by United States mail. Service made on the Claimant and Respondent shall be made to the address provided by the Claimant and Respondent to ~~Javelin SEF~~Bats Hotspot SEF for notices from ~~Javelin SEF~~Bats Hotspot SEF. Service to the Arbitration Panel shall be made at the address of ~~Javelin SEF~~Bats Hotspot SEF to the attention of the Arbitration Panel and shall state the name of the Chairperson of the Arbitration Panel.

#### **Rule 805. Appointment of Arbitration Panel**

1. Promptly after service of the Notice of Arbitration, ~~Javelin SEF~~Bats Hotspot SEF will appoint an Arbitration Panel to hear and decide the Arbitration matter. The Arbitration Committee Chairperson shall serve the Claimant, Respondent and each member of the Arbitration Panel with notice of the appointment of the Arbitration Panel.
2. Upon appointment to an Arbitration Panel each member of the Arbitration Panel shall promptly disclose to the Chairman of the Arbitration Committee any matter, relationship or interest with (i) the subject matter of the dispute, and/or (ii) any party to the dispute, that may affect the Arbitration Panel member's ability to be, or create the appearance that he or she is not, impartial in deliberating and deciding the dispute. The Chairperson of the Arbitration Committee will consider such disclosure and determine whether the objection warrants the removal of a member of the Arbitration Panel. If a member of the Arbitration Panel is removed, a replacement will be appointed.
3. Any party wishing to object to the members of the Arbitration Panel may do so provided that such objection is made in writing no later than 10 days after service of notice of the panel appointment and is provided to all parties and the Chairperson of the Arbitration Committee.
4. The Chairperson of the Arbitration Committee will review the objection and determine whether the objection warrants the removal of a member of the Arbitration Panel. If a member of the Arbitration Panel is removed, a replacement will be appointed. The parties shall be notified of any replacement to the Arbitration Panel and will have 10 days to object to the new member of the Arbitration Panel.



#### Rule 806. Ex-Parte Communications

1. The Claimant and Respondent involved in a ~~Javelin SEF~~Bats Hotspot SEF Arbitration shall have the opportunity to participate in all communications with the Arbitration Panel.
2. Neither the Claimant nor the Respondent, or their counsel, involved in a ~~Javelin SEF~~Bats Hotspot SEF Arbitration shall knowingly make or cause to be made an ex-parte communication regarding the merits of such ~~Javelin SEF~~Bats Hotspot SEF Arbitration with any member of the Arbitration Panel assigned to handle such ~~Javelin SEF~~Bats Hotspot SEF Arbitration.
3. No member of the Arbitration Panel assigned to handle a ~~Javelin SEF~~Bats Hotspot SEF Arbitration Proceeding shall knowingly make or cause to be made an ex parte communication with the Claimant or Respondent regarding a ~~Javelin SEF~~Bats Hotspot SEF Arbitration.
4. It shall not be a violation of this ~~Javelin SEF~~Bats Hotspot SEF Rule for the Claimant or Respondent involved in a ~~Javelin SEF~~Bats Hotspot SEF Arbitration to individually have communications with the Arbitration Panel regarding scheduling or procedural matters, nor shall it be a violation of this ~~Javelin SEF~~Bats Hotspot SEF Rule if a Person refuses an attempted ex parte communication concerning the merits of a ~~Javelin SEF~~Bats Hotspot SEF Arbitration as soon as it becomes apparent that such communication concerns the merits of a ~~Javelin SEF~~Bats Hotspot SEF Arbitration.
5. Any Person that receives or learns of any communication prohibited by this ~~Javelin SEF~~Bats Hotspot SEF Rule shall give prompt notice of such communication (including any response thereto) to the Chief Compliance Officer.

#### Rule 807. Arbitration Pre-Hearing Proceedings

1. Each Respondent shall serve an Answer to the Notice of Arbitration on the Claimant and the Chairperson of the Arbitration Committee, no later than 20 days after the service of the Notice of Arbitration, or such other date mutually agreed to by Claimant and Respondent. The Answer may set forth (i) any affirmative defenses, (ii) counterclaims, (iii) cross-claims and/or (iv) third-party claims, provided such claims are asserted over a Person who is subject to mandatory arbitration of such claim or consents to the jurisdiction of the Arbitration Committee. Any party against whom a cross-claim, counter-claim or third-party claim has been asserted shall file a written Answer to those claims with the Chairperson of the Arbitration Committee, with a copy to all parties, no later than 20 days after service of the cross-claim, counter-claim or third-party claim, or such other date mutually agreed to by the parties.
2. As soon as practicable after the appointment of the panel is finalized, the Arbitration Panel shall hold a scheduling conference. At the scheduling conference the Arbitration Panel and the parties will agree upon the case schedule and set a date (or dates) for the hearing. The Panel shall serve all parties with written notice of the date, time and place of the hearing.
3. No later than 30 days after the scheduling conference, each party shall provide to the other party and the Arbitration Panel a copy of the documents and information that will be presented at the hearing. After disclosure of documents and information, any party may serve another

party (with a copy to the Chairman of the Arbitration Panel) with a request for additional documents and/or information. The party receiving a request for additional documents and/or information shall respond within 30 days of service of such request or such other date as agreed upon by the parties. A party that receives a request for documents and/or information from another party may raise any objections to such request to the Arbitration Panel. Based upon the facts and circumstances of the matter, the Arbitration Panel, in its sole discretion, will determine whether such additional discovery will be permitted.

4. At least 14 days before the start of the hearing each party shall provide the other party with a (i) list of witnesses that the party intends to call to testify at the hearing, and (ii) copies of the documents, information and other tangible evidence that the party intends to rely upon at the hearing. The Arbitration Panel may refuse to consider any documents, information or other tangible evidence which was not produced to a party or permit testimony from a witness whose name was not disclosed to the other party pursuant to this ~~Javelin SEF~~Bats Hotspot SEF Rule.

#### **Rule 808. Arbitration Hearing Proceedings**

1. Each party shall be entitled to appear at the hearing personally or with counsel of such party's choice.
2. Each party shall present its case and present the testimony of disclosed witnesses and documents. The claimant must prove their case by the preponderance of the evidence.
3. The formal rules of evidence will not apply.
4. Unless requested by a party no recording of the hearing will be made. Any party may request that a stenographic transcript of the hearing be made provided that party bears the cost of such transcription.
5. The Arbitration Panel, in their sole discretion, may permit the parties to submit post hearing statements.

#### **Rule 809. Arbitration Decision**

No later than 90 days after the conclusion of the hearing the Arbitration Panel will render its decision and order in which it may grant such remedy or relief it deems just and equitable. The Arbitration Panel shall serve a copy of its decision and order on all parties. The decision and order may include the following (i) a summary of the allegations contained in the Notice of Arbitration; (ii) a summary of the Answer, including any affirmative defenses asserted; (iii) a brief summary of the documents, information and other tangible evidence admitted into evidence at the hearing; (iv) the Arbitration Panel's findings and conclusions concerning each of the allegations charged in the Notice of Arbitration; and (v) the relief awarded by the Arbitration Panel.

#### **Rule 810. Compensation of Arbitrators**

Parties to a ~~Javelin SEF~~Bats Hotspot SEF Arbitration shall pay the members of an Arbitration Panel appointed to hear and decide their matter, compensation in compliance with the Arbitrator Fee

Schedule determined by the Board. The Arbitrator's Fee Schedule, if any, shall be available on [Javelin SEFBats Hotspot SEF](#)'s website.

**Rule 811. Fictitious Claims**

The commencement of false or fictitious claims in a [Javelin SEFBats Hotspot SEF](#) Arbitration shall be a violation of [Javelin SEFBats Hotspot SEF](#) Rules.

**Rule 812. Other Proceedings**

No permissive arbitration claims will be accepted by [Javelin SEFBats Hotspot SEF](#) for arbitration, if [Javelin SEFBats Hotspot SEF](#) receives notice that another arbitration or civil court proceeding is pending between the parties regarding the same underlying facts.

## CHAPTER 9 MISCELLANEOUS

### Rule 901. Market Data

1. Subject to each Participant's or Customer's or Sponsored Person's rights in its Participant Data, all Participants, Customer of Participants and Clearing Members acknowledge and agree that ~~Javelin SEF~~Bats Hotspot SEF shall have a proprietary interest in all market data and information entered into and/or created on the ~~Javelin SEF~~Bats Hotspot SEF and/or displayed on ~~Javelin SEF~~Bats Hotspot SEF's systems ("~~Javelin SEF~~Bats Hotspot SEF Market Data") including without limitation:
  - a. price, quantity, structure, date and time of entry of each and every bid and offer submitted on ~~Javelin SEF~~Bats Hotspot SEF;
  - b. price, quantity, structure, date and time of trade execution of each and every Trade executed on ~~Javelin SEF~~Bats Hotspot SEF;
  - c. the end of day price for each instrument traded on ~~Javelin SEF~~Bats Hotspot SEF;
  - d. any information that can be derived from (a), (b) or (c) above; and
  - e. the dissemination or transmission of ~~Javelin SEF~~Bats Hotspot SEF Market Data to Participants, Customer of Participants, Clearing Members and/or any publisher of market data with whom ~~Javelin SEF~~Bats Hotspot SEF has a written agreement, provided that ~~Javelin SEF~~Bats Hotspot SEF Market Data is anonymized and aggregated.
2. Except as permitted by the ~~Javelin SEF~~Bats Hotspot SEF Rules, Participants, Customer of Participants, and Clearing Members shall not sell, distribute, re-transmit, transfer, license or otherwise provide ~~Javelin SEF~~Bats Hotspot SEF Market Data to any third-party. ~~Javelin SEF~~Bats Hotspot SEF will not use ~~Javelin SEF~~Bats Hotspot SEF Market Data to replicate or reverse engineer the trading strategy of a Participant, Customer or Sponsored Person.
3. Except in respect of its Participant Data, Participant shall not (a) provide to any third party access to or the ability to use ~~Javelin SEF~~Bats Hotspot SEF, ~~Javelin SEF~~Bats Hotspot SEF Market Data, or any content or data that may be accessible, in whole or in part, on ~~Javelin SEF~~Bats Hotspot SEF, (b) store, copy, modify, reverse engineer, reverse assemble or reverse compile the ~~Javelin SEF~~Bats Hotspot SEF Trading System, ~~Javelin SEF~~Bats Hotspot SEF Market Data, or any content or data that may be accessible, in whole or in part, on ~~Javelin SEF~~Bats Hotspot SEF; (c) distribute, rent, sell, retransmit, redistribute, release or license to any third party other than a Participant the ~~Javelin SEF~~Bats Hotspot SEF Trading System, the ~~Javelin SEF~~Bats Hotspot SEF Market Data, or any content or data that may be accessible, in whole or in part, on ~~Javelin SEF~~Bats Hotspot SEF, and (d) use ~~Javelin SEF~~Bats Hotspot SEF, the ~~Javelin SEF~~Bats Hotspot SEF Market Data, or any content or data that may be accessible, in whole or in part, on ~~Javelin SEF~~Bats Hotspot SEF

SEFBats Hotspot SEF in constructing or calculating the value of any index or index products. For the avoidance of any doubt this section shall not prohibit Participant and/or Clearing Member from (i) providing the Javelin-SEFBats Hotspot SEF Trading System, Javelin-SEFBats Hotspot SEF Market Data, any content or data that may be accessible, in whole or in part, on Javelin-SEFBats Hotspot SEF to an employee of a Participant and/or Clearing Member engaged in risk management or supervisory activities with the authority to establish, monitor, or modify credit controls for orders transmitted entered, or (ii) use Javelin-SEFBats Hotspot SEF Market Data for internal business and regulatory reporting purposes.

4. Javelin-SEFBats Hotspot SEF acknowledges and agrees that a Participant shall be permitted, and Javelin-SEFBats Hotspot SEF hereby grants Participant a non-exclusive, revocable, non-transferable and royalty-free license (without warranties of any kind, express or implied), to use for the benefit of the Participant the Javelin-SEFBats Hotspot SEF Market Data, and in particular to use the Javelin-SEFBats Hotspot SEF Market Data to create pricing data for Participant's internal business purposes and Participant shall retain all ownership and proprietary interest with respect to such pricing data. Subject to the foregoing license, and subject to a Participant's rights in its Participant Data as between Javelin-SEFBats Hotspot SEF and the Participant, Javelin-SEFBats Hotspot SEF retains all ownership and proprietary interest with respect to the Javelin-SEFBats Hotspot SEF Market Data.
5. Javelin-SEFBats Hotspot SEF shall have the right to monitor compliance with this Javelin-SEFBats Hotspot SEF Rule as follows. No more than once every 12 months, unless Javelin-SEFBats Hotspot SEF has reasonable basis to believe that a Participant, Customer of a Participant or a Clearing Member is in breach of this section, Javelin-SEFBats Hotspot SEF may conduct an audit into a Participant's, Customers of Participants, or a Clearing Member's use of Javelin-SEFBats Hotspot SEF Market Data ("Market Data Audit"). Javelin-SEFBats Hotspot SEF shall provide prior written notice of a Market Data Audit, and such notice shall identify the areas of inquiry and the date of such Market Data Audit will be performed. All Market Data Audits will be performed upon at least three business days' notice, or such other time as mutually agreed upon the Javelin-SEFBats Hotspot SEF and the Participant, Customer of a Participant or a Clearing Member and during normal business hours. In performing a Market Data Audit Javelin-SEFBats Hotspot SEF (by its employees or by an independent audit firm) shall be authorized to inspect or review such systems and records relating to the use and/or distribution of Javelin-SEFBats Hotspot SEF Market Data solely for the purpose of verifying the Participant's compliance with the Javelin-SEFBats Hotspot SEF Rules.
6. Javelin-SEFBats Hotspot SEF shall report such Javelin-SEFBats Hotspot SEF Market Data to a swap data repository required by Parts 43 and 45 of CFTC Regulations. In addition, Javelin-SEFBats Hotspot SEF shall publish information required by Part 16 of the CFTC Regulations. Javelin-SEFBats Hotspot SEF shall not disclose Javelin-SEFBats Hotspot SEF Market Data in a manner that identifies the Participant or the Customer, or the trading activity or market positions of any Participant or their Customer, except that Javelin-SEFBats Hotspot SEF may disclose Javelin

~~SEFBats Hotspot SEF~~ Market Data as required by law, government agency, court of competent jurisdiction, or administrative body.

**Rule 902. ~~Javelin-SEFBats Hotspot SEF~~ Employees**

1. ~~Javelin-SEFBats Hotspot SEF~~ employees, officers, agents, independent contractors and consultants are prohibited from disclosing material, non-public information obtained as a result of their employment or relationship with ~~Javelin-SEFBats Hotspot SEF~~. ~~Javelin-SEFBats Hotspot SEF~~ employees, officers, agents, independent contractors and consultants are prohibited from providing non-public information obtained as a result of their employment or relationship with ~~Javelin-SEFBats Hotspot SEF~~ if such employee, officer, agent, independent contractor or consultant expects or should have reasonably expected that such disclosed information may assist a Person trading in an instrument traded on ~~Javelin-SEFBats Hotspot SEF~~ or other trading venue.
2. Except as otherwise provided, an employee or officer of ~~Javelin-SEFBats Hotspot SEF~~ shall not, directly or indirectly, buy or sell any instruments traded on ~~Javelin-SEFBats Hotspot SEF~~, or any other trading venue that trades such instruments. This rule does not prohibit an employee or officer of ~~Javelin-SEFBats Hotspot SEF~~ that has received the prior written approval of the ~~Javelin-SEFBats Hotspot SEF~~'s Chief Compliance Officer from participating in a pooled investment vehicle or other investment vehicle that is directed by a third-party advisor over which the ~~Javelin-SEFBats Hotspot SEF~~ officer or employee has no direct or indirect control.
3. Unless a written waiver is granted by the Chief Executive Officer, no ~~Javelin-SEFBats Hotspot SEF~~ officer or employee may accept a gift or gratuity from a Participant that is more than \$25 (per person) during any calendar year.

**Rule 903. ~~Information Sharing Agreements~~**

1. ~~Javelin-SEFBats Hotspot SEF~~ may enter into information-sharing agreements or other arrangements or procedures to coordinate surveillance with other markets and clearing organizations on which swaps or financial instruments related to the swaps traded on ~~Javelin-SEFBats Hotspot SEF~~ are traded or cleared. As part of any information-sharing agreements or other arrangements or procedures adopted pursuant to this rule, ~~Javelin-SEFBats Hotspot SEF~~ may, among other things:
  - a. provide market surveillance reports to other markets;
  - b. share information and documents concerning current and former Participants with other markets and clearing organizations;
  - c. share information and documents concerning on-going and completed investigations with other SEF markets and clearing organizations; and/or
  - d. require Participants to provide information and documents to the ~~Javelin-SEFBats Hotspot SEF~~ at the request of other markets or clearing organizations with which the

~~Javelin SEF~~Bats Hotspot SEF has an information-sharing agreement or other arrangements or procedures.

2. ~~Javelin SEF~~Bats Hotspot SEF may enter into an information-sharing arrangement with any Person or body (including, without limitation, the CFTC, the SEC, or any government authority, self-regulatory organization, exchange, market, clearing organization or foreign regulatory authority) if ~~Javelin SEF~~Bats Hotspot SEF (i) believes that such Person or body exercises a legal or regulatory function under any law or regulation, or a function comprising or associated with the enforcement of a legal or regulatory function, or (ii) considers such arrangement to be in furtherance of ~~Javelin SEF~~Bats Hotspot SEF's purpose or duties under applicable law.
3. ~~Javelin SEF~~Bats Hotspot SEF may disclose to any Person or body information concerning or associated with a Participant or other Person that ~~Javelin SEF~~Bats Hotspot SEF believes is necessary and appropriate in exercising a legal or regulatory function (including, without limitation, information concerning any aspect of the business of ~~Javelin SEF~~Bats Hotspot SEF) whether or not a formal arrangement governing the disclosure exists or a request for information was made.

#### **Rule 904. Recording of Communications**

In the regular course of business, ~~Javelin SEF~~Bats Hotspot SEF may record conversations and retain copies of electronic communications between (a) ~~Javelin SEF~~Bats Hotspot SEF and (b) Participants and their Supervised Persons. All such recording will be retained by ~~Javelin SEF~~Bats Hotspot SEF in such manner and for such period of time as ~~Javelin SEF~~Bats Hotspot SEF, in its sole discretion, determines is necessary or desirable to comply with applicable law. For the avoidance of any doubt, any Regulatory Service Provider that provides regulatory services to ~~Javelin SEF~~Bats Hotspot SEF will have access, to the extent necessary to perform regulatory services, to all such recordings.

#### **Rule 905. Books and Records**

~~Javelin SEF~~Bats Hotspot SEF shall keep, or cause to be kept, complete and accurate books and records of accounts of the ~~Javelin SEF~~Bats Hotspot SEF, including, without limitation, all books and records required to be maintained pursuant to the CEA and CFTC regulations, as well as the Securities Exchange Act of 1934 and applicable SEC regulations. ~~Javelin SEF~~Bats Hotspot SEF shall retain all such books and records for five years, or such longer time as may be required by applicable law, and shall make such books and records readily accessible for inspection, as may be required by applicable law, during the first two years of such five year period. Upon request ~~Javelin SEF~~Bats Hotspot SEF shall make its books and records available to the CFTC and/or permit on site visitation by duly authorized representatives of the CFTC. In addition, ~~Javelin SEF~~Bats Hotspot SEF will keep records relating to swaps defined in section 1a(47)(A)(v) of the CEA open to inspection and examination by the SEC.

#### **Rule 906. Service Agreement with Technology Services Provider**

~~Javelin SEF~~Bats Hotspot SEF may contract with a Technology Service Provider to provide certain technology services to ~~Javelin SEF~~Bats Hotspot SEF. In accordance with any agreement between the Technology Services Provider and ~~Javelin SEF~~Bats Hotspot SEF, the Technology Services Provider may perform certain functions under the ~~Javelin~~Bats Hotspot SEF Rules and ~~Javelin SEF~~Bats Hotspot SEF may provide information to the Technology Services Provider in connection with the Technology Services Providers performance of such functions.

#### **Rule 907. Governing Law**

The ~~Javelin SEF~~Bats Hotspot SEF Rules, and the rights and obligations of ~~Javelin SEF~~Bats Hotspot SEF and Participants under the ~~Javelin SEF~~Bats Hotspot SEF Rules shall be governed by, and construed in accordance with, the laws of the State of New York.

#### **Rule 908. ~~Javelin SEF~~Bats Hotspot SEF Disaster Recovery, Business Continuity and Risk Oversight**

1. ~~Javelin SEF~~Bats Hotspot SEF shall establish and maintain a program of risk analysis and oversight to identify and minimize sources of operational risk through the development of appropriate controls and procedures and automated systems that are scalable, reliable and secure. Such risk analysis and oversight shall address each of the following categories: (i) information security, (ii) business continuity and disaster recovery planning and resources, (iii) capacity and performance planning, and (iv) systems operations.
2. ~~Javelin~~Bats Hotspot SEF shall establish and maintain emergency procedures, back up facilities and a plan for disaster recovery that permits the timely recovery and resumption of operations, and the fulfillment of the responsibilities and obligations of ~~Javelin SEF~~Bats Hotspot SEF. Such written policies regarding disaster recovery, business continuity will ensure that ~~Javelin SEF~~Bats Hotspot SEF is able to continue to operate during periods of stress. ~~Javelin SEF~~Bats Hotspot SEF shall perform periodic testing of disaster recovery and business continuity plans, duplication of critical systems at back up sites and periodic back-up of critical information.

#### **Rule 909. Appointment of Agent for Service of Process**

Any Participant organized or located outside of the United States will enter into a written agreement acceptable to ~~Javelin SEF~~Bats Hotspot SEF appointing a third party as its U.S. agent for service of process for purposes of CFTC Regulation 15.05, and will provide ~~Javelin SEF~~Bats Hotspot SEF with a copy of such agreement.

#### **Rule 910. Prohibited Use of Data Collected for Regulatory Purposes**

~~Javelin SEF~~Bats Hotspot SEF shall not use for business or marketing purposes any proprietary data or personal information it collects or receives, from or on behalf of any person, for the purpose of fulfilling its regulatory obligations. Notwithstanding the foregoing, ~~Javelin SEF~~Bats Hotspot SEF may use such data or information for business or marketing purposes if the Person from whom it collects



or receives such data or information clearly consents in writing to ~~Javelin SEF~~Bats Hotspot SEF's use of such data or information in such manner. ~~Javelin SEF~~Bats Hotspot SEF shall not condition access to ~~Javelin SEF~~Bats Hotspot SEF's market(s) or market services upon a Person's consent to ~~Javelin SEF~~Bats Hotspot SEF's use of proprietary data or personal information for business or marketing purposes. Where necessary for regulatory purposes, ~~Javelin SEF~~Bats Hotspot SEF may share such data or information with one or more SEFs or DCMs registered with the CFTC.

## CHAPTER 10 PRODUCT SPECIFICATIONS

### Rule 1001. Reserved Interest Swap: Australian Dollar (LCH Cleared)

<b>Contract Overview</b>	An agreement to exchange one stream of cash flows for another where one stream is based on a floating rate, for a given notional amount over a specified term, and the other stream is based upon either another floating interest rate or a fixed interest rate for the same notional and a given term.
<b>Participant Category</b>	All Market Participants with trading privileges on Javelin SEF are eligible to trade this product
<b>Currency Units</b>	Australian Dollars
<b>Trading Conventions</b>	Buy = Pay Fixed, Receive Float – or – Pay Float +/- Spread, Receive Float Sell = Receive Fixed, Pay Float – or – Receive Float +/- Spread, Pay Float
<b>Contract Size</b>	Increments of 1 million currency units on Central Limit Order Book Increments of 100,000 currency units on Request for Quote System
<b>Swap Tenor or Swap Term</b>	The duration of time from the effective date to the maturity date. A contract can have a Swap Tenor from 30 days to 30 years.
<b>Effective Date</b>	The date on which parties begin calculating accrued obligations such as fixed and floating interest rate payments. Also known as the start date of the swap.
<b>Trade Start Types</b>	Same Day: <ul style="list-style-type: none"> <li>• A new swap where the Effective Date is the same day as the trade date.</li> </ul> Next Day: <ul style="list-style-type: none"> <li>• A new swap where the Effective Date is T+1 from the trade date.</li> </ul> Spot: <ul style="list-style-type: none"> <li>• A new swap where the Effective Date is T+2 from the trade date.</li> </ul> Forward: A new swap with an effective date on any day after the spot start date, before the maturity date, and no longer than 13 months
<b>Maturity Date</b>	The final date on which the obligations no longer accrue and the final payment occurs.

<p><b>Swap Conventions</b></p>	<p><b>Fixed Leg</b></p> <ul style="list-style-type: none"> <li>● Payment Frequency: Monthly, Quarterly, Semi-Annual, Annual</li> <li>● Day Count Convention: 30/360, 30E/360, ACT/360, ACT/365, ACT/ACT</li> <li>● Holiday Calendars: London, Sydney</li> <li>● Business Day Conventions: Following, Modified Following with adjustment to period-end dates &amp; Unadjusted for period-end dates</li> </ul> <p><b>Floating Leg</b></p> <ul style="list-style-type: none"> <li>● Payment/Resets : Monthly, Quarterly, Semi-Annual</li> <li>● Day Count Conventions: ACT/360, ACT/365</li> <li>● Holiday Calendars: Sydney</li> <li>● Business Day Conventions: Following, Modified Following with adjustment to period-end dates &amp; Unadjusted for period-end dates</li> </ul>
<p><b>Floating Rate Index</b></p>	<p>AUD-BBSW</p>
<p><b>Floating Fixing Date</b></p>	<p>AUD: The BBSW Fixing Date is the same day as the floating effective date</p>
<p><b>Periodic Settlement Payment and Resets</b></p>	<p><b>Fixed Leg:</b> The payment amount of the Fixed Leg is based on the following: Notional, Fixed Interest Rate, Payment Frequency, Number of days in the interest accrual period and Day Count Convention.</p> <p><b>Floating Leg:</b> The payment amount of the Floating Leg is based on the following: Notional, Floating Interest Rate Index, Payment Frequency, Number of days in the interest accrual period and Day Count Convention.</p> <p>Payments are settled in accordance with the payment frequency of the swap.</p>
<p><b>Trade Types</b></p>	<ul style="list-style-type: none"> <li>● “Rate Trades”; interest rate swaps</li> <li>● “Spreads”; combination of interest rate swaps and government bond purchases or sales</li> <li>● IMM*; interest rate swaps where Effective Date, Accrual Dates and Maturity Date are IMM Dates.</li> <li>● “MAC” Swaps; Market Agreed Coupon</li> <li>● “Basis” Swaps; Exchange of two floating rate indices</li> <li>● “Package Trades”; Combination of Interest rate swaps</li> </ul>
<p><b>Notional Types</b></p>	<p>“Bullet”; Notional remains constant over term of swap.</p>

\*-IMM shall mean the four quarterly dates of each year which are the third Wednesday of March, June, September, and December in accordance with the International Monetary Market calendar a division of the CME Group.

<b>Settlement Procedure</b>	As determined by the Clearing Venue
<b>Trading Hours</b>	As provided in Javelin SEF Rule 502.
<b>Clearing Venue</b>	LCH
<b>Block Trades</b>	Block Trades may be submitted pursuant to Javelin SEF Rule 515
<b>Position Limits</b>	As provided by Part 151 of the Commission's Regulations.
<b>Reporting Levels</b>	As provided by Commission Regulation 15.03.

**Rule 1002. Reserved Interest Swap: Canadian Dollar (LCH Cleared)**

<b>Contract Overview</b>	An agreement to exchange one stream of cash flows for another where one stream is based on a floating rate, for a given notional amount over a specified term, and the other stream is based upon either another floating interest rate or a fixed interest rate for the same notional and a given term.
<b>Participant Category</b>	All Market Participants with trading privileges on Javelin SEF are eligible to trade this product
<b>Currency Units</b>	Canadian Dollars
<b>Trading Conventions</b>	Buy = Pay Fixed, Receive Float – or – Pay Float +/- Spread, Receive Float Sell = Receive Fixed, Pay Float – or – Receive Float +/- Spread, Pay Float
<b>Contract Size</b>	Increments of 1 million currency units on Central Limit Order Book Increments of 100,000 currency units on Request for Quote System
<b>Swap Tenor or Swap Term</b>	The duration of time from the effective date to the maturity date. A contract can have a Swap Tenor from 30 days to 30 years.
<b>Effective Date</b>	The date on which parties begin calculating accrued obligations such as fixed and floating interest rate payments. Also known as the start date of the swap.

<b>Trade Start Types</b>	<p><i>Same Day:</i></p> <ul style="list-style-type: none"> <li>• A new swap where the Effective Date is the same day as the trade date.</li> </ul> <p><i>Next Day:</i></p> <ul style="list-style-type: none"> <li>• A new swap where the Effective Date is T+1 from the trade date.</li> </ul> <p><i>Spot:</i></p> <ul style="list-style-type: none"> <li>• A new swap where the Effective Date is T+2 from the trade date.</li> </ul> <p><i>Forward:</i></p> <p>A new swap with an effective date on any day after the spot start date, before the maturity date, and no longer than 13 months</p>
<b>Maturity Date</b>	The final date on which the obligations no longer accrue and the final payment occurs.
<b>Swap Conventions</b>	<p><b>Fixed Leg</b></p> <ul style="list-style-type: none"> <li>• Payment Frequency: Monthly, Quarterly, Semi-Annual, Annual</li> <li>• Day Count Convention: 30/360, 30E/360, ACT/360, ACT/365, ACT/ACT</li> <li>• Holiday Calendars: Toronto</li> <li>• Business Day Conventions: Following, Modified Following with adjustment to period end dates &amp; Unadjusted for period end dates</li> </ul> <p><b>Floating Leg</b></p> <ul style="list-style-type: none"> <li>• Payment/Resets : Monthly, Quarterly, Semi-Annual</li> <li>• Day Count Conventions: ACT/360, ACT/365</li> <li>• Holiday Calendars: Toronto</li> <li>• Business Day Conventions: Following, Modified Following with adjustment to period end dates &amp; Unadjusted for period end dates</li> </ul>
<b>Floating Rate Index</b>	CAD CDOR
<b>Floating Fixing Date</b>	CAD: The Fixing Date is the same day as the floating effective date
<b>Periodic Settlement Payment and Resets</b>	<p><b>Fixed Leg:</b> The payment amount of the Fixed Leg is based on the following: Notional, Fixed Interest Rate, Payment Frequency, Number of days in the interest accrual period and Day Count Convention.</p> <p><b>Floating Leg:</b> The payment amount of the Floating Leg is based on the following: Notional, Floating Interest Rate Index, Payment Frequency, Number of days in the interest accrual period and Day Count Convention.</p> <p>Payments are settled in accordance with the payment frequency of the swap.</p>

<b>Trade Types</b>	<ul style="list-style-type: none"> <li>• <del>“Rate Trades”; interest rate swaps</del></li> <li>• <del>“Spreads”; combination of interest rate swaps and government bond purchases or sales</del></li> <li>• <del>IMM*; interest rate swaps where Effective Date, Accrual Dates and Maturity Date are IMM Dates.</del></li> <li>• <del>“MAC” Swaps; Market Agreed Coupon</del></li> <li>• <del>“Basis” Swaps; Exchange of two floating rate indices</del></li> <li>• <del>“Package Trades”; Combination of Interest rate swaps</del></li> </ul>
<b>Notional Types</b>	<del>“Bullet”; Notional remains constant over term of swap.</del>
<b>Settlement Procedure</b>	<del>As determined by the Clearing Venue</del>
<b>Trading Hours</b>	<del>As provided in Javelin SEF Rule 502.</del>
<b>Clearing Venue</b>	<del>LCH</del>
<b>Block Trades</b>	<del>Block Trades may be submitted pursuant to Javelin SEF Rule 515</del>
<b>Position Limits</b>	<del>As provided by Part 151 of the Commission’s Regulations.</del>
<b>Reporting Levels</b>	<del>As provided by Commission Regulation 15.03.</del>

**Rule 1003. ReservedInterest Swap: Swiss Franc (LCH Cleared)**

\*-IMM shall mean the four quarterly dates of each year which are the third Wednesday of March, June, September, and December in accordance with the International Monetary Market calendar a division of the CME Group.

<b>Contract Overview</b>	An agreement to exchange one stream of cash flows for another where one stream is based on a floating rate, for a given notional amount over a specified term, and the other stream is based upon either another floating interest rate or a fixed interest rate for the same notional and a given term.
<b>Participant Category</b>	All Market Participants with trading privileges on Javelin SEF are eligible to trade this product
<b>Currency Units</b>	Swiss Francs
<b>Trading Conventions</b>	Buy = Pay Fixed, Receive Float or Pay Float +/- Spread, Receive Float Sell = Receive Fixed, Pay Float or Receive Float +/- Spread, Pay Float
<b>Contract Size</b>	Increments of 1 million currency units on Central Limit Order Book Increments of 100,000 currency units on Request-for-Quote System
<b>Swap Tenor or Swap Term</b>	The duration of time from the effective date to the maturity date. A contract can have a Swap Tenor from 30 days to 30 years.
<b>Effective Date</b>	The date on which parties begin calculating accrued obligations such as fixed and floating interest rate payments. Also known as the start date of the swap.
<b>Trade Start Types</b>	<p><i>Same Day:</i></p> <ul style="list-style-type: none"> <li>• A new swap where the Effective Date is the same day as the trade date.</li> </ul> <p><i>Next Day:</i></p> <ul style="list-style-type: none"> <li>• A new swap where the Effective Date is T+1 from the trade date.</li> </ul> <p><i>Spot:</i></p> <ul style="list-style-type: none"> <li>• A new swap where the Effective Date is T+2 from the trade date.</li> </ul> <p><i>Forward:</i></p> <p>A new swap with an effective date on any day after the spot start date, before the maturity date, and no longer than 13 months</p>
<b>Maturity Date</b>	The final date on which the obligations no longer accrue and the final payment occurs.

<b>Swap Conventions</b>	<p><b>Fixed Leg</b></p> <ul style="list-style-type: none"> <li>● Payment Frequency: Monthly, Quarterly, Semi-Annual, Annual</li> <li>● Day Count Convention: 30/360, 30E/360, ACT/360, ACT/365, ACT/ACT</li> <li>● Holiday Calendars: Zurich</li> <li>● Business Day Conventions: Following, Modified Following with adjustment to period-end dates &amp; Unadjusted for period-end dates</li> </ul> <p><b>Floating Leg</b></p> <ul style="list-style-type: none"> <li>● Payment/Resets : Monthly, Quarterly, Semi-Annual</li> <li>● Day Count Conventions: ACT/360, ACT/365</li> <li>● Holiday Calendars: London, Zurich</li> <li>● Business Day Conventions: Following, Modified Following with adjustment to period-end dates &amp; Unadjusted for period-end dates</li> </ul>
<b>Floating Rate Index</b>	CHF LIBOR
<b>Floating Fixing Date</b>	CHF: The LIBOR Fixing Date is 2 business days prior to the floating effective date.
<b>Periodic Settlement Payment and Resets</b>	<p>Fixed Leg: The payment amount of the Fixed Leg is based on the following: Notional, Fixed Interest Rate, Payment Frequency, Number of days in the interest accrual period and Day Count Convention.</p> <p>Floating Leg: The payment amount of the Floating Leg is based on the following: Notional, Floating Interest Rate Index, Payment Frequency, Number of days in the interest accrual period and Day Count Convention.</p> <p>Payments are settled in accordance with the payment frequency of the swap.</p>
<b>Trade Types</b>	<ul style="list-style-type: none"> <li>● “Rate Trades”; interest rate swaps</li> <li>● “Spreads”; combination of interest rate swaps and government bond purchases or sales</li> <li>● IMM*; interest rate swaps where Effective Date, Accrual Dates and Maturity Date are IMM Dates.</li> <li>● “MAC” Swaps; Market Agreed Coupon</li> <li>● “Basis” Swaps; Exchange of two floating rate indices</li> <li>● “Package Trades”; Combination of Interest rate swaps</li> </ul>

\*-IMM shall mean the four quarterly dates of each year which are the third Wednesday of March, June, September, and December in accordance with the International Monetary Market calendar a division of the CME Group



<b>Notional Types</b>	"Bullet"; Notional remains constant over term of swap.
<b>Settlement Procedure</b>	As determined by the Clearing Venue
<b>Trading Hours</b>	As provided in Javelin SEF Rule 502.
<b>Clearing Venue</b>	LCH
<b>Block Trades</b>	Block Trades may be submitted pursuant to Javelin SEF Rule 515
<b>Position Limits</b>	As provided by Part 151 of the Commission's Regulations.
<b>Reporting Levels</b>	As provided by Commission Regulation 15.03.

**Rule 1004. Reserved Interest Swap: Euros (LCH Cleared)**

<b>Contract Overview</b>	An agreement to exchange one stream of cash flows for another where one stream is based on a floating rate, for a given notional amount over a specified term, and the other stream is based upon either another floating interest rate or a fixed interest rate for the same notional and a given term.
<b>Participant Category</b>	All Market Participants with trading privileges on Javelin SEF are eligible to trade this product
<b>Currency Units</b>	Euros
<b>Trading Conventions</b>	Buy = Pay Fixed, Receive Float or Pay Float +/- Spread, Receive Float Sell = Receive Fixed, Pay Float or Receive Float +/- Spread, Pay Float
<b>Contract Size</b>	Increments of 1 million currency units on Central Limit Order Book Increments of 100,000 currency units on Request for Quote System

<b>Swap Tenor or Swap Term</b>	The duration of time from the effective date to the maturity date. A contract can have a Swap Tenor from 30 days to 50 years.
<b>Effective Date</b>	The date on which parties begin calculating accrued obligations such as fixed and floating interest rate payments. Also known as the start date of the swap.
<b>Trade Start Types</b>	<p><i>Same Day:</i></p> <ul style="list-style-type: none"> <li>• A new swap where the Effective Date is the same day as the trade date.</li> </ul> <p><i>Next Day:</i></p> <ul style="list-style-type: none"> <li>• A new swap where the Effective Date is T+1 from the trade date.</li> </ul> <p><i>Spot:</i></p> <ul style="list-style-type: none"> <li>• A new swap where the Effective Date is T+2 from the trade date.</li> </ul> <p><i>Forward:</i></p> <p>A new swap with an effective date on any day after the spot start date, before the maturity date, and no longer than 13 months</p>
<b>Maturity Date</b>	The final date on which the obligations no longer accrue and the final payment occurs.
<b>Swap Conventions</b>	<p><b>Fixed Leg</b></p> <ul style="list-style-type: none"> <li>• Payment Frequency: Monthly, Quarterly, Semi-Annual, Annual</li> <li>• Day Count Convention: 30/360, 30E/360, ACT/360, ACT/365, ACT/ACT</li> <li>• Holiday Calendars: TARGET**</li> <li>• Business Day Conventions: Following, Modified Following with adjustment to period end dates &amp; Unadjusted for period end dates</li> </ul> <p><b>Floating Leg</b></p> <ul style="list-style-type: none"> <li>• Payment/Resets : Monthly, Quarterly, Semi-Annual</li> <li>• Day Count Conventions: ACT/360, ACT/365</li> <li>• Holiday Calendars: TARGET</li> <li>• Business Day Conventions: Following, Modified Following with adjustment to period end dates &amp; Unadjusted for period end dates</li> </ul>
<b>Floating Rate Index</b>	EUR-EURIBOR
<b>Floating Fixing Date</b>	EUR: The EURIBOR Fixing Date is 2 business days prior to the floating effective date.

\*\*TARGET shall mean any day on which TARGET (the Trans-European Automated Real-time Gross settlement Express Transfer system) is open.

<b>Periodic Settlement Payment and Resets</b>	<p>Fixed Leg: The payment amount of the Fixed Leg is based on the following: Notional, Fixed Interest Rate, Payment Frequency, Number of days in the interest accrual period and Day Count Convention.</p> <p>Floating Leg: The payment amount of the Floating Leg is based on the following: Notional, Floating Interest Rate Index, Payment Frequency, Number of days in the interest accrual period and Day Count Convention.</p> <p>Payments are settled in accordance with the payment frequency of the swap.</p>
<b>Trade Types</b>	<ul style="list-style-type: none"> <li>• “Rate Trades”; interest rate swaps</li> <li>• “Spreads”; combination of interest rate swaps and government bond purchases or sales</li> <li>• IMM*; interest rate swaps where Effective Date, Accrual Dates and Maturity Date are IMM Dates.</li> <li>• “MAC” Swaps; Market Agreed Coupon</li> <li>• “Basis” Swaps; Exchange of two floating rate indices</li> <li>• “Package Trades”; Combination of Interest rate swaps</li> </ul>
<b>Notional Types</b>	“Bullet”; Notional remains constant over term of swap.
<b>Settlement Procedure</b>	As determined by the Clearing Venue
<b>Trading Hours</b>	As provided in Javelin SEF Rule 502.
<b>Clearing Venue</b>	LCH
<b>Block Trades</b>	Block Trades may be submitted pursuant to Javelin SEF Rule 515
<b>Position Limits</b>	As provided by Part 151 of the Commission’s Regulations.
<b>Reporting Levels</b>	As provided by Commission Regulation 15.03.

\*-IMM shall mean the four quarterly dates of each year which are the third Wednesday of March, June, September, and December in accordance with the International Monetary Market calendar a division of the CME Group.

**Rule 1005. Reserved Interest Swap: British Pounds (LCH Cleared)**

<b>Contract Overview</b>	An agreement to exchange one stream of cash flows for another where one stream is based on a floating rate, for a given notional amount over a specified term, and the other stream is based upon either another floating interest rate or a fixed interest rate for the same notional and a given term.
<b>Participant Category</b>	All Market Participants with trading privileges on Javelin SEF are eligible to trade this product
<b>Currency Units</b>	British Pounds Sterling
<b>Trading Conventions</b>	Buy = Pay Fixed, Receive Float or Pay Float +/- Spread, Receive Float Sell = Receive Fixed, Pay Float or Receive Float +/- Spread, Pay Float
<b>Contract Size</b>	Increments of 1 million currency units on Central Limit Order Book Increments of 100,000 currency units on Request for Quote System
<b>Swap Tenor or Swap Term</b>	The duration of time from the effective date to the maturity date. A contract can have a Swap Tenor from 30 days to 50 years.
<b>Effective Date</b>	The date on which parties begin calculating accrued obligations such as fixed and floating interest rate payments. Also known as the start date of the swap.
<b>Trade Start Types</b>	<p><i>Same Day:</i></p> <ul style="list-style-type: none"> <li>• A new swap where the Effective Date is the same day as the trade date.</li> </ul> <p><i>Next Day:</i></p> <ul style="list-style-type: none"> <li>• A new swap where the Effective Date is T+1 from the trade date.</li> </ul> <p><i>Spot:</i></p> <ul style="list-style-type: none"> <li>• A new swap where the Effective Date is T+2 from the trade date.</li> </ul> <p><i>Forward:</i></p> <p>A new swap with an effective date on any day after the spot start date, before the maturity date, and no longer than 13 months</p>

<b>Maturity Date</b>	The final date on which the obligations no longer accrue and the final payment occurs.
<b>Swap Conventions</b>	<p>Fixed Leg</p> <ul style="list-style-type: none"> <li>• Payment Frequency: Monthly, Quarterly, Semi-Annual, Annual</li> <li>• Day Count Convention: 30/360, 30E/360, ACT/360, ACT/365, ACT/ACT</li> <li>• Holiday Calendars: London</li> <li>• Business Day Conventions: Following, Modified Following with adjustment to period end dates &amp; Unadjusted for period end dates</li> </ul> <p>Floating Leg</p> <ul style="list-style-type: none"> <li>• Payment/Resets : Monthly, Quarterly, Semi-Annual</li> <li>• Day Count Conventions: ACT/360, ACT/365</li> <li>• Holiday Calendars: London</li> <li>• Business Day Conventions: Following, Modified Following with adjustment to period end dates &amp; Unadjusted for period end dates</li> </ul>
<b>Floating Rate Index</b>	GBP LIBOR
<b>Floating Fixing Date</b>	GBP: The LIBOR Fixing Date is the same day as the floating effective date.
<b>Periodic Settlement Payment and Resets</b>	<p>Fixed Leg: The payment amount of the Fixed Leg is based on the following: Notional, Fixed Interest Rate, Payment Frequency, Number of days in the interest accrual period and Day Count Convention</p> <p>Floating Leg: The payment amount of the Floating Leg is based on the following: Notional, Floating Interest Rate Index, Payment Frequency, Number of days in the interest accrual period and Day Count Convention.</p> <p>Payments are settled in accordance with the payment frequency of the swap.</p>

<b>Trade Types</b>	<ul style="list-style-type: none"> <li>● “Rate Trades”; interest rate swaps</li> <li>● “Spreads”; combination of interest rate swaps and government bond purchases or sales</li> <li>● IMM*; interest rate swaps where Effective Date, Accrual Dates and Maturity Date are IMM Dates.</li> <li>● “MAC” Swaps; Market Agreed Coupon</li> <li>● “Basis” Swaps; Exchange of two floating rate indices</li> <li>● “Package Trades”; Combination of Interest rate swaps</li> </ul>
<b>Notional Types</b>	“Bullet”; Notional remains constant over term of swap.
<b>Settlement Procedure</b>	As determined by the Clearing Venue
<b>Trading Hours</b>	As provided in Javelin SEF Rule 502.
<b>Clearing Venue</b>	LCH
<b>Block Trades</b>	Block Trades may be submitted pursuant to Javelin SEF Rule 515
<b>Position Limits</b>	As provided by Part 151 of the Commission’s Regulations.
<b>Reporting Levels</b>	As provided by Commission Regulation 15.03.

**Rule 1006. Reserved Interest Swap: Japanese Yen (LCH Cleared)**

\* IMM shall mean the four quarterly dates of each year which are the third Wednesday of March, June, September, and December in accordance with the International Monetary Market calendar a division of the CME Group.

<b>Contract Overview</b>	An agreement to exchange one stream of cash flows for another where one stream is based on a floating rate, for a given notional amount over a specified term, and the other stream is based upon either another floating interest rate or a fixed interest rate for the same notional and a given term.
<b>Participant Category</b>	All Market Participants with trading privileges on Javelin SEF are eligible to trade this product
<b>Currency Units</b>	Japanese Yen
<b>Trading Conventions</b>	Buy = Pay Fixed, Receive Float or Pay Float +/- Spread, Receive Float Sell = Receive Fixed, Pay Float or Receive Float +/- Spread, Pay Float
<b>Contract Size</b>	Increments of 100 million currency units on Central Limit Order Book Increments of 10 million currency units on Request for Quote System
<b>Swap Tenor or Swap Term</b>	The duration of time from the effective date to the maturity date. A contract can have a Swap Tenor from 30 days to 30 years.
<b>Effective Date</b>	The date on which parties begin calculating accrued obligations such as fixed and floating interest rate payments. Also known as the start date of the swap.
<b>Trade Start Types</b>	<p><i>Same Day:</i></p> <ul style="list-style-type: none"> <li>• A new swap where the Effective Date is the same day as the trade date.</li> </ul> <p><i>Next Day:</i></p> <ul style="list-style-type: none"> <li>• A new swap where the Effective Date is T+1 from the trade date.</li> </ul> <p><i>Spot:</i></p> <ul style="list-style-type: none"> <li>• A new swap where the Effective Date is T+2 from the trade date.</li> </ul> <p><i>Forward:</i></p> <p>A new swap with an effective date on any day after the spot start date, before the maturity date, and no longer than 13 months</p>
<b>Maturity Date</b>	The final date on which the obligations no longer accrue and the final payment occurs.

<p><b>Swap Conventions</b></p>	<p><b>Fixed Leg</b></p> <ul style="list-style-type: none"> <li>● Payment Frequency: Monthly, Quarterly, Semi-Annual, Annual</li> <li>● Day Count Convention: 30/360, 30E/360, ACT/360, ACT/365, ACT/ACT</li> <li>● Holiday Calendars: London, Tokyo</li> <li>● Business Day Conventions: Following, Modified Following with adjustment to period-end dates &amp; Unadjusted for period-end dates</li> </ul> <p><b>Floating Leg</b></p> <ul style="list-style-type: none"> <li>● Payment/Resets : Monthly, Quarterly, Semi-Annual</li> <li>● Day Count Conventions: ACT/360, ACT/365</li> <li>● Holiday Calendars: Tokyo</li> <li>● Business Day Conventions: Following, Modified Following with adjustment to period-end dates &amp; Unadjusted for period-end dates</li> </ul>
<p><b>Floating Rate Index</b></p>	<p>JPY LIBOR</p>
<p><b>Floating Fixing Date</b></p>	<p>JPY: The LIBOR Fixing Date is 2 business days prior to the floating effective date</p>
<p><b>Periodic Settlement Payment and Resets</b></p>	<p><b>Fixed Leg:</b> The payment amount of the Fixed Leg is based on the following: Notional, Fixed Interest Rate, Payment Frequency, Number of days in the interest accrual period and Day Count Convention.</p> <p><b>Floating Leg:</b> The payment amount of the Floating Leg is based on the following: Notional, Floating Interest Rate Index, Payment Frequency, Number of days in the interest accrual period and Day Count Convention.</p> <p>Payments are settled in accordance with the payment frequency of the swap.</p>
<p><b>Trade Types</b></p>	<ul style="list-style-type: none"> <li>● “Rate Trades”; interest rate swaps</li> <li>● “Spreads”; combination of interest rate swaps and government bond purchases or sales</li> <li>● IMM*; interest rate swaps where Effective Date, Accrual Dates and Maturity Date are IMM Dates.</li> <li>● “MAC” Swaps; Market Agreed Coupon</li> <li>● “Basis” Swaps; Exchange of two floating rate indices</li> <li>● “Package Trades”; Combination of Interest rate swaps</li> </ul>

\* IMM shall mean the four quarterly dates of each year which are the third Wednesday of March, June, September, and December in accordance with the International Monetary Market calendar a division of the CME Group.



<b>Notional Types</b>	<del>“Bullet”; Notional remains constant over term of swap.</del>
<b>Settlement Procedure</b>	<del>As determined by the Clearing Venue</del>
<b>Trading Hours</b>	<del>As provided in Javelin SEF Rule 502.</del>
<b>Clearing Venue</b>	<del>LCH</del>
<b>Block Trades</b>	<del>Block Trades may be submitted pursuant to Javelin SEF Rule 515</del>
<b>Position Limits</b>	<del>As provided by Part 151 of the Commission’s Regulations.</del>
<b>Reporting Levels</b>	<del>As provided by Commission Regulation 15.03.</del>

**Rule 1007. Interest Swap: US Dollars (LCH Cleared)**

<b>Contract Overview</b>	An agreement to exchange one stream of cash flows for another where one stream is based on a floating rate, for a given notional amount over a specified term, and the other stream is based upon either another floating interest rate or a fixed interest rate for the same notional and a given term.
<b>Participant Category</b>	All Market Participants with trading privileges on <del>Javelin SEF</del> <u>Bats Hotspot SEF</u> are eligible to trade this product
<b>Currency Units</b>	US Dollars
<b>Trading Conventions</b>	Buy = Pay Fixed, Receive Float <del>-or- Pay Float +/- Spread, Receive Float</del> Sell = Receive Fixed, Pay Float <del>-or- Receive Float +/- Spread, Pay Float</del>
<b>Contract Size</b>	Increments of 1 million currency units on Central Limit Order Book <del>Increments of 100,000 currency units on Request for Quote System</del>
<b>Swap Tenor or Swap Term</b>	The duration of time from the effective date to the maturity date. A contract can have a Swap Tenors <u>of 2, 3, 5, 7 and 10</u> <del>from 30 days to 50</del> years.

<b>Effective Date</b>	The date on which parties begin calculating accrued obligations such as fixed and floating interest rate payments. Also known as the start date of the swap.
<b>Trade Start Types</b>	<p><del>Same Day:</del></p> <ul style="list-style-type: none"> <li><del>• A new swap where the Effective Date is the same day as the trade date.</del></li> </ul> <p><del>Next Day:</del></p> <ul style="list-style-type: none"> <li><del>• A new swap where the Effective Date is T+1 from the trade date.</del></li> </ul> <p><del>Spot:</del></p> <ul style="list-style-type: none"> <li><del>• A new swap where the Effective Date is T+2 from the trade date.</del></li> </ul> <p><del>Forward:</del></p> <p><del>A new swap with an effective date on any day after the spot start date, before the maturity date, and no longer than 13 months</del></p>
<b>Maturity Date</b>	The final date on which the obligations no longer accrue and the final payment occurs.
<b>Swap Conventions</b>	<p>Fixed Leg</p> <ul style="list-style-type: none"> <li>• Payment Frequency: <del>Monthly, Quarterly, Semi-Annual, Annual</del></li> <li>• Day Count Convention: 30/360, <del>ACT/360, ACT/365, ACT/ACT</del></li> <li>• Holiday Calendars: London, New York</li> <li>• Business Day Conventions: <del>Following, Modified Following with adjustment to period end dates</del> &amp; <del>Unadjusted for period end dates</del></li> </ul> <p>Floating Leg</p> <ul style="list-style-type: none"> <li>• Payment/Resets : <del>Monthly, Quarterly, Semi-Annual</del></li> <li>• Day Count Conventions: ACT/360, <del>ACT/365</del></li> <li>• Holiday Calendars: London, New York</li> <li>• Business Day Conventions: <del>Following, Modified Following with adjustment to period end dates</del> &amp; <del>Unadjusted for period end dates</del></li> </ul>
<b>Floating Rate Index</b>	USD LIBOR
<b>Floating Fixing Date</b>	USD: The LIBOR Fixing Date is 2 business days prior to the floating effective date.

<b>Periodic Settlement Payment and Resets</b>	<p>Fixed Leg: The payment amount of the Fixed Leg is based on the following: Notional, Fixed Interest Rate, Payment Frequency, Number of days in the interest accrual period and Day Count Convention.</p> <p>Floating Leg: The payment amount of the Floating Leg is based on the following: Notional, Floating Interest Rate Index, Payment Frequency, Number of days in the interest accrual period and Day Count Convention.</p> <p>Payments are settled in accordance with the payment frequency of the swap.</p>
<b>Trade Types</b>	<ul style="list-style-type: none"> <li>• “Rate Trades”; interest rate swaps</li> <li>• <del>“Spreads”; combination of interest rate swaps and US Treasury Bond purchases or sales</del></li> <li>• <del>IMM*; interest rate swaps where Effective Date, Accrual Dates and Maturity Date are IMM Dates.</del></li> <li>• <del>“MAC” Swaps; Market Agreed Coupon</del></li> <li>• <del>“Basis” Swaps; Exchange of two floating rate indices</del></li> <li>• <del>“Package Trades”; Combination of Interest rate swaps</del></li> </ul>
<b>Notional Types</b>	“Bullet”; Notional remains constant over term of swap.
<b>Settlement Procedure</b>	As determined by the Clearing Venue
<b>Trading Hours</b>	As provided in <del>Javelin SEF</del> <u>Bats Hotspot SEF</u> Rule 502.
<b>Clearing Venue</b>	LCH
<b>Block Trades</b>	Block Trades may <u>not</u> be submitted pursuant to <del>Javelin SEF</del> <u>Bats Hotspot SEF</u> Rule 515
<b>Position Limits</b>	As provided by Part 151 of the Commission’s Regulations.

\*-IMM shall mean the four quarterly dates of each year which are the third Wednesday of March, June, September, and December in accordance with the International Monetary Market calendar a division of the CME Group.

<b>Reporting Levels</b>	As provided by Commission Regulation 15.03.
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**Rule 1008. Interest Swap: US Dollars (CME Cleared)**

<b>Contract Overview</b>	An agreement to exchange one stream of cash flows for another where one stream is based on a floating rate, for a given notional amount over a specified term, and the other stream is based upon either another floating interest rate or a fixed interest rate for the same notional and a given term.
<b>Participant Category</b>	All Market Participants with trading privileges on <del>Javelin SEF</del> <u>Bats Hotspot SEF</u> are eligible to trade this product
<b>Currency Units</b>	US Dollars
<b>Trading Conventions</b>	Buy = Pay Fixed, Receive Float <del>-or- Pay Float +/- Spread, Receive Float</del> Sell = Receive Fixed, Pay Float <del>-or- Receive Float +/- Spread, Pay Float</del>
<b>Contract Size</b>	Increments of 1 million currency units on Central Limit Order Book <del>Increments of 100,000 currency units on Request for Quote System</del>
<b>Swap Tenor or Swap Term</b>	The duration of time from the effective date to the maturity date. A contract can have a Swap Tenors <u>of 2, 3, 5, 7 and 10</u> <del>from 30 days to 50</del> years.
<b>Effective Date</b>	The date on which parties begin calculating accrued obligations such as fixed and floating interest rate payments. Also known as the start date of the swap.
<b>Trade Start Types</b>	<del>Same Day:</del> <ul style="list-style-type: none"> <li><del>• A new swap where the Effective Date is the same day as the trade date.</del></li> </ul> <del>Next Day:</del> <ul style="list-style-type: none"> <li><del>• A new swap where the Effective Date is T+1 from the trade date.</del></li> </ul> <del>Spot:</del> <ul style="list-style-type: none"> <li><del>• A new swap where the Effective Date is T+2 from the trade date.</del></li> </ul> <del>Forward:</del> <del>A new swap with an effective date on any day after the spot start date, before the maturity date, and no longer than 13 months</del>
<b>Maturity Date</b>	The final date on which the obligations no longer accrue and the final payment occurs.

<b>Swap Conventions</b>	<p>Fixed Leg</p> <ul style="list-style-type: none"> <li>• Payment Frequency: <del>Monthly, Quarterly, Semi-Annual, Annual</del></li> <li>• Day Count Convention: 30/360, <del>30E/360, ACT/360, ACT/365, ACT/ACT</del></li> <li>• Holiday Calendars: London, New York</li> <li>• Business Day Conventions: <del>Following, Modified Following with adjustment to period end dates &amp; Unadjusted for period end dates</del></li> </ul> <p>Floating Leg</p> <ul style="list-style-type: none"> <li>• Payment/Resets : <del>Monthly, Quarterly, Semi-Annual</del></li> <li>• Day Count Conventions: ACT/360, <del>ACT/365</del></li> <li>• Holiday Calendars: London, New York</li> <li>• Business Day Conventions: <del>Following, Modified Following with adjustment to period end dates &amp; Unadjusted for period end dates</del></li> </ul>
<b>Floating Rate Index</b>	USD LIBOR
<b>Floating Fixing Date</b>	USD: The LIBOR Fixing Date is 2 business days prior to the floating effective date.
<b>Periodic Settlement Payment and Resets</b>	<p>Fixed Leg: The payment amount of the Fixed Leg is based on the following: Notional, Fixed Interest Rate, Payment Frequency, Number of days in the interest accrual period and Day Count Convention.</p> <p>Floating Leg: The payment amount of the Floating Leg is based on the following: Notional, Floating Interest Rate Index, Payment Frequency, Number of days in the interest accrual period and Day Count Convention.</p> <p>Payments are settled in accordance with the payment frequency of the swap.</p>
<b>Trade Types</b>	<ul style="list-style-type: none"> <li>• “Rate Trades”; interest rate swaps</li> <li>• <del>“Spreads”; combination of interest rate swaps and US Treasury Bond purchases or sales</del></li> <li>• <del>IMM*; interest rate swaps where Effective Date, Accrual Dates and Maturity Date are IMM Dates.</del></li> <li>• <del>“MAC” Swaps; Market Agreed Coupon</del></li> <li>• <del>“Basis” Swaps; Exchange of two floating rate indices</del></li> <li>• <del>“Package Trades”; Combination of Interest rate swaps</del></li> </ul>
<b>Notional Types</b>	“Bullet”; Notional remains constant over term of swap.
<b>Settlement Procedure</b>	As determined by the Clearing Venue

\*-IMM shall mean the four quarterly dates of each year which are the third Wednesday of March, June, September, and December in accordance with the International Monetary Market calendar a division of the CME Group.

<b>Trading Hours</b>	As provided in <del>Javelin SEF</del> <u>Bats Hotspot SEF</u> Rule 502.
<b>Clearing Venue</b>	CME
<b>Block Trades</b>	Block Trades may <u>not</u> be submitted pursuant to <del>Javelin SEF</del> <u>Bats Hotspot SEF</u> Rule 515
<b>Position Limits</b>	As provided by Part 151 of the Commission's Regulations.
<b>Reporting Levels</b>	As provided by Commission Regulation 15.03.

**EXHIBIT C**

**Rule Amendments**



**Bats Hotspot SEF LLC**

**RULEBOOK**

Effective December 23, 2016

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## CHAPTER 1 DEFINED TERMS

“Affected Person” shall have the meaning set forth in Bats Hotspot SEF Rule 313.

“Agent” shall mean a DMM or DSB (including their Sponsored Persons) that is authorized to act, including entering orders and/or causing Trades, on behalf of a Customer on Bats Hotspot SEF and shall not apply to references to “AGENT” in Bats Hotspot SEF Rule 512.

“Answer” shall mean a written pleading served by either (a) a Respondent in a Disciplinary Proceeding that meets the requirements of Bats Hotspot SEF Rule 719, or (b) a Respondent in a Bats Hotspot SEF Arbitration that meets the requirements of Bats Hotspot SEF Rule 807.

“Applicant” shall have meaning set forth in Bats Hotspot SEF Rule 309.

“Arbitration Panel” shall mean a panel appointed to fulfill the various adjudicative responsibilities described in Chapter 8 regarding arbitration matters.

“Authorized Customer” shall mean a category of Participant of Bats Hotspot SEF described in Chapter 3 of the Bats Hotspot SEF Rules.

“Authorized Representative” shall have the meaning set forth in Bats Hotspot SEF Rule 314.

“Authorized Trader” shall mean a natural person that has been designated by a Participant or a Sponsored Person to be an Authorized Trader pursuant to the Bats Hotspot SEF Rules and who has been approved by Bats Hotspot SEF.

“Bats Hotspot SEF Arbitration” shall mean an arbitration proceeding commenced and conducted pursuant to the Bats Hotspot SEF Rules.

“Bats Hotspot SEF Committee” shall mean the Board including, without limitation, any subcommittee of the Board or any special committee appointed by the Board, and any committee described in the Bats Hotspot SEF Rules.

“Bats Hotspot SEF Market Data” shall have the meaning set forth in Bats Hotspot SEF Rule 901.

“Bats Hotspot SEF Market Monitor” shall mean one member of Bats Hotspot SEF senior staff and one member of Bats Hotspot SEF compliance staff that are authorized to resolve error trades pursuant to Bats Hotspot SEF Rule 510.

“Bats Hotspot SEF Rules” shall mean the rules, policies, procedures, interpretations, guidelines and orders of the Bats Hotspot SEF Board of Directors that are established, and amended from time to time, by Bats Hotspot SEF.

“Bats Hotspot SEF User ID” shall mean the unique identification number assigned by Bats Hotspot SEF to each Authorized Trader which enables such Authorized Trader to access the Bats Hotspot SEF Trading System.

“Bats Hotspot SEF Proceeding” shall mean any meeting, hearing or other proceeding before any Bats Hotspot SEF Committee including, without limitation, the Board, the Arbitration Committee, the Disciplinary Committee, the Participation Committee and the Regulatory Oversight Committee.

“Bats Hotspot SEF Trading System” shall mean the electronic proprietary order entry and execution system operated by Bats Hotspot SEF for the entry and execution of orders regarding the swaps traded on Bats Hotspot SEF and the collection and transmission of information related thereto.

“Board” shall mean the members of the Board of Managers of Bats Hotspot SEF.

“CEA” shall mean the Commodity Exchange Act.

“CFTC” shall mean the United States Commodity Futures Trading Commission.

“Chief Executive Officer” shall mean the individual appointed by the Board as Bats Hotspot SEF’s chief executive officer.

“Chief Compliance Officer” shall mean the individual appointed by the Board as Bats Hotspot SEF’s chief compliance officer.

“Claimant” shall mean a party that commences an Arbitration proceeding pursuant to Chapter 8 of the Bats Hotspot SEF Rules.

“Clearing Member” shall mean any firm that is a member in good standing of any Clearinghouse that is authorized by such Clearinghouse to clear Trades executed on Bats Hotspot SEF and is approved by Bats Hotspot SEF pursuant to the Bats Hotspot SEF Rules. A Clearing Member may clear Trades for its own account (if it has also been admitted as a Participant), or on behalf of a Customer, Designated Swap Broker, Designated Market Maker, or any combination thereof.

“Clearinghouse” shall mean any derivatives clearing organization registered with the CFTC that Bats Hotspot SEF may designate to provide clearing services regarding any or all of the Products traded on Bats Hotspot SEF.

“CLOB” shall mean the central limit order book functionality of the Bats Hotspot SEF Trading System.

“Complaint” shall have the meaning set forth in Bats Hotspot SEF Rule 714.

“Customer” shall mean an ECP, for which a Participant (including its Authorized Trader(s)) or a Sponsored Person (including its Authorized Trader(s)) is authorized to act on Bats Hotspot SEF, including entering orders and/or causing Trades.

“Deliberating Body” shall have the meaning set forth in Bats Hotspot SEF Rule 206.

“Designated Market Maker” or “DMM” shall mean a category of Participant of Bats Hotspot SEF described in Chapter 3 of the Bats Hotspot SEF Rules that has been accepted into the Bats Hotspot SEF market maker program and continues to meet the required performance obligations.

“Designated Swap Broker” or “DSB” shall mean a category of Participant of Bats Hotspot SEF described in Chapter 3 of the Bats Hotspot SEF Rules. In addition to agency trades, a DSB shall be authorized to trade on behalf of a Customer for which it is authorized to exercise investment discretion.

“Designated Operational Contact” shall mean a natural person that is an employee of a Participant designated by such Participant (subject to Bats Hotspot SEF’s approval) in accordance with Bats Hotspot SEF Rule 314 to liaise with Bats Hotspot SEF for the purposes of on-boarding onto the Bats Hotspot SEF and to perform other operational duties.

“Director” shall mean any member of the Board.

“Disciplinary Committee” shall mean a “disciplinary committee” and a “oversight panel” as both defined in CFTC Regulation 1.69, the Disciplinary Committee described in Bats Hotspot SEF Rule 217 (“Disciplinary Committee”) and any subcommittee thereof (including, without limitation, any Disciplinary Panel), and the Regulatory Oversight Committee.

“Disciplinary Offense” shall mean “disciplinary offense” as defined in CFTC Regulation 1.63(a)(6).

“Disciplinary Panel” shall mean the types of panels, described in Bats Hotspot SEF Rule 217, appointed by the Regulatory Oversight Committee from Bats Hotspot SEF’s Disciplinary Committee. Such panels shall fulfill the various adjudicative responsibilities described in Chapter 7.

“Disciplinary Proceeding” shall mean an inquiry, investigation, disciplinary proceeding, appeal from a disciplinary proceeding, Summary Proceeding or appeal from a Summary Proceeding conducted pursuant to Chapter 7 of the Bats Hotspot SEF Rules.

“ECP” shall mean an eligible contract participant as defined by Section 1a(18) of the CEA.

“Emergency” shall mean any occurrence or circumstance which, in the opinion of the Board, or its designee authorized pursuant to Bats Hotspot SEF Rule 203, or as indicated to Bats Hotspot SEF by the



CFTC, requires immediate action to maintain markets with fair and orderly trading and to prevent or address manipulation or disruptive trading practices, whether the need for intervention arises exclusively from such occurrence or circumstance only involving Bats Hotspot SEF's market or as part of a coordinated, cross-market intervention including, without limitation, the following:

- a) any circumstance that may materially affect trading on Bats Hotspot SEF or Bats Hotspot SEF's market, including the failure of a Clearinghouse or Clearing Member;
- b) any action taken by any United States or foreign regulatory, self-regulatory, judicial, arbitral, or governmental (whether national, state or municipal) or quasi-governmental authority, or any agency, department, instrumentality, or sub-division thereof; or other Person exercising or entitled to exercise any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power; or any other swap execution facility, designated contract market, board of trade, clearinghouse, security-based swap execution facility or other exchange or trade association (foreign or domestic) that may have a direct impact on trading on Bats Hotspot SEF, the settlement or enforceability of any Trades conducted on Bats Hotspot SEF, or Bats Hotspot SEF's market;
- c) any actual, attempted or threatened corner, squeeze, congestion, manipulative activity or undue concentration of positions on Bats Hotspot SEF or in Bats Hotspot SEF's market;
- d) any circumstance that may have a severe, adverse effect upon the physical operations and facilities of Bats Hotspot SEF including, without limitation, fire or other casualty, flood or other natural disasters, bomb threats, acts of terrorism or war, other loss of or interruptions of essential services such as power, computer failures or malfunctions, communications failures, or disruptions in transportation; and
- e) any other unusual, unforeseeable or adverse circumstances as determined by Bats Hotspot SEF.

"Emergency Rules" shall have the meaning set forth in Bats Hotspot SEF Rule 203.

"EULA" shall have the meaning set forth in Bats Hotspot SEF Rule 309.

"FCM" shall mean a futures commission merchant registered with the CFTC.

"Family Relationship" of a natural person shall mean a person's spouse, former spouse, co-habitator, parent, stepparent, child, stepchild, sibling, stepbrother, stepsister, grandparent, grandchild, uncle, aunt, nephew, niece or in-law.

"Final Decision" shall mean any decision of: (a) a self-regulatory organization which cannot be further appealed within the self-regulatory organization, is not subject to the stay of CFTC or SEC or a court of competent jurisdiction and has not been reversed by the CFTC, SEC, or any court of competent jurisdiction; or (b) an administrative law judge, a court of competent jurisdiction, the CFTC, or the SEC which has not been stayed or reversed.

“Independent Committee Member” shall mean an individual appointed by the Board to serve on a Bats Hotspot SEF committee, who has been found by the Board, on the record, to have no Material Relationship with Bats Hotspot SEF.

“Independent Director” shall mean an independent member of the Board, who has been found, by the Board, on the record, to have no Material Relationship with Bats Hotspot SEF.

“Interested Person” shall have the meaning set forth in Bats Hotspot SEF Rule 206.

“Investigative Report” shall have the meaning set forth in Bats Hotspot SEF Rule 716.

“IRS Liquidity Commitment” shall mean the market maker performance obligations of Designated Market Makers regarding Bats Hotspot SEF’s market maker program for the IRS Vertical.

“IRS Vertical” shall mean a division of Bats Hotspot SEF on which such Products as determined by Bats Hotspot SEF are traded, including, without limitation, interest rate swaps.

“ISV” shall have the meaning set forth in Bats Hotspot SEF Rule 321.

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

“Market Maker Program” shall have the meaning set forth in Bats Hotspot SEF Rule 318.

“Market Participant” shall mean a person that directly or indirectly engages in trading activity on Bats Hotspot SEF, and includes Sponsored Persons, persons with Trading Privileges and persons whose trades are intermediated.

“Matched Orders” shall mean an electronic message that contains both sides of a Trade executed on Bats Hotspot SEF, one for the trade buy side and the other for the trade sell side which shall contain data sufficient to clear the Trade.

“Material Conflict of Interest” shall have the meaning set forth in Bats Hotspot SEF Rule 206.

“Material Relationship” shall mean any relationship that could reasonably affect the independent judgment or decision making of an Independent Director, which shall be subject to a one year look back period. Circumstances in which an Independent Director shall be considered to have a “material relationship” with Bats Hotspot SEF include, without limitation, the following: (i) such director is an officer or an employee of Bats Hotspot SEF, or an officer or an employee of any of its affiliates (for the purposes of this definition “affiliate” includes parents or subsidiaries of the Bats Hotspot SEF or entities that share a common parent with Bats Hotspot SEF or direct or indirect controlling interest holders); (ii) such director is a member of Bats Hotspot SEF, or a director, and officer, or an employee of a member (for the purposes of this definition “member” is defined according to Section 1a(34) of the CEA and any regulation promulgated thereunder, including, without limitation, 1.3(c) and 1.3(q)); (iii) such director is

an officer of another entity, which entity has a compensation committee (or similar body) on which any officer of Bats Hotspot SEF serves; (iv) such director, or an entity with which the director is a partner, an officer, an employee, or a director, received more than \$100,000 in combined annual payments for legal, accounting, or consulting services from Bats Hotspot SEF or any affiliate thereof, any member of Bats Hotspot SEF or any affiliate of such member (the terms “affiliate” and “member” shall have the same meanings as stated above), except that compensation for services as a director of the registered entity or as a director of an affiliate thereof does not count toward the \$100,000 payment limit, nor does deferred compensation for services rendered prior to becoming a director of Bats Hotspot SEF, so long as such compensation is in no way contingent, conditional or revocable; or (v) notwithstanding the foregoing, in the case of an Independent Director that is a member of the Regulatory Oversight Committee, or the Membership or Participation Committee (or any committee serving a similar function), such director (other than in the capacity of a member of such committee, and other committee, or the Board, in each case, of Bats Hotspot SEF), accepts, directly or indirectly, any consulting, advisory, or other compensatory fee from Bats Hotspot SEF, any affiliate thereof (as defined herein), any member of Bats Hotspot SEF (as defined herein), or any affiliate of such member, other than deferred compensation for service rendered prior to becoming a member of the Regulatory Oversight Committee or the Membership or Participation Committee (or any committee serving a similar function), provided that such compensation is in no way contingent, conditioned or revocable. All the relationships set forth in this definition shall apply to “immediate family” of such Independent Director (i.e.; spouse, parents, children, and siblings, in each case, whether by blood, marriage, or adoptions, or any person in the home of the Independent Director or that of his or her “immediate family”).

“Notice of Arbitration” shall mean a pleading served by a Claimant in connection with a Bats Hotspot SEF Arbitration that meets the requirements of Bats Hotspot SEF Rule 803.

“Notice to Participants” shall have the meaning set forth in Bats Hotspot SEF Rule 315.

“Operating Agreement” shall have the meaning set forth in Bats Hotspot SEF Rule 201.

“Order Modify” shall mean instructions entered into the Bats Hotspot SEF Trading System that updates an existing order to change the size or price of such order.

“Participant” shall mean an entity that has been granted, and continues to have, Trading Privileges on Bats Hotspot SEF pursuant to Chapter 3 of the Bats Hotspot SEF Rules. For the purposes of the CEA and Part 37 of the CFTC Regulations, Participants shall be deemed to be members of Bats Hotspot SEF as the term “member” is defined in CEA section 1a(34).

“Participant Category” shall mean an Authorized Customer, a Designated Swap Broker, or a Designated Market Maker.

“Participant Data” shall mean any and all data and other information submitted to the Bats Hotspot SEF by or through a Participant or Customer of a Participant or Sponsored Person (including, without limitation, any information regarding any and all orders of such Participant or Customer or Sponsored Person).

“Participant Representative” shall mean an Authorized Representative, Designated Operational Contact or Trading Manager, as applicable, designated by a Participant and approved by Bats Hotspot SEF.

“Person” shall mean any natural person or entity, including, without limitation, any association, corporation, governmental or quasi-governmental authority, limited liability company, or partnership.

“Position Limits” shall have the meaning set forth in Bats Hotspot SEF Rule 517.

“Principal” shall mean the beneficial owner of an account for which an Agent trades.

“Product” shall mean any interest rate swap or other product available for trading on Bats Hotspot SEF.

“Product Specification” shall mean with respect to each Product listed on Bats Hotspot SEF, the Bats Hotspot SEF Rules and/or other trading protocols containing the specification for each Product as adopted, amended, supplemented or otherwise modified from time to time by Bats Hotspot SEF.

“Reconsideration Request” shall have the meaning set forth in Bats Hotspot SEF Rule 313.

“Regulatory Service Provider” shall mean the organization, if any, that provides regulatory services to Bats Hotspot SEF.

“Required Records” shall have the meaning set forth in Bats Hotspot SEF Rule 404.

“Required Transaction” shall have the meaning set forth in CFTC Regulation 37.9(a)(1).

“Respondent” shall mean either (a) the subject of an investigation, Disciplinary Proceeding or Summary Proceeding, or (b) a Person against whom a Bats Hotspot SEF Arbitration has been commenced pursuant to Bats Hotspot SEF Rules.

“SEC” shall mean the United States Securities and Exchange Commission.

“Self-Regulatory Action” shall have the meaning set forth in Bats Hotspot SEF Rule 206.

“Sponsored Access” shall mean the provision by Bats Hotspot SEF of access to Bats Hotspot SEF to a Sponsored Person by the means of a Sponsoring Participant pursuant to the Bats Hotspot SEF Rules.

“Sponsored Person” shall mean an ECP, other than an individual or an ISV, which has been provided access to Bats Hotspot SEF by the means of a Sponsoring Participant pursuant to Bats Hotspot SEF Rules,

and shall be subject to the jurisdiction of Bats Hotspot SEF and comply with Bats Hotspot SEF Rules as if such Sponsored Person was a Participant. Except as provided in Bats Hotspot SEF Rule 323, for the avoidance of doubt, all references to Participant includes Sponsored Persons and their Authorized Traders.

“Sponsoring Participant” shall mean a Participant that has (i) designated a Sponsored Person to Bats Hotspot SEF pursuant to Bats Hotspot SEF Rules and (ii) been designated as the Sponsoring Participant by such Sponsored Person generally and in respect of the applicable Trade on Bats Hotspot SEF. Upon acceptance of such designations by Bats Hotspot SEF and the provision of trading access to the Sponsored Person, the Sponsoring Participant shall be responsible for the undertakings provided in Bats Hotspot SEF Rule 322.

“Status Determination Notice” shall have the meaning set forth in Bats Hotspot SEF Rule 313.

“Summary Proceeding” shall have the meaning set forth in Bats Hotspot SEF Rule 727.

“Summary Proceeding Decision” shall have the meaning set forth in Bats Hotspot SEF Rule 727.

“Summary Proceeding Review Notice” shall have the meaning set forth in Bats Hotspot SEF Rule 727.

“Summary Proceeding Review Conference” shall have the meaning set forth in Bats Hotspot SEF Rule 727.

“Supervised Persons” shall mean the directors, officers, employees or agents of a Participant, including, without limitation, such Participant’s Authorized Representative, Authorized Trader(s), Trading Manager and Designated Operational Contact.

“Technology Service Provider” shall mean the organization, if any, that provides technology services to Bats Hotspot SEF.

“Trade” shall mean the purchase or sale of any Product executed on Bats Hotspot SEF.

“Trade Confirmation” shall have the meaning set forth in Bats Hotspot SEF Rule 526.

“Trading Day” shall mean each day that the Bats Hotspot SEF is open for trading, which will be based upon the Securities Industry and Financial Markets Association’s holiday recommendations for financial markets in the United States.

“Trading Hours” shall mean with respect to any Product, the hours during the Trading Day that Bats Hotspot SEF is regularly open for the trading of such Product, which are published on Bats Hotspot SEF’s website.

“Trading Manager” shall mean an employee of a Participant designated by the Participant to provide notice to Bats Hotspot SEF of what instruments such Participant’s Authorized Traders may trade and their respective Trading Limits or the Trading Limits of their Customer and Customer’s Authorized Traders, as applicable.

“Trading Limits” shall mean the risk-based limits established in respect of each proprietary account of Participant or Participant’s Authorized Traders or in respect of each Customer or Customer’s Authorized Traders.

“Trading Privileges” shall mean the rights granted to a Participant to use, directly or indirectly through an ISV, Bats Hotspot SEF, subject to the terms and conditions of the Bats Hotspot SEF Rules, for the execution of Trades.

“Vertical” shall mean a division of Bats Hotspot SEF.

## CHAPTER 2 GOVERNANCE AND COMMITTEES

### Rule 201. Governance

Bats Hotspot SEF is a Delaware Limited Liability Company, and its limited liability company agreement governs the management and operations of Bats Hotspot SEF ("Operating Agreement").

### Rule 202. Board

1. The Board shall oversee the operation of Bats Hotspot SEF and shall have the authority to review, call for review, amend, suspend or overrule the decisions and actions of any Bats Hotspot SEF Committee. Without limiting the generality of the foregoing, the Board shall have the power to: (a) adopt, amend, implement and repeal Bats Hotspot SEF Rules, not contrary to applicable law or the Operating Agreement, as in the Board's judgment promotes the best interest of Bats Hotspot SEF, and (b) make interpretations of the Bats Hotspot SEF Rules, which shall be binding on all Persons subject to the jurisdiction of Bats Hotspot SEF.
2. Each member of the Board shall be appointed in accordance with the Operating 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.
3. Member of the Board, including Independent Members, shall be of sufficiently good repute, and where applicable, have sufficient expertise in financial services.
4. Member of the Board shall satisfy all fitness standards imposed by the CEA and CFTC regulations.
5. The Board shall be composed of at least 35% Independent Directors, who have been determined on the record to have no material relationship, as defined by 1.3(ccc) of the CFTC regulations, with Bats Hotspot SEF.

### Rule 203. Emergency Authority

1. Subject to applicable law, during an Emergency Bats Hotspot SEF will approve and apply temporary rules and procedures ("Emergency Rules") pursuant to procedures set forth in this Rule.
2. Emergency Rules may require or authorize Bats Hotspot SEF, the Board, any committee of the Board, the Chief Executive Officer or any other Officer to take actions necessary or appropriate to respond to the Emergency, including, but not limited to, the following actions:
  - a. suspending or restricting trading or limiting trading to liquidating only (in whole or in part);
  - b. extending, limiting or changing trading hours;
  - c. temporarily modifying or suspending any provision of Bats Hotspot SEF Rules or Participant obligations;
  - d. imposing intraday market restrictions;

- e. ordering the liquidation or transfer of open positions ;
  - f. suspending or curtailing trading in a Product;
  - g. altering the terms and conditions of a Product;
  - h. imposing or modifying price limits;
  - i. imposing or modifying position limits; and/or
  - j. allowing, denying, suspending, or permanently barring an ECP's access to Bats Hotspot SEF in connection with an emergency action taken by Bats Hotspot SEF.
3. Before any Emergency Rules may be adopted and enforced, a vote of the Board approving such Emergency Rules must occur at a duly convened Board meeting. Directors may attend such meeting in person or by teleconference. If the Chief Executive Officer determines that the Emergency Rules must be implemented with respect to an Emergency before a meeting of the Board can reasonably be convened, then the Chief Executive Officer shall have the authority, without Board action, to implement any Emergency Rules with respect to such Emergency that he or she deems necessary or appropriate to respond to such Emergency. In such circumstances, the Chief Executive Officer must convene a meeting as soon as practicable. The Board may modify any Emergency Rules implemented by the Chief Executive Officer.
  4. Any time that Bats Hotspot SEF takes actions necessary or appropriate to respond to an Emergency, including any modification of previously adopted actions, a duly authorized representative of Bats Hotspot SEF will promptly notify the CFTC of such actions and, when possible, will post an announcement of such actions on the Bats Hotspot SEF website. When the Board, any committee of the Board or the Chief Executive Officer determines that the Emergency has been reduced sufficiently to allow Bats Hotspot SEF to resume normal functioning, any such actions responding to the Emergency will be terminated and notification of such termination will be provided on Bats Hotspot SEF's website.

**Rule 204. Officers**

1. The Board shall appoint a Chief Executive Officer, a Chief Compliance Officer and such other officers as it deems necessary or appropriate from time to time, in each case for such term and on such conditions it sees fit.
2. The officers shall have the authority and powers in the management of Bats Hotspot SEF as determined by the Board subject to any restrictions set forth in the Operating Agreement. The Chief Compliance Officer shall have all authority required under CFTC Rules 37.1500 et seq.
3. Any officer may also be a director, officer, or employee of the parent of Bats Hotspot SEF or any affiliate of Bats Hotspot SEF.

**Rule 205. Disqualifications of Board and Committee Members**

Prior to their appointment for Board and/or Committee service, the Compliance Department shall screen all nominees to determine their eligibility for service pursuant to CFTC Regulation 1.63. No Person may serve as a member of the Board or a Committee of Bats Hotspot SEF if such Person:



1. within the past three years was found by a Final Decision to have committed a Disciplinary Offense;
2. within the past three years entered into 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;
3. is currently or has been barred, expelled from membership or suspended from trading on a self-regulatory organization, is serving any sentence of probation or owes any portion of a fine imposed as a result of either:
  - a. 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; or
  - b. a Final Decision determining such Person committed a Disciplinary Offense;
4. is currently subject to an agreement with the CFTC or any self-regulatory organization not to apply for registration with the CFTC or membership in any self-regulatory organization;
5. is currently subject to or has had imposed on him or her within the prior three years a 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 CEA; or
6. is currently subject to a denial, suspension or disqualification from serving on the disciplinary committee, arbitration committee or governing board of any self-regulatory organization as that term is described in section 3(a)(26) of the Securities Exchange Act of 1934.

**Rule 206. Conflicts of Interest**

Bats Hotspot SEF believes that it is in the best interest of Bats Hotspot SEF and Participants to be aware of and properly manage all conflicts of interest and appearances of conflicts of interest. Accordingly, the following rules shall apply to mitigate potential and actual conflicts of interest.

1. Except as provided below, no Director, Officer, member of the Disciplinary Committee or any Person authorized to act on behalf of Bats Hotspot SEF in connection with any (i) Disciplinary Proceeding, or (ii) emergency action, (collectively a “Self-Regulatory Action”; the Board and/or any Bats Hotspot SEF Committee considering a Self-Regulatory Action collectively a “Deliberating Body” ), shall not knowingly participate in the deliberations and/or voting on any Self-Regulatory Action if such person has a Material Conflict of Interest (as defined below).
2. Prior to consideration of any Self-Regulatory Action, each member of a Deliberating Body who determines to participate in any deliberations or vote in a Self-Regulatory Action shall disclose to the Chief Compliance Officer any Material Conflict of Interest (any such person disclosing a Material Conflict of Interest is an “Interested Person”).
3. For the purposes of this Rule, “Material Conflict of Interest” shall mean with respect to a Director, Officer, and member of the Disciplinary Committee:
  - a. being named as a potential or actual Respondent in a Disciplinary Proceeding;

- b. being an employer, employee, fellow employee or an affiliate of a Respondent or potential Respondent in a Disciplinary Proceeding;
  - c. having any significant, on-going business relationship with a Respondent or potential Respondent in a Disciplinary Proceeding;
  - d. having a Family Relationship with a Respondent or potential Respondent in a Disciplinary Proceeding;
  - e. having a direct and substantial financial interest in the result of a vote, other than based on a direct or indirect equity or other interest in Bats Hotspot SEF, that could reasonably be expected to be affected by the Self-Regulatory Action. For the purposes of this definition a “direct and substantial financial interest” includes, without limitation, positions held in swaps in the accounts of, controlled by, or affiliated with the Interested Person or any other types of direct and substantial financial positions of the Interested Person that are reasonably expected to be affected by the vote; and/or
  - f. any other circumstance that creates a conflict between the Director’s, Officer’s, or members of a Disciplinary Committee’s exercise of authority regarding any Self-Regulatory Action and his or her personal interests.
4. Any Interested Person who would be required otherwise to abstain from deliberations and voting because of a Material Conflict may participate in the deliberations, prior to a vote on the matter, if:
- a. the material facts about the Interested Person’s interest in the matter are disclosed or known to the Deliberating Body;
  - b. the Deliberating Body determines that the participation by the Interested Person would be consistent with the public interest; and
  - c. a majority of the members of the Deliberating Body that are not Interested Persons with respect to the matter vote to allow the Interested Person to participate in the deliberations on the Self-Regulatory Action.
5. If, pursuant to paragraph (4), a determination is made that an Interested Person may participate in deliberations, then the minutes of the meeting of the Deliberating Body will reflect the determination and the reasons for the determination.
6. If all of the members of the Deliberating Body are Interested Persons with respect to a matter subject to a vote by the Deliberating Body, then the Chief Executive Officer will appoint a panel of individuals who are not Interested Persons with respect to such matter, which will have the same authority and powers over such matter that the Deliberating Body would have if the members thereof were not Interested Persons with respect to such matter.

**Rule 207. Disclosure or Use of Material, Non-Public Information**

No member of the Board or Bats Hotspot SEF Committee shall use or disclose material, non-public information for any purpose other than the performance of his or her official duties and responsibilities as a member of the Board or Bats Hotspot SEF Committee. No member of the Board or Bats Hotspot

SEF Committee shall, directly or indirectly, disclose or use at any time, either during his or her association with Bats Hotspot SEF or thereafter, any material, non-public information of which a member of the Board or Bats Hotspot SEF Committee becomes aware except when reporting to or at the direction of the Board, when requested by a Government Agency or when compelled to testify at any judicial or administrative proceeding. Each member of the Board or Bats Hotspot SEF Committee, in possession of material, non-public information shall take all appropriate steps to safeguard the information and to protect it against disclosure, misuse, espionage, loss and theft.

**Rule 208. Committees**

1. Bats Hotspot SEF shall have such committees, and special committees that the Board may deem, from time to time, necessary for the operations of Bats Hotspot SEF and appointed in accordance with the Bats Hotspot SEF Rules. For the avoidance of any doubt, all references to “committee” shall include any panel appointed from a committee.
2. A majority of the committee shall constitute a quorum for the transaction of business at any meeting of the committee, provided that if less than a majority of committee members is present, those present may adjourn the meeting to another time and place. Any committee may act only by (i) the decision of a majority vote of the members of such committee present at that meeting at which a quorum is present; or (ii) by written consent.
3. All committee decisions shall be reported to the Board for final approval. Except as otherwise provided in the Bats Hotspot SEF Rules, the Board shall have the authority to overrule the decision of any Bats Hotspot SEF Committee.

**Rule 209. Arbitration Committee**

1. The Arbitration Committee shall consist of six members, which will include a Chairperson and Vice Chairperson, appointed by the Board. Upon the commencement of an Arbitration proceeding pursuant to the Bats Hotspot SEF Rules, the Chairperson of the Arbitration Committee will appoint an Arbitration Panel to hear and decide the arbitration matter. If the Chairperson of the Arbitration Committee is unavailable the Vice Chairman will appoint an Arbitration Panel. Each Arbitration Panel will consist of three members.
2. Members of the Arbitration Committee shall each serve a one year term to which he or she is appointed, and until the appointment of their successor, or until his or her earlier resignation or removal as a member of the Arbitration Committee. A member of the Arbitration Committee may serve for multiple terms.

**Rule 210. Reserved**

**Rule 211. Reserved**

**Rule 212. Reserved**

**Rule 213. Reserved**

**Rule 214. Reserved**

**Rule 215. Participation Committee**

1. The Participation Committee shall consist of three members, two of which shall be Independent Directors, appointed by the Board or such other number as the Board shall determine is necessary to comply with any final governance rules adopted by the CFTC.
2. Members of the Participation Committee shall each serve a one year term to which he or she is appointed, and until the appointment of a successor, or until his or her earlier resignation or removal as a member of the Participation Committee; provided, however, that any member of the Participation Committee who does not qualify to act as such under any final governance rules adopted by the CFTC, shall cease to be a member of the Participation Committee upon the appointment of a qualifying successor. A member of the Participation Committee may serve for multiple terms.
3. The Participation Committee shall (i) determine the standards and requirements for initial and continuing eligibility for participation on Bats Hotspot SEF and (ii) review appeals of staff denials of participation applications.

**Rule 216. Regulatory Oversight Committee (“ROC”)**

1. The ROC shall have a total of three members consisting of three Independent Directors appointed by the Board or such other number of committee members as the Board shall determine is necessary to comply with any final governance rules adopted by the CFTC. The Board shall delegate sufficient authority, dedicate sufficient resources, and allow sufficient time for the ROC to fulfill its mandate. The ROC shall oversee all aspects of Bats Hotspot SEF’s regulatory program on behalf of the Board. The ROC shall report to the Board and shall make such recommendations to the Board as may, in its judgment, best promote the interests of Bats Hotspot SEF. The Chief Compliance Officer shall meet with the ROC at least once each calendar quarter.
2. Members of the ROC shall each serve a one year term to which he or she is appointed, and until the appointment of a successor, or until his or her earlier resignation or removal as a member of the ROC; provided, however, that any member of the Participation Committee who does not

qualify to act as such under any final governance rules adopted by the CFTC, shall cease to be a member of the Participation Committee upon the appointment of a qualifying successor. A member of the ROC may serve for multiple terms.

3. Without limiting the generality of the foregoing, the ROC shall have authority to monitor all aspects of Bats Hotspot SEF's regulatory program for sufficiency, effectiveness, and independence regarding:
  - a. trade practice and market surveillance, audits, examinations and other regulatory responsibilities with respect to Bats Hotspot SEF Participants, including, without limitation, compliance with financial integrity, financial reporting, sales practice, recordkeeping, and conducting investigations;
  - b. reviewing the size and allocation of regulatory budget and resources, and the number, hiring, termination, and compensation of regulatory personnel;
  - c. reviewing the performance of the Chief Compliance Officer and making recommendations with respect to such performance to the Board of Directors;
  - d. recommending changes that would ensure fair, vigorous, and effective regulation;
  - e. reviewing all regulatory proposals prior to implementation and advising the Board as to whether and how such changes may impact regulation; and
  - f. assisting in minimizing actual or potential conflicts of interest.

**Rule 217. Disciplinary Committee**

1. The Disciplinary Committee shall consist of at least 10 members, three of which shall be Independent Committee Members, appointed by the Board or such other number as the Board shall determine is necessary to comply with any final governance rules adopted by the CFTC. The members of the Disciplinary Committee shall provide a fair representation of the Participants on Bats Hotspot SEF.
2. Members of the Disciplinary Committee shall each serve a one year term, to which he or she is appointed and until the appointment of a successor, or until his or her earlier resignation or removal as a member of the Disciplinary Committee. A member of the Disciplinary Committee may serve for multiple terms.
3. Members of the Disciplinary Committee will be appointed to serve on Disciplinary Panels by the Regulatory Oversight Committee. Each Disciplinary Panel shall consist of three members, including one Independent Committee Member, who shall serve as Chairperson of the Disciplinary Panel.
4. The Regulatory Oversight Committee shall establish one or more of the following Disciplinary Panels.
  - a. Review Panel. The Review Panel shall be responsible for reviewing the Investigative Report and taking such action as permitted under Chapter 7 of the Bats Hotspot SEF Rules.

- b. Hearing Panel. The Hearing Panel shall be responsible for adjudicating disciplinary cases against persons alleged to have committed rule violations, including, without limitation, the consideration of offers of settlement and conducting hearings.
  - c. Appeal Panel. The Appeal Panel shall be responsible for hearing appeals of decisions issued by a Hearing Panel.
5. No member of the Disciplinary Committee may serve on a Disciplinary Panel for more than one stage in the disciplinary process for the same disciplinary matter. No member of Bats Hotspot SEF compliance staff shall serve on a Disciplinary Panel.

## CHAPTER 3 APPLICATIONS FOR PARTICIPANT STATUS

### **Rule 301. Bats Hotspot SEF Divisions**

Bats Hotspot SEF shall have one division: the IRS Vertical. .

### **Rule 302. Participant Status and Categories of Participants**

All Participants of Bats Hotspot SEF shall have Trading Privileges on the Bats Hotspot SEF which includes the right to access Bats Hotspot SEF and enter orders for proprietary and Customer accounts as authorized by the Participant's Participant Category. Trading Privileges are subject to any limitation, restriction or revocation imposed, from time to time, by Bats Hotspot SEF. Trading on Bats Hotspot SEF is limited to ECPs. All Participants that trade on behalf of a Customer shall obtain information or representations sufficient to demonstrate that such Customer is an ECP. There are three categories of Participants: (i) Authorized Customer, (ii) Designated Swap Broker, and (iii) Designated Market Maker. Any Participant may designate, pursuant to the Bats Hotspot SEF Rules, one or more Authorized Traders or, if such Participant is a DSB or DMM, one or more Sponsored Persons.

### **Rule 303. Jurisdiction**

1. Without need for any further action or agreement, Market Participants agree be bound by and comply with the Bats Hotspot SEF Rules, (including, but not limited to, rules requiring cooperation and participation in investigatory and disciplinary processes), and become subject to the jurisdiction of Bats Hotspot SEF with respect to all matters arising from directly or indirectly engaging in trading activity on Bats Hotspot SEF.
2. Unless agreed to in writing by Bats Hotspot SEF, no agreement between (a) Participants or Sponsored Persons, (b) Customers, or (c) Participants and Market Participants may supersede the Bats Hotspot SEF Rules.

### **Rule 304. Trading Privileges**

1. Each Participant shall have the right to access Bats Hotspot SEF and enter orders as permitted by such Participant's Participant Category, pursuant to the Bats Hotspot SEF Rules.
2. The granting of Trading Privileges to a Participant does not confer (i) any right of ownership in Bats Hotspot SEF; (ii) any right to share in the profits of Bats Hotspot SEF, or (iii) any right to attend or vote at any meeting of Bats Hotspot SEF, including, without limitation, any meeting of the Board or any Bats Hotspot SEF Committee.
3. Trading Privileges are non-transferable, non-assignable and may not be sold or leased.
4. Trading Privileges, but not the obligations, of a Participant terminate upon dissolution of a Participant, with respect to an Authorized Trader, upon the death or incapacity of the Authorized Trader.

**Rule 305. Trading Privileges by Participant Category**

Each Participant Category will have the following trading authority.

1. An Authorized Customer shall be authorized to enter orders on its own account.
2. A Designated Swap Broker shall be authorized to enter orders for (a) its own account, (b) the account of an Authorized Customer, or (c) a Customer's account.
3. A Designated Market Maker shall be authorized to enter orders for (a) its own account, (b) an Authorized Customer's account, or (c) a Customer's account.

**Rule 306. Restrictions on Trading Privileges**

1. No employee of Bats Hotspot SEF shall be given Trading Privileges on Bats Hotspot SEF or be permitted to trade, directly or indirectly:
  - a. in any swap traded on Bats Hotspot SEF; and
  - b. in any swap traded on another swap execution facility that is fungible with or economically equivalent to swaps traded on Bats Hotspot SEF.
2. No employee, Director, member of any committee, or consultant of Bats Hotspot SEF shall trade, directly or indirectly, in any swap, security or other instrument on the basis of material, non-public information obtained in connection with the performance of his or her official duties.
3. For the purposes of this rule the term "employee" shall mean any person hired or otherwise employed on a salaried or on a contractual basis by Bats Hotspot SEF, but does not include any:
  - a. Director compensated by Bats Hotspot SEF solely for his or her participation in Board matters;
  - b. Bats Hotspot SEF Committee member compensated by Bats Hotspot SEF solely for his or her participation in Bats Hotspot SEF Committee matters; and
  - c. consultant performing consulting services for Bats Hotspot SEF.

**Rule 307. Eligibility**

To be admitted as a Participant on Bats Hotspot SEF, an Applicant shall be an entity, including, without limitation, a corporation, limited liability company, partnership or trust that meets the following requirements.

1. General Requirements:
  - a. is duly organized;
  - b. is of good reputation and business integrity ;
  - c. has the requisite organizational power to become a Participant of and effect Trades on Bats Hotspot SEF;
  - d. holds all necessary regulatory authorizations, licenses, registrations and approvals;
  - e. is not subject to statutory disqualification under Section 8a(2) of the CEA;
  - f. is not prohibited, for any reason, from using the services of Bats Hotspot SEF;
  - g. has appropriate technical and operational controls;



- h. is an ECP;
  - i. is not currently in bankruptcy;
  - j. is not an ISV or an automated trading system; and
  - k. satisfies all other criteria Bats Hotspot SEF, from time to time, may require.
2. Clearing Account. All Applicants shall:
- a. have a clearing account with at least one Clearing Member regarding all Trades executed on Bats Hotspot SEF;
  - b. provide Bats Hotspot SEF with documentation from each Clearing Member sufficient to demonstrate the existence of the Applicant's clearing relationship with that Clearing Member in a form acceptable to Bats Hotspot SEF;
  - c. provide immediate written notice to Bats Hotspot SEF of any change to their status with any Clearing Member regarding Trades executed on Bats Hotspot SEF; and
  - d. consent to Bats Hotspot SEF's ability to (a) cancel trades, or (b) restrict, suspend or terminate access to the Bats Hotspot SEF at the direction of their Clearing Member.
3. Continuing Obligations. Once an Applicant is admitted as a Participant, it shall continue to comply with all eligibility criteria set by Bats Hotspot SEF.

**Rule 308. Additional Eligibility Requirements by Participant Category**

In addition to the eligibility criteria stated in Bats Hotspot SEF Rule 307, an Applicant shall meet the following additional requirements for the Participant category for which it seeks to be admitted.

- 1. Authorized Customer. An Authorized Customer must have at least one natural person that is an Authorized Trader, approved by Bats Hotspot SEF.
- 2. Designated Swap Broker. A Designated Swap Broker must:
  - a. meet all requirements for Designated Swap Brokers; and
  - b. have at least two natural persons that are Authorized Traders approved by Bats Hotspot SEF.
- 3. Designated Market Maker. Designated Market Makers must:
  - a. meet all requirements of the Bats Hotspot SEF market maker program for the Vertical for which it has been admitted as a Designated Market Maker; and
  - b. must have at least two natural persons that are Authorized Traders approved by Bats Hotspot SEF.

**Rule 309. Participant Application Process**

- 1. Any Person wishing to become a Participant of Bats Hotspot SEF ("Applicant") shall complete and submit, with complete and accurate information, the forms required by Bats Hotspot SEF which include, without limitation, the following:

- a. a Bats Hotspot SEF Participant Application, which includes, without limitation, an agreement to abide by Bats Hotspot SEF Rules and applicable law and submit to Bats Hotspot SEF jurisdiction;
  - b. a Bats Hotspot SEF Electronic User License Agreement (or “EULA”);
  - c. an indication of whether the Participant is a Swap Dealer, a Major swap Participant, a financial entity as defined by CEA section 2(h)(7)(C), and a U.S. person. and
  - d. any additional documents and information Bats Hotspot SEF may reasonably deem necessary or desirable to further clarify information provided to Bats Hotspot SEF by an Applicant.
2. Applicant agrees that if any of the information provided in its Application is no longer accurate or any other information becomes available that would affect the accuracy of any information provided by Applicant in its Application, Applicant will notify promptly Bats Hotspot SEF of such information. The obligation stated in the preceding sentence is a continuing obligation that shall commence upon Applicant’s submission of its Application to Bats Hotspot SEF and continue throughout the application process and include the period of time that Applicant is a Participant of Bats Hotspot SEF.
  3. In considering an Application from an Applicant, Bats Hotspot SEF may conduct an investigation to verify information submitted by the Applicant.
  4. All applications for Participation status will be reviewed by Bats Hotspot SEF staff. Such review shall not take place until such Application is complete. Bats Hotspot SEF shall provide each Applicant with written notice of its determination to grant or deny such Applicant’s request to become a Participant.
  5. Bats Hotspot SEF may deny or condition the grant of Participant status of any Applicant:
    - a. if such Applicant is unable to satisfactorily demonstrate its ability to satisfy the eligibility criteria to become or remain a Participant;
    - b. if such Applicant is unable to satisfactorily demonstrate its capacity to adhere to Bats Hotspot SEF Rules; or
    - c. for any such other cause reasonably determined by Bats Hotspot SEF.
  6. Any Applicant whose application to become a Bats Hotspot SEF Participant was denied shall not be entitled to re-apply to become a Bats Hotspot SEF Participant for six months from the date of such denial.

**Rule 310. Authorized Traders**

1. Each Participant shall designate one or more natural persons to be an Authorized Trader. Each Participant designating an Authorized Trader shall notify Bats Hotspot SEF of such designation in writing. Prior to accessing Bats Hotspot SEF such prospective Authorized Trader shall satisfy the requirements of this Rule and Bats Hotspot SEF Rule 311. Upon approval of its designation as an Authorized Trader by Bats Hotspot SEF, any such Authorized Trader shall be entitled to exercise Trading Privileges subject to the terms and conditions of the Bats Hotspot SEF Rules including,

without limitation, the Authorized Trader being subject to the jurisdiction of Bats Hotspot SEF with respect to disciplinary matters, and the possible conditioning, restriction or revocation of Trading Privileges.

2. Each Participant shall guarantee and assume responsibility for all of the trading activity of its Authorized Trader(s) on Bats Hotspot SEF. Such trading activity shall include, without limitation: (i) orders entered, (ii) orders accepted for execution, (iii) trades executed, (iv) orders such Authorized Trader fails to execute, (v) orders executed negligently, (vi) orders executed fraudulently, (vii) orders executed in violation of Bats Hotspot SEF Rules, or (viii) orders executed in violation of applicable law.
3. At any time a Participant may revoke the designation it has granted to any Authorized Trader by providing written notice of such revocation to Bats Hotspot SEF at least one Trading Day before the effective date of any such revocation. Each Participant shall take all such immediate measures appropriate to insure that, after such revocation the affected Authorized Trader(s) shall not (i) have access to Bats Hotspot SEF or (ii) utilize his or her Bats Hotspot SEF User ID. Upon receipt of notice of the revocation of the designation of Authorized Trader, Bats Hotspot SEF shall act promptly, but in no event longer than one Trading Day, to take all steps necessary to disallow access to Bats Hotspot SEF by such formerly designated Authorized Trader.
4. Each Participant shall be responsible for the acts and omissions of each of its Authorized Traders. Each Participant shall make certain on an ongoing basis that none of its Authorized Traders are subject to a disqualification pursuant to applicable law and that each Authorized Trader is technically proficient in the use of Bats Hotspot SEF. Each Participant shall have procedures for performing day-to-day monitoring of its Authorized Trader(s) to make certain that each will conduct its business in a fair and equitable way and in accordance with the Bats Hotspot SEF Rules.
5. In connection with the application and interpretation of these Bats Hotspot SEF Rules, any reference to:
  - a. the Trading Privileges of a Participant shall also be deemed to refer and apply to the exercise of Trading Privileges by any such Participant's Authorized Trader(s);
  - b. a Participant's entry or receipt of orders, bids, or offers into or from Bats Hotspot SEF or engaging in Trades on Bats Hotspot SEF, shall be deemed to also refer to and apply to any such actions engaged in by any of such Participant's Authorized Trader(s); and
  - c. the knowledge of, or matters known to, any Participant shall be deemed to also refer to and include, without limitation, the knowledge of, or matters known, to its Authorized Trader(s).

**Rule 311. Access to Bats Hotspot SEF by Authorized Traders**

An Authorized Trader may directly access Bats Hotspot SEF provided that the following requirements are satisfied.

1. The Authorized Trader shall only be permitted to enter orders as permitted by the Bats Hotspot SEF Rules.
2. Each Participant designating an Authorized Trader shall provide to Bats Hotspot SEF such information as reasonably requested by Bats Hotspot SEF regarding their Authorized Trader(s) including, without limitation, name, email address, street address, phone number(s), fax number, and authorized account number(s).
3. Once Bats Hotspot SEF is satisfied that all requested information has been provided, Bats Hotspot SEF shall issue a User ID and password, or other such identifiers as Bats Hotspot SEF shall determine are necessary, for such Authorized Trader to exercise his or her Trading Privileges.
4. Bats Hotspot SEF will enable the User ID when it determines, in its sole discretion, that all requirements and procedures have been met and all necessary risk controls are in place. Notwithstanding the foregoing, each Participant shall remain accountable, pursuant to the Bats Hotspot SEF Rules, for the acts and omissions of any of its Authorized Traders, regardless of the risk controls.

**Rule 312. Suspension and Termination of Participant Status**

1. Bats Hotspot SEF may summarily limit, restrict, suspend or terminate Participation status of any Participant:
  - a. if such Participant is unable to demonstrate its ability to continue to satisfy all eligibility requirements;
  - b. within a reasonable time from, and in compliance with, a notice of Final Decision regarding a violation of Bats Hotspot SEF Rules; and
  - c. within a reasonable period of time from, and in compliance with, a notice of Final Decision of a self-regulatory organization or regulator in which the Participant has been barred, expelled or suspended.
2. Bats Hotspot SEF may limit, restrict, suspend or terminate a Participant, including any of its Authorized Traders in accordance with Chapters 3, 6 and 7 of the Bats Hotspot SEF Rules.
3. All Participants shall receive prompt written notice of any restriction, suspension or termination of their Participant status.

**Rule 313. Process for Review of Denial or Change in Participant Status**

1. If Bats Hotspot SEF determines to (i) deny an application for Participant status or (ii) condition, suspend and/or terminate a Bats Hotspot SEF's Participant status ("Status Determination Notice"), then Bats Hotspot SEF shall promptly notify such Applicant or Participant ("Affected Person"), in writing at the address provided by such application or Participant for notices.
2. An Affected Person may, within five business days of the date of Status Determination Notice, send a written request to Bats Hotspot SEF requesting that Bats Hotspot SEF provide the reasons for the denial, conditioning or termination of Participant status. Within 10 business days after

receiving such written request, Bats Hotspot SEF shall respond to such Affected Person and provide the reasons for denial, conditioning or termination of Participant status. Within 10 business days of receiving the response, the Affected Person may request in writing that the Participation Committee review the determination to deny, condition or terminate its Participant status ("Reconsideration Request").

3. Upon receipt of the Reconsideration Request the Participation Committee may, in its sole discretion, schedule a hearing (in-person or via teleconference), request additional information from the Applicant or Participant, or establish any other process that it believes is appropriate or necessary to consider the Reconsideration Request.
4. Within the later of 45 days of receiving a Reconsideration Request or 30 days from the date of the hearing is concluded the Participation Committee shall either confirm, reverse or modify the denial, conditioning or termination of the Affected Person and shall promptly send notice to the Affected Person. The decision of the Participation Committee is the final action of Bats Hotspot SEF and is not subject to any appeal within Bats Hotspot SEF and shall include a statement informing the Respondent of their right to appeal to the CFTC. No later than 30 days after the date of the Participation Committee's decision Bats Hotspot SEF shall cause the decision to be delivered to the Respondent, at their last known address, by: (i) hand delivery; (ii) deposit in the United States mail, postage paid, via registered mail or certified mail return receipt requested; (iii) deposit in nationally recognized overnight mail carrier; or (iv) sending of such documents by electronic mail with a confirmation copy promptly sent by United States mail.

**Rule 314. Participant Representatives**

1. Each Participant shall designate, subject to Bats Hotspot SEF's approval, an Authorized Representative to be the primary contact with Bats Hotspot SEF ("Authorized Representative"). An Authorized Representative may be an employee of the Participant that is not an Authorized Trader. Each such Authorized Representative will:
  - a. represent such Participant before Bats Hotspot SEF and its committees and receive notices on behalf of such Participant including, without limitation, notice regarding a Disciplinary Proceeding or Bats Hotspot SEF Arbitration and any subpoena or document demand, issued pursuant to the Bats Hotspot SEF Rules, related thereto; and
  - b. have authority to act on behalf of the Participant and Bats Hotspot SEF shall be entitled to rely on the actions and communications of such Authorized Representative.
2. A Participant may designate a Designated Operational Contact, subject to Bats Hotspot SEF's approval, to liaise with Bats Hotspot SEF for the purposes of on-boarding onto the Bats Hotspot SEF and to perform other operational duties. A Designated Operational Contact may be an employee of the Participant that is not an Authorized Trader. Bats Hotspot SEF shall be entitled to rely on the information supplied by the Designated Operational Contact to be accurate and complete.

3. A Participant may choose to designate, subject to Bats Hotspot SEF's approval, a Trading Manager, who is an employee of Participant, that may provide notice to Bats Hotspot SEF of the following matters:
  - a. what Instruments its Authorized Trader(s) may trade; and
  - b. what Trading Limits its Authorized Trader(s) must adhere to.
4. Bats Hotspot SEF shall promptly notify a Participant in writing of its approval or disapproval of a Participant's designation of an Authorized Representative, a Designated Operational Contact or a Trading Manager.
5. Upon Bats Hotspot SEF's approval of a Participant's designation of an Authorized Representative, Designated Operational Contact or Trading Manager, and at all times that such Authorized Representative, Designated Operational Contact or Trading Manager continues in such capacity, Bats Hotspot SEF Users shall provide Bats Hotspot SEF with:
  - a. current contact information and other information Bats Hotspot SEF deems necessary or desirable regarding its Authorized Representative, Designated Operational Contact or Trading Manager, as applicable; and
  - b. prompt written notice of the removal and replacement of any Authorized Representative, Designated Operational Contact or Trading Manager.
6. For the avoidance of any doubt the replacement of any Participant Representatives designated by a Participant shall be subject to the terms and conditions of this Bats Hotspot SEF Rule.

**Rule 315. Notices to Participants**

Bats Hotspot SEF shall publish notice with respect to each amendment, modification, clarification or interpretation of Bats Hotspot SEF Rules or any action to implement any Bats Hotspot SEF Rules, in a form and manner that is reasonably designed to permit each Participant to become aware of and familiar with, and to implement any necessary preparatory measures to be taken by it with respect to such additions or modifications, prior to the effective date thereof (each such notice "Notice to Participants"); provided however that any failure by Bats Hotspot SEF to publish a Notice to Participants shall not affect the effectiveness of the amendment, modification, clarification or interpretation of Bats Hotspot SEF Rules. For the purposes of this Bats Hotspot SEF Rule, it shall be sufficient (without limiting the discretion of Bats Hotspot SEF as to any other reasonable means of communication) if a Notice to Bats Hotspot SEF Members is published on Bats Hotspot SEF's website. Notwithstanding the foregoing, any amendment, modification, clarification or interpretation of Bats Hotspot SEF Rules shall be made in compliance with the CFTC's Part 40 Rules.

**Rule 316. Communications between Bats Hotspot SEF and Participants**

1. Each Participant shall provide Bats Hotspot SEF with complete and current contact information, including, without limitation, contact information regarding its Authorized Representative, Authorized Trader(s), Trading Manager, and Designated Operational Contact, as applicable.

2. All communications made to an Authorized Representative shall be deemed to have been made to the Participant such Authorized Representative represents. Each Authorized Representative shall be responsible for conveying all communications from Bats Hotspot SEF to the Participant it represents including, without limitation, its Authorized Trader(s), Trading Manager and Designated Operational Contact, as applicable.

**Rule 317. Fees and Assessments**

The Board, in its sole discretion, shall have the authority to determine the amounts and due dates of any fees to be paid by Participants and their Customers. All fees and amounts owed to Bats Hotspot SEF by a Participant, shall be payable upon receipt of an invoice from Bats Hotspot SEF. Bats Hotspot SEF shall have the right to limit, restrict, suspend or terminate Trading Privileges of Participant that is more than 60 days late in making payment to Bats Hotspot SEF.

**Rule 318. Market Maker Program**

In order to provide liquidity and help to maintain a fair and orderly markets, from time to time Bats Hotspot SEF may establish one or more market maker programs in such products and for such periods of time that it deems appropriate ("Market Maker Program"). Bats Hotspot SEF will notify Bats Hotspot SEF's Participants of its Market Maker Programs by posting a Notice to Participants on the Bats Hotspot SEF's website, which will provide information concerning:

1. the products eligible for the Market Maker Program;
2. the period of time the Market Maker Program will be in effect;
3. the qualifications to become a market maker;
4. the procedure a Participant must follow to apply to become a market maker;
5. the commitments and/or obligations of a market maker which may include, without limitation, trading hours and minimum bid/ask spread; and
6. the incentives offered to market makers, which may include, without limitation, rebates, reduced transaction fees, and/or other benefits as determined by Bats Hotspot SEF.

Bats Hotspot SEF may withdraw any Market Maker Programs at any time for any reason. Bats Hotspot SEF shall have the right to monitor trading activity to determine compliance with the commitments and/or obligations required by Bats Hotspot SEF's Market Making Program(s), and to ensure that the Market Maker Program(s) does not cause detriment to Market Participants and/or distort market pricing.

**Rule 319. Withdrawal of a Participant**

A Participant may withdraw from Bats Hotspot SEF by submitting a written request to Bats Hotspot SEF. All requests for withdrawal of Participant status will be reviewed by Bats Hotspot SEF Staff. Unless otherwise provided by written agreement Participant's request to withdraw from the Bats Hotspot SEF shall be effective 30 Trading Days after Bats Hotspot SEF's receipt of a Participant's request to withdraw

and shall be conditioned upon payment of all fees due and owing to Bats Hotspot SEF by such Participant. Subject to Rule 320, a Participant shall be subject to the jurisdiction of Bats Hotspot SEF for one year from the date of its withdrawal from Bats Hotspot SEF or such longer period as shall be required under CFTC rules.

**Rule 320. Continuing Jurisdiction**

Notwithstanding Rule 319, any Participant who either has (i) withdrawn from Bats Hotspot SEF or (ii) had its Trading Privileges terminated or revoked by Bats Hotspot SEF shall remain subject to the jurisdiction of Bats Hotspot SEF with respect to all matters arising from, in connection with or related to the status, acts or omissions of such Participant that occurred prior to such Participant's withdrawal, or termination or revocation of Trading Privileges.

**Rule 321. Independent Software Vendors**

An "Independent Software Vendor" or "ISV" means a Person that makes available to Participants a system or platform offering smart order routing, trading software, an aggregator platform or a combination of the foregoing, but does not provide Participants with the ability to effect Trades on Bats Hotspot SEF. Only a Bats Hotspot SEF ISV may have access to Bats Hotspot SEF. An ISV that has been approved by Bats Hotspot SEF may become a Bats Hotspot SEF ISV. To be approved as a Bats Hotspot SEF ISV an ISV shall:

1. be an entity, including without limitation, a corporation, limited liability company, partnership or trust that is duly organized and in good standing;
2. be of good reputation and business integrity;
3. have no legal restriction(s) that would prohibit it from obtaining access to Bats Hotspot SEF;
4. have appropriate technical and operational controls; and
5. satisfy any other requirements regarding system testing and/or certification that Bats Hotspot SEF may deem necessary or desirable.

**Rule 322. Sponsored Access**

1. Sponsoring Participants. A Bats Hotspot SEF DSB or DMM may be a Sponsoring Participant and designate to Bats Hotspot SEF one or more Sponsored Person(s) for Sponsored Access, pursuant to the terms and conditions of the Bats Hotspot SEF Rules.
2. Request for Sponsored Access. A Sponsoring Participant's designation of a Sponsored Person for Sponsored Access shall be effective upon the approval of Bats Hotspot SEF. Prior to designating a Sponsored Person, the Sponsoring Participant shall:
  - a. submit or caused Sponsored Person to submit information in respect of the Sponsored Person as required by Bats Hotspot SEF, including information in respect of Sponsored Person's Authorized Traders; and



- b. provide information sufficient to demonstrate the existence of the Sponsored Person's trading services or clearing relationship with Sponsoring Participant or another Clearing Member.
3. Provision of Sponsored Access. Upon receipt of a request for the granting of Sponsored Access, Bats Hotspot SEF will promptly make a determination whether or not to grant Sponsored Access and approve the Authorized Traders designated by the prospective Sponsored Person. Bats Hotspot SEF shall promptly notify a Sponsoring Participant of its determination in writing. Bats Hotspot SEF will issue Bats Hotspot SEF User IDs for each Authorized Trader of the Sponsored Person for which Sponsored Access is approved.
4. Sponsoring Participant. With respect to each Sponsored Person which it has designated for Sponsored Access to Bats Hotspot SEF and which has designated it as Sponsoring Participant generally and in respect of the applicable Trade on Bats Hotspot SEF, the Sponsoring Participant shall:
  - a. represent and warrant to Bats Hotspot SEF that it has obtained information or representations in respect of each Sponsored Person which it designates that such Sponsored Person (i) is an ECP, (ii) has all registrations and licenses required under applicable law to trade Products on Bats Hotspot SEF, (iii) has corporate authority to trade Products on Bats Hotspot SEF, and (iv) is in compliance with, and Trades on Bats Hotspot SEF are not in violation of the Bats Hotspot SEF Rules or any other law or regulation or any agreement to which Sponsored Person is subject in relation to the service provided by Bats Hotspot SEF;
  - b. be financially responsible for all Trades on Bats Hotspot SEF identified to Sponsoring Participant by the Sponsored Person(s) which it has designated; and
  - c. assist Bats Hotspot SEF in any investigation into actual or potential violations of Bats Hotspot SEF Rules which occur through or with respect to the activity of each Sponsored Person. Such assistance must be timely and may include but not be limited to, requiring Sponsored Person to produce documents, to answer questions from Bats Hotspot SEF, and/or appear in connection with an investigation.
5. Sponsored Persons. Each Sponsored Person:
  - a. Agrees that it shall be subject to the jurisdiction of Bats Hotspot SEF and shall comply with the Bats Hotspot SEF Rules and EULA with respect to itself and its Authorized Traders.
  - b. Represents and warrants to Bats Hotspot SEF that it currently: (i) is, and shall continue to be, an ECP and, (ii) shall have, and shall continue to have, all registrations and licenses required under applicable law to trade Products on Bats Hotspot SEF, (iii) has, and shall continue to have, corporate authority to trade Products on Bats Hotspot SEF, (iv) is not subject to statutory disqualification under Section 8a(2) of the CEA, (v) is not prohibited, for any reason, from using the services provided by Bats Hotspot SEF, (vi) has the

- authority, upon the request of Bats Hotspot SEF, to adjust or withdraw any order it submits to Bats Hotspot SEF, and (vii) is not an ISV or automated trading system.
- c. Agrees it shall have an arrangement with a Clearing Member that facilitates clearing of all Trades it executes on Bats Hotspot SEF and shall have a clearing account with a clearing broker and that the failure to maintain such arrangements and clearing accounts shall constitute conduct detrimental to Bats Hotspot SEF. Sponsored Person further agrees that upon request from Bats Hotspot SEF it shall provide documentation sufficient to demonstrate the existence of Sponsored Person's clearing facilitation arrangement and clearing account with a Clearing Member.
  - d. Ensure that all activity related to its access to Bats Hotspot SEF complies with the Bats Hotspot SEF Rules.
  - e. Cooperate fully and promptly with Bats Hotspot SEF in connection with any audit, examination, investigation, inquiry or proceeding regarding compliance with the Bats Hotspot SEF Rules or any Bats Hotspot SEF disciplinary proceeding or arbitration proceeding.
  - f. Shall designate one or more natural persons to be Authorized Traders, pursuant to Bats Hotspot SEF Rules.
6. Revocation of Sponsored Access.
- a. Bats Hotspot SEF can revoke the grant of Sponsored Access and/or the designation of a Sponsored Person's Authorized Trader at any time pursuant to the Bats Hotspot SEF Rules.
  - b. A Sponsoring Participant may revoke designation of a Sponsored Person and/or such Sponsored Person's Authorized Trader(s) at any time by providing written notice of such revocation to Bats Hotspot SEF at least one Trading Day before the effective date of any such revocation. Each Sponsoring Participant shall take all such immediate measures appropriate and within its exclusive control to ensure that, upon such revocation of Sponsored Person that such Sponsored Person's Authorized Trader(s) shall not (i) have access to Bats Hotspot SEF or (ii) utilize his or her Bats Hotspot SEF User ID. Upon receipt of notice of the revocation of the designation of Authorized Trader, Bats Hotspot SEF shall act promptly, but in no event longer than one Trading Day, take all steps necessary to disallow access to Bats Hotspot SEF by such formerly designated Authorized Trader.

**Rule 323. Access to Bats Hotspot SEF by Sponsored Persons**

- 1. A Sponsored Person is not a Participant of Bats Hotspot SEF and may only access Bats Hotspot SEF by means of a Sponsoring Participant pursuant to Bats Hotspot SEF Rules.
- 2. A Sponsored Person shall only be permitted to enter orders and execute Trades for itself or its Customers.

**Rule 324. Impartial Access to Bats Hotspot SEF**

1. Bats Hotspot SEF will provide any ECP with impartial access to its markets and market services, including any indicative quote screens or similar pricing data displays, provided that each ECP complies with the documentation and eligibility requirements set forth in the Bats Hotspot SEF Rules.
2. Bats Hotspot SEF will provide any ISV with impartial access to its markets and market services, including any indicative quote screens or similar pricing data displays, provided that each ISV complies with the documentation and eligibility requirements set forth in the Bats Hotspot SEF Rules.

## CHAPTER 4 PARTICIPANT OBLIGATIONS

### **Rule 401. Payment of Fees and Assessments**

All Participants shall promptly pay all fees and assessments as determined by the Bats Hotspot SEF.

### **Rule 402. Compliance with the Rules**

All Participants shall:

1. comply with the Bats Hotspot SEF Rules and all laws applicable to their use of Bats Hotspot SEF;
2. use Bats Hotspot SEF in a responsible manner and not for any improper or illegal purpose;
3. comply with all applicable laws and regulations;
4. comply with high standards of integrity, market conduct, commercial honor, fair dealing, and just and equitable principles of trade while performing or attempting to perform any acts related to any business related to or concerning Bats Hotspot SEF;
5. not knowingly mislead or conceal any material fact or matter in any dealings with Bats Hotspot SEF or in response to any Bats Hotspot SEF Proceeding; and
6. promptly inform Bats Hotspot SEF of material change in the information provided to Bats Hotspot SEF in connection with the Participant's application for Participant status on Bats Hotspot SEF.

### **Rule 403. Supervision**

Participants shall create, implement and maintain such supervisory procedures as are necessary to adequately supervise its Supervised Persons, independent contractors and consultants to insure their compliance with Bats Hotspot SEF Rules, the rules of any self-regulatory organizations of which the Participant is a member and all applicable laws.

### **Rule 404. Required Records**

1. Required Records. Each Market Participant shall (i) prepare and keep current full, complete and systematic records and information which include all pertinent data and memoranda relating to the complete audit trail all of the Trades it executes and attempts to execute on Bats Hotspot SEF as are required to be kept by it pursuant to applicable law and regulation including, without limitation, all records required by CFTC Regulations 1.31, 1.35, and 37.404, including, without limitation, records of trading activity in the index or instrument used as a reference price, the underlying commodity, and related derivatives markets, and (ii) shall keep current such other records and information and adopt such forms as Bats Hotspot SEF may from time to time require ("Required Records"). Each Market Participant shall make all Required Records available, upon request, to Bats Hotspot SEF, its regulatory service provider (if any) and the Commission.

2. Retention of Required Records. Unless otherwise provided by applicable law or the Bats Hotspot SEF Rules, all Market Participants shall retain all Required Records for a period of five years from the date on which they are first prepared. Required Records shall be readily accessible during the first two years of the five year retention period. During the five year retention period, all Required Records shall be made available for inspection by, and copies thereof shall be provided to Bats Hotspot SEF and its authorized representatives promptly upon request, and such production shall be made at the expense of the Market Participant required to keep such Required Records.
3. Delegation of Maintenance of Records. A Sponsored Person may delegate the maintenance of records, of transactions executed on Bats Hotspot SEF that the Sponsored Person is required to maintain pursuant to CFTC Regulation 1.35, to the Sponsored Person's Sponsoring Participant; provided, however, the Sponsoring Participant has agreed to maintain such records on behalf of the Sponsored Person. Notwithstanding the foregoing, a Sponsored Person shall remain directly responsible for the maintenance of records required by this Rule 404 and CFTC Regulation 1.35
4. Commission Requests. Market Participants shall make Required Records available to the CFTC upon request and/or permit on site visitation by duly authorized representatives of the CFTC.

#### **Rule 405. Disclosure and Reporting**

All Participants shall immediately notify Bats Hotspot SEF upon becoming aware of any of the following events:

1. any material change in contact information it has provided to Bats Hotspot SEF;
2. any material failure of or damage to the systems, facilities or equipment of such Participant used to effect Trades on Bats Hotspot SEF;
3. any material failure or damage to the system, facilities or equipment of such Participant used to timely perform such Participant's financial obligations related to Trades;
4. any expulsion or withdrawal of the Participant, under threat of expulsion, suspension or other penalty, in any self-regulatory organization, designated contract market or derivatives clearing organization;
5. any revocation, suspension or material conditioning of any registration or license granted by any Governmental Agency in respect of swaps trading;
6. imposition of any material sanction or remedy imposed by a Governmental Agency, including without limitation, a cease and desist letter, a fine, a revocation of trading privileges, or a permanent bar from trading; and
7. the occurrence of an event of insolvency of a Participant, including without limitation, the filing of a bankruptcy petition by the Participant, the appointment of a trustee, receiver or administrator or the commencement of dissolution proceedings.

**Rule 406. System Security**

1. Each Participant shall be solely responsible for controlling and monitoring the use of the Bats Hotspot SEF User ID(s) issued to it and its Authorized Trader(s) and ensuring that each Bats Hotspot SEF User accessing the Bats Hotspot SEF Trading System using such Bats Hotspot SEF User ID is (i) assigned a unique password, (ii) that each password is used only by the Participant to whom it is assigned, and (iii) each Participant takes necessary precautions to prevent the unauthorized disclosure of its Bats Hotspot SEF User ID and unique password.
2. In the event of any system security breach, including, without limitation, the unauthorized disclosure or use of a Bats Hotspot SEF User ID or passwords or unauthorized access to the Bats Hotspot SEF Trading System, each Participant that becomes aware of such security breach shall promptly notify Bats Hotspot SEF by the fastest means possible.
3. Bats Hotspot SEF, each Participant shall be bound by any and all actions taken through use of their Bats Hotspot SEF User ID or passwords regardless of whether such actions were authorized by such Participant.
4. No Person may knowingly permit or assist the unauthorized use of a Bats Hotspot SEF User ID for any purpose.

**Rule 407. Financial Requirements**

1. Each Participant shall (i) maintain an account with a Clearing Member that provides for the clearing of all Trades that such Participant executes on Bats Hotspot SEF for its own account; and (ii) cause each of its Customer to maintain an account with a Clearing Member that provides for the clearing of all Trades that Participant executes on Bats Hotspot SEF on behalf of such Customer.
2. Each Participant shall maintain appropriate Trading Limits for its own account and for the account of each Customer for which it trades and for each Sponsored Person and each Authorized Trader of Sponsored Persons, if any. Each Participant shall provide notice to Bats Hotspot SEF of such Trading Limits. Each Participant shall provide Bats Hotspot SEF with immediate written notice of any change in such Trading Limits.
3. At least once a year, upon request by Bats Hotspot SEF, each Participant shall provide Bats Hotspot SEF with a written certification that (a) Participant is and continues to be an ECP, and, (b) as applicable, Participant has obtained information and representations sufficient to establish that all of the Participant's Customers are ECPs.

**Rule 408. Customer Accounts**

Each Participant that handles Customer accounts shall have a written agreement with the Customer containing such terms as are required by applicable law, the rules of any applicable self-regulatory organization and as may from time to time be required by the Bats Hotspot SEF Rules. Each Participant that handles Customer accounts shall have documentation sufficient to establish that

each of its Customers is an ECP. In addition, each Participant agrees to inform Bats Hotspot SEF promptly if it determines that any Customer is no longer an ECP or no longer has in place satisfactory arrangements to facilitate clearing, and shall immediately cease executing Trades on Bats Hotspot SEF on behalf of such Customer. In addition, each Participant shall provide or cause the Customer to provide the Legal Entity Identifier information for such Customer to enable Bats Hotspot SEF to perform swap data reporting pursuant to Parts 43 and 45 of the CFTC Regulations.

**Rule 409. Disaster Recovery; Business Continuity**

Each Participant shall have written disaster recovery and business continuity policies and procedures in place to ensure it is able to perform certain basic operational functions in the event of a significant internal or external interruption to its operations.

**Rule 410. Mandatory Trading**

Each Participant shall be responsible for compliance with the mandatory trading requirement under Section 2(h)(8) of the CEA and shall not enter into any Required Transaction off a SEF.

## CHAPTER 5 TRADING PRACTICES AND SDR REPORTING

### Rule 501. Scope

1. Scope. Unless otherwise provided in the Bats Hotspot SEF Rules, this Chapter 5 governs all trading activity on the IRS Vertical of Bats Hotspot SEF.
2. Trade Execution. Trade execution will occur by electronic central limit order book
3. Execution Market Places. Bats Hotspot SEF operates an electronic central limit order book.

### Rule 502. Trading Day and Trading Hours

From time to time Bats Hotspot SEF shall determine the Trading Days for each calendar year and the Trading Hours. Bats Hotspot SEF shall publish notice of Trading Hours, Trading Days and holidays on its website. Unless expressly stated on the website, all time references shall be based upon local time in New York, New York. Trading Hours may vary by Product. Unless otherwise noted in the product specification for a product listed in Chapter 10 of the Bats Hotspot SEF Rules, on all days except those designated as holidays or early close on the Bats Hotspot SEF website the Trading Hours for the electronic execution of swaps are Monday through Friday, 7:30 am to 5:00 pm.

### Rule 503. Publication of Trading Information

Bats Hotspot SEF will publish trading information as required by CEA Section 5h(f)(9) and Parts 16 and 37 of the CFTC regulations.

### Rule 504. Order Entry on Bats Hotspot SEF

1. No Person may use a Bats Hotspot SEF User ID to place an order except as permitted by the Bats Hotspot SEF Rules.
2. No Participant that is not a Clearing Member shall engage in trading activity on Bats Hotspot SEF unless such Participant and/or its Customer, as applicable, has arrangements to facilitate clearing with a Clearing Member.
3. Orders shall be entered on Bats Hotspot SEF by submitting the order into the Bats Hotspot SEF's central limit order book, pursuant to Bats Hotspot SEF Rules 505.
4. Bats Hotspot SEF shall maintain an electronic record of all orders entered into the Bats Hotspot SEF that provides all data reflecting the details of each such order including order modifications, cancellations and executions.
5. Each Participant shall be legally responsible for any and all obligations arising from trading activity of such Participant and Participant's Authorized Traders and shall be financially responsible for all trading activity of Participant and Participant's Authorized Traders on behalf of Customers and for all trading activity identified to Participant in its capacity as a Sponsoring Participant for a Sponsored Person (s) on Bats Hotspot SEF. "Trading Activity" includes, without



limitation, the entry, modification or cancellation, or execution of orders as well as any and all errors and omissions.

6. All orders shall contain the following information:
  - a. the name and Legal Entity Identifier, if available, of the Market Participant placing the order,
  - b. the name of the Authorized Trader on behalf of Participant or, if applicable on behalf of the Sponsored Person,
  - c. Product name and maturity or expiration date,
  - d. price,
  - e. side of order,
  - f. quantity,
  - g. CTI code,
  - h. Clearinghouse,
  - i. Customer name, if applicable, and
  - j. account number.

**Rule 505. Entry of Orders on Bats Hotspot SEF's Central Limit Order Book**

1. Acceptable Orders. The following types of orders may be entered into the central limit order book of the IRS Vertical of Bats Hotspot SEF.
  - a. Market Orders. A "Market Order" is an order to purchase or sell a Product at the best price obtainable in the central limit order book at the time the order is entered.
  - b. Limit Orders. A "Limit Order" is an order to purchase or sell a Product at a specified price or a better price obtainable in the central limit order book.
  - c. All or None Market Order. An "All or None Market Order" is an order to purchase or sell a Product that requires that the entire order is filled in a single transaction at the best price obtainable in the central limit order book at the time the order is entered.
  - d. All or None Limit Order. An "All or None Limit Order" is an order to purchase or sell a Product that requires that the entire order is filled in a single transaction at a specified price or a better price obtainable in the central limit order book.
  - e. Minimum or None Market Order. A "Minimum or None Market Order" is an order to purchase or sell a Product that requires that the minimum quantity of Product stated in the order is filled in a single transaction at the best price obtainable in the central limit order, at the time the order is entered.
  - f. Minimum or None Limit Order. A "Minimum or None Limit Order" is an order to purchase or sell a Product that requires that minimum quantity of Product stated in the order is filled in a single transaction at a specified price or better price obtainable in the central limit order book.

2. Entry of Orders. An order may be submitted directly by a Participant for its own account or on behalf of a Customer on whose behalf such Participant is authorized to act.
3. Price-Time Priority. All orders received in the central limit order book are sorted based on a strict price-time priority protocol.
4. Matching of Orders. Orders submitted will be matched as follows.
  - a. Market Orders, All or None Market Orders and Minimum or Non Market Orders. Market orders will be matched against all pending orders in the market in accordance with the price-time priority protocol.
    - i. If any portion of a Market Order is not filled, then the unfilled remainder of the order is immediately cancelled.
    - ii. If any portion of an All or None Market Order is not filled, then the unfilled remainder of the order is immediately cancelled.
    - iii. If any portion of a Minimum or None Market Order is not filled, then the unfilled remainder of the order is immediately cancelled.
  - b. Limit Orders, All or None Limit Orders and Minimum or None Limit Orders. Limit Orders, All or None Limit Orders and Minimum or None Limit Orders will be matched with orders that have a price that is at or better than the price of the order, in accordance with the price-time priority protocol.
    - i. If any portion of a Limit Order is not filled, the unfilled portion of the order will remain in the market at the price and time that the order was entered.
    - ii. If any portion of an All or None Limit Order is not filled, the order is cancelled at the end of the Trading Day
    - iii. If the stated minimum of a Minimum or None Limit Order (“MON Limit Order”) is not filled, the order will be cancelled at the end of the Trading Day. If the stated minimum of the MON Limit Order is filled and the unfilled remainder of the MON Limit Order is less than the minimum size, then the unfilled remainder of the MON Limit Order is converted into an All or None Limit Order, which, if not filled, will be cancelled at the end of the Trading Day. If the unfilled remainder of the MON Limit Order is greater than the minimum size, then the unfilled remainder of the order will rest in the market at the price and time that the order was entered, and if unfilled will be cancelled at the end of the Trading Day.
5. Resting Orders.
  - a. Resting orders are visible to all Market Participants and are firm and executable until such time that order is executed, modified or cancelled by either the Participant, pursuant to Rule 507, or as provided below.

- b. After the close of trading each Trading Day, all resting orders are automatically cancelled.
- c. Upon a Participant's logging out from the Bats Hotspot SEF Trading System during the Trading Day, all resting orders entered by such Participant are automatically cancelled.
- d. In the event that connectivity to a Clearinghouse is lost during a Trading Day all resting orders designated for such Clearinghouse are automatically cancelled.
- e. Resting orders are automatically cancelled upon the expiration of the pre-trade credit token provided by the Participant's Clearing Member.

**Rule 506. Reserved**

**Rule 507. Modification and Cancellation of Orders**

Unless otherwise provided in the Bats Hotspot SEF Rules, any order entered into Bats Hotspot SEF the electronic central limit order book may be modified or cancelled until such time that such order is executed or has otherwise expired. Any such modification or cancellation of an order requires that an Order Modify or Order Cancel be entered into Bats Hotspot SEF. Such modification or cancellation shall become effective upon receipt by Bats Hotspot SEF

**Rule 508. Market Information**

Bats Hotspot SEF will make available on an anonymous basis, (whether through the Bats Hotspot SEF Trading System, a ticker, a financial information services provider or otherwise), market information regarding prices bid and offered, trades executed and any other information it deems appropriate to Participants in such manner and at such times as it believes is necessary or desirable and consistent with CFTC regulations. Each Participant receiving such information may only redistribute such information to such extent and in such manner as may be permitted by the Bats Hotspot SEF Rules.

**Rule 509. Real-Time Market Monitoring**

Real-time monitoring of trading on Bats Hotspot SEF for compliance purposes shall be conducted by Bats Hotspot SEF's compliance department.

1. Bats Hotspot SEF shall monitor and evaluate data on:
  - a. an ongoing basis in order to detect and prevent manipulation, price distortion, and where necessary disruptions in the cash-settlement process, and
  - b. general market data in order to detect and prevent manipulative activity that would result in the failure of the market price to reflect the normal forces of supply and demand, unusual trading volumes, and impairments to market liquidity.
2. In addition, Bats Hotspot SEF may protect market integrity through use of the following system safeguards to prevent the entry of orders in any of the following circumstances:
  - a. pre-trade quantity limits on individual orders to screen for order quantities not within acceptable parameters;

- b. pre-trade price collars to screen for orders outside of current market conditions;
- c. throttles to screen for the execution of too many orders over a specified period of time;  
and
- d. throttles to screen for the submission of too many messages in a specified period of time.

**Rule 510. Error Trades**

1. Authority. Bats Hotspot SEF shall be authorized to adjust trade prices or cancel Accepted Trades when necessary to mitigate market disrupting events, which include, without limitation, errors resulting from order entry or system malfunctions.
2. Process for Trade Review.
  - a. Bats Hotspot SEF may adjust trade prices or cancel any Accepted Trade that, if allowed to remain, would have meaningful adverse effects on the integrity of the market that result from (i) Bats Hotspot SEF’s observation of the market, (ii) system malfunction, or (iii) a request from a Participant.
  - b. Any request for review made by a Participant shall be made within 8 minutes of trade execution. Bats Hotspot SEF Market Monitor, in its sole discretion will determine if the request for review will be accepted. If the request to review an Accepted Trade is granted, Bats Hotspot SEF Market Monitor will issue a notice to all Participants that the Accepted Trade has entered the review process.
  - c. The non-reviewable range test shall be applied to all Accepted Trades accepted for review, which shall be as follows. If the Accepted Trade under review is within the non-reviewable range the Accepted Trade will stand. Accepted Trades that fall outside the non-reviewable range will be price adjusted to the fair value level determined by Bats Hotspot SEF Market Monitor plus or minus the non-reviewable range. The following ranges shall apply to the IRS Vertical.

Product	Non-Reviewable Range
IRS-Rate	6 basis points from fair value
IRS-Spread	3 basis points from fair value

- d. In the event of a trade review that results in a price adjustment or cancellation, Participants agree that Accepted Trades will be subject to cancel and correct protocols and will notify their respective Clearing Member as required to complete the necessary adjustments or cancellations. In the event that a U.S Treasury spread trade is cancelled

the Matched Orders related to U.S. Treasury hedge of the cancelled U.S. Treasury spread trade shall also be cancelled.

- e. Promptly upon completion of its trade review Bats Hotspot SEF will issue a notice to all Participants of the results of the trade review indicating whether the Accepted Trade stands, the Accepted Trade has been cancelled or, if the Accepted Trade has been adjusted, the adjusted price.

**Rule 511. Price Limits**

Subject to Rule 203, Bats Hotspot SEF's Chief Executive shall have the authority to impose (i) price limits, (ii) trading pauses, and/or (iii) trading halts to trading in a particular Product in the event of extraordinary price movements that may result in distorted prices or trigger market disruptions.

**Rule 512. Limitation of Liability and Prohibition on Claims**

ANY CLAIM BROUGHT AGAINST BATS HOTSPOT SEF (AND ANY OF ITS AFFILIATES, SUBSIDIARIES AND THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, CONSULTANTS, COMMITTEE MEMBERS AND MEMBERS) MUST BE BROUGHT IN COMPLIANCE WITH THIS RULE . LIMITATIONS ON LIABILITY OF THIS RULE SHALL BE SUBJECT TO BATS HOTSPOT SEF'S OBLIGATIONS ARISING UNDER THE COMMODITY EXCHANGE ACT AND CFTC REGULATIONS, INCLUDING PART 37. A PERSON THAT HAS BEEN FINALLY ADJUDICATED TO HAVE ENGAGED IN WANTON OR WILLFUL MISCONDUCT CANNOT AVAIL ITSELF OF THE PROTECTIONS OF THIS RULE.

1. PARTICIPANT UNDERSTANDS AND AGREES THAT BATS HOTSPOT SEF IS NOT A PARTY (EITHER DIRECTLY OR INDIRECTLY) IN ANY TRADE OR TRANSACTION CONDUCTED OR EXECUTED THROUGH BATS HOTSPOT SEF AND BATS HOTSPOT SEF IS NOT LIABLE FOR ANY REASON TO ANY PERSON (INCLUDING WITHOUT LIMITATION ANY PARTICIPANT, AND/OR CUSTOMER, AGENT, EMPLOYEE OF A PARTICIPANT) FOR THE ACT OR OMISSION OF ANY PERSON (INCLUDING,WITHOUT LIMITATION, ANY PARTICIPANT, AND/OR CUSTOMER, AGENT, OR EMPLOYEE OF A PARTICIPANT) ENTERING INTO ANY TRADES ON BATS HOTSPOT SEF.
2. NEITHER BATS HOTSPOT SEF, NOR ANY OF ITS AFFILIATES, SUBSIDIARIES AND THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, CONSULTANTS, COMMITTEE MEMBERS, MEMBERS AND SHAREHOLDERS (COLLECTIVELY "BATS HOTSPOT SEF REPRESENTATIVES") SHALL BE LIABLE TO ANY PERSON FOR ANY LOSSES, DAMAGES, COSTS OR EXPENSES, INCLUDING, WITHOUT LIMITATION, INCIDENTAL, CONSEQUENTIAL OR PUNITIVE DAMAGES REGARDING A CLAIM, BROUGHT DIRECTLY OR AS A THIRD-PARTY CLAIM REGARDLESS OF NATURE OF THE CAUSE OF ACTION, ARISING FROM:
  - a. ANY FAILURE, MALFUNCTION, FAULT IN DELIVERY, DELAY, OMISSION, SUSPENSION, INACCURACY, INTERRUPTION, TERMINATION OR OTHER CAUSE RELATED TO THE FURNISHING, MAINTENANCE, PERFORMANCE, OPERATION, USE, INABILITY TO USE ALL OR ANY PART OF THE SYSTEM OR SERVICES OF BATS HOTSPOT SEF, INCLUDING,

- WITHOUT LIMITATION, ORDER ENTRY/DELIVERY, TRADING BY ELECTRONIC MEANS, ELECTRONIC COMMUNICATION OF INFORMATION OR MARKET DATA, PRICE REPORTING SYSTEMS AND ALL SOFTWARE AND HARDWARE RELATED THERETO;
- b. ANY FAILURE, MALFUNCTION, FAULT IN DELIVERY, DELAY, OMISSION, SUSPENSION, INACCURACY, INTERRUPTION, TERMINATION OR OTHER CAUSE RELATED TO ANY SYSTEM OR SERVICES USED BY BATS HOTSPOT SEF TO SUPPORT SUCH SYSTEMS AND SERVICES PROVIDED BY BATS HOTSPOT SEF, INCLUDING, WITHOUT LIMITATION, THIRD PARTIES SUCH AS NETWORK PROVIDERS AND/OR INDEPENDENT SOFTWARE PROVIDERS;
  - c. ANY UNAUTHORIZED USE OR UNAUTHORIZED ACCESS TO ANY BATS HOTSPOT SEF SYSTEM, SERVICES, EQUIPMENT OR FACILITIES BY ANY PERSON;
  - d. EXCEPT FOR ORDER STATUS, ANY ERRORS OR INACCURACIES IN INFORMATION PROVIDED BY BATS HOTSPOT SEF;
3. TO THE EXTENT PERMITTED BY LAW THE TOTAL COMBINED LIABILITY OF BATS HOTSPOT SEF AND ITS AFFILIATES, SUBSIDIARIES, AND/OR ANY OF THE BATS HOTSPOT SEF REPRESENTATIVES SHALL NOT EXCEED (i) \$200,000 FOR ALL CLAIMS SUFFERED BY ALL PERSONS FROM ALL CAUSES IN A SINGLE CALENDAR MONTH; AND (ii) \$750,000 IN THE AGGREGATE FOR ALL CLAIMS SUFFERED BY ALL PERSONS FROM ALL CAUSES IN A SINGLE CALENDAR YEAR. IF THE NUMBER OF ALLOWED CLAIMS ARISING OUT OF ANY FAILURES OR MALFUNCTIONS IN A SINGLE CALENDAR MONTH CANNOT BE FULLY SATISFIED OF THE ABOVE DOLLAR LIMITATIONS, ALL SUCH CLAIMS SHALL BE LIMITED TO A PRO RATA SHARE OF THE MAXIMUM AMOUNT FOR THE RESPECTIVE PERIOD.
  4. THERE ARE NO EXPRESS OR IMPLIED WARRANTIES OR REPRESENTATIONS, INCLUDING, WITHOUT LIMITATION, WARRANTIES OF MERCHANTABILITY AND WARRANTIES OF FITNESS FOR A PARTICULAR PURPOSE OR USE, PROVIDED BY BATS HOTSPOT SEF, OR ANY OF ITS AFFILIATES OR SUBSIDIARIES, TO ANY PERSON REGARDING ANY SYSTEM FURNISHED BY BATS HOTSPOT SEF (AND ITS AFFILATES AND SUBSIDIARIES).
  5. ANY ACTION, PROCEEDING OR SUITS BROUGHT AGAINST BATS HOTSPOT SEF OR ANY OF ITS BATS HOTSPOT SEF REPRESENTATIVES SHALL BE BROUGHT WITHIN ONE YEAR FROM THE DATE THAT THE CAUSE OF ACTION ACCRUED. ANY SUCH ACTION, PROCEEDING OR SUIT SHALL BE COMMENCED IN THE STATE AND FEDERAL COURTS LOCATED IN THE STATE, CITY AND COUNTY OF NEW YORK AND EACH PARTY EXPRESSLY WAIVES ANY OBJECTION TO VENUE THEREIN AND CONSENTS TO THE JURISDICTION OF SUCH COURTS. IN ANY SUCH ACTION, PROCEEDING, OR SUIT AGAINST BATS HOTSPOT SEF AND/OR THE BATS HOTSPOT SEF REPRESENTATIVES EACH PARTY WAIVES ANY RIGHT IT MAY HAVE TO A JURY TRIAL.

**Rule 513. Customer Type Indicator Codes**

At the time of order entry, all Participants shall identify each order submitted to Bats Hotspot SEF with the correct Customer type indicator code ("CTI Code"). The CTI Codes are as follows:

CTI 1 - All orders that do not fall within the definition of CTI 2.

CTI 2 - All orders entered on behalf of the proprietary account of a Participant.

**Rule 514. Agency Trading**

1. An Agent may enter orders or trade on Bats Hotspot SEF on behalf of a Principal pursuant to this Rule 514 and subject to applicable law.
2. Authorization. Each Agent shall have the prior authorization to act on behalf of a Principal and keep a record of such authorization. In addition, it is the Agent's responsibility to confirm that the person providing trading instruction on behalf of a Principal is authorized to do so. Each Agent that pursuant to a power of attorney, or otherwise, directly or indirectly is granted control of trading for a Market Participant, must promptly disclose such discretionary trading relationship(s) in writing to Bats Hotspot SEF.

**Rule 515. Block Trades**

Participants shall not submit Block Trades to Bats Hotspot SEF, nor shall Bats Hotspot SEF accept Block Trades submitted by a Participant. Block Trades shall mean a publically reportable swap transaction that: (a) involves a swap that is listed on a registered swap execution facility or a designated contract market, (b) occurs away from the registered swap execution facility's or designated contract market's trading system or platform and is executed pursuant to the registered swap execution facility's or designated contract market's rules and procedures; (c) has a notional or principal amount at or above the appropriate minimum block size applicable to such swap; and (d) is reported subject to the rules and procedures of the registered swap execution facility or designated contract market and the rules described in this part, including the appropriate time delay requirements set forth in CFTC Regulation 43.5.

**Rule 516. SDR Reporting**

1. In order for Bats Hotspot SEF to report swap transaction and pricing data necessary to publically disseminate such data pursuant to part 43 and Appendix A thereto, to a registered SDR, each swap counterparty shall provide Bats Hotspot SEF information sufficient to enable Bats Hotspot SEF to report all swap creation data, including whether the trade is a Block Trade, as required by applicable law.
2. Bats Hotspot SEF shall determine the identity of the reporting counterparty, as required by applicable law, and will, as soon as technologically practicable after a publicly reportable swap transaction has been executed on or pursuant to the rules of Bats Hotspot SEF, report trades as

follows: (a) all trades cleared by the CME will be reported to the CME SDR, unless prior to the execution of the transaction Bats Hotspot SEF has received and accepted written instructions from the reporting counterparty that direct Bats Hotspot SEF to report all such trades to the DTCC Data Repository (US) LLC, and (b) all trades cleared by LCH. Clearnet, Ltd will be reported to DTCC Data Repository (US) LLC.

3. All Participants and their Customers agree that in the event that Bats Hotspot SEF cannot determine the reporting counterparty because either (a) both counter parties are swap dealers, (b) both counterparties are major swap participants, (c) both counterparties are a financial entities as defined by Section 2(h)(7)(C) of the CEA but not a swap dealer or a major swap participant, or (d) both counterparties are neither a swap dealer nor a major swap participants nor a financial entity as defined by Section 2(h)(7)(C) of the CEA, then Bats Hotspot SEF shall determine the reporting counterparty shall be the payer.
4. As soon as technologically practicable after execution of the publicly reportable swap transaction, Bats Hotspot SEF shall report to a registered SDR swap transaction and pricing data necessary to publicly disseminate such data pursuant to CFTC Regulation Part 43 and Appendix A thereto, confirmation data for the swap as defined in CFTC Regulations Part 23 and 45.1, and all primary economic data terms for the swap as defined in CFTC Regulation 45.1.
5. A counter party to a swap, upon becoming aware (either through its own initiative or through notice by the other party to the swap) of an error or omission in the swap transaction or pricing data which was publically reported by Bats Hotspot SEF with respect to such swap shall promptly submit corrected data to the Bats Hotspot SEF.

**Rule 517. Position Limits**

Bats Hotspot SEF may set position limits for any Product ("Position Limits"). Except as provided by Bats Hotspot SEF Rules, no Market Participant that executes Trades on Bats Hotspot SEF may own or control a position in excess of such Position Limit. To reduce the potential threat of market manipulation or congestion, Bats Hotspot SEF shall adopt for each of the contracts of Bats Hotspot SEF, as is necessary and appropriate, position limitations or position accountability levels for speculators. Where the CFTC has established a position limit for any swap, Bats Hotspot SEF's position limit for that swap shall not be higher than such limit established by the CFTC. Position limits established by Bats Hotspot SEF shall apply only with respect to trading activity on or subject to the rules of Bats Hotspot SEF.

**Rule 518. Position Limit Exemptions**

Any Market Participant that executes Trades on Bats Hotspot SEF may seek an exemption from Position Limits by submitting a Position Limit exemption application in the manner required by Bats Hotspot SEF. Bats Hotspot SEF, in its sole discretion, subject to CFTC regulations, may take the following action with respect to a Position Limit exemption application: (a) grant the exemption conditioned upon certain



limitations or conditions, (b) grant the exemption, or (c) deny the exemption. Bats Hotspot SEF shall provide the applicant with written notice of its determination, which shall be final.

**Rule 519. Position Accountability**

Bats Hotspot SEF may establish a position accountability level for any Product. Any Market Participant who owns or controls a position that exceeds the position accountability level in a Product shall provide, upon the request of Bats Hotspot SEF, information to Bats Hotspot SEF regarding the nature of the position, trading strategy or hedging activities, as applicable. Bats Hotspot SEF shall have the right to direct a Market Participant not to increase the size of a position that is subject to position accountability levels.

**Rule 520. Pre-Execution Order Screening**

1. Upon the entry of any order for execution through use of automated means, Bats Hotspot SEF shall facilitate prompt pre-execution screening of such order (a) by the Clearing Member identified by the Participant (or its Customer), or (b) if the Participant is a Swap Dealer or FCM that clears its own trades without use of a third-party platform, service or hub (as described below), Bats Hotspot SEF will deem the order submitted by such self-clearing Participant to have been screened against pre-trade credit limits (and approved) prior to its submission to Bats Hotspot SEF for execution. For avoidance of any doubt, a Participant that clears its own trades is included in all references to "Clearing Member" in this Rule 520. If Bats Hotspot SEF (i) receives confirmation (by either an applicable established risk-based limit of sufficient size, or a discrete approval in respect of a particular order, including from a third-party platform, service or hub as described below) from the identified Clearing Member that it will accept responsibility for clearing any Trade resulting from such order through such Clearing Member at the Clearinghouse and (ii) has not been notified by the relevant Clearinghouse that the Clearing Member is at such time is not eligible to submit such order (or orders generally) for clearing as such Clearinghouse, then, and only then, may Bats Hotspot SEF accept such order
2. In making the determination whether or not to permit an order from or on behalf of any Participant (or its Customer) to be entered into Bats Hotspot SEF pursuant to this Rule 520, Bats Hotspot SEF shall be entitled to rely upon information provided to it by a trade processing platform, a credit hub or pre-trade credit or limit checking service provided by one or more third parties ("Pre- Trading Credit Checking Service") and Bats Hotspot SEF shall not be responsible for any losses to a Clearing Member, Participant (including their Sponsored Persons), Customers (Including Customers of Sponsored Persons) or other Person arising from the failure, error or communication delay caused by a Pre-Trade Credit Checking Service.

**Rule 521. Reserved**

**Rule 522. Reserved**

**Rule 523. Cross Trades; Time Delays for Required Transactions**

All Participants who, in connection with the execution of a Required Transaction, seek to cross orders by either executing against a Customer's order or executing two Customers' orders against each other through Bats Hotspot SEF's electronic central limit order book shall use the following procedure to cross orders in the electronic central limit order book:

1. if a Participant seeks to execute an order against a Customer order, then such Participant shall enter the Customer order into Bats Hotspot SEF's electronic central limit order book and then wait at least 15 seconds before entering the Participant's order;
2. if a Participant seeks to execute two Customer orders against each other, then such Participant shall enter one side of the trade into Bats Hotspot SEF's electronic central limit order book and wait at least 15 seconds before entering the second side of the trade for execution;

**Rule 524. Reserved**

**Rule 525. Legal Certainty of Trades**

Any Trade entered into on or pursuant to the Bats Hotspot SEF Rules shall not be void, voidable, subject of rescission, otherwise invalidated, or rendered unenforceable as a result of:

1. Bats Hotspot SEF's violation of section 5h of the CEA or Part 37 of the CFTC regulations;
2. any Commission 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
3. 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 a swap execution facility to adopt a specific term or condition, trading rule or procedure, or to take or refrain from taking a specific action.

**Rule 526. Written Record of Trades**

Contemporaneously with the execution of a Trade, Bats Hotspot SEF will provide each counterparty to a Trade with a written record of all terms of the Trade ("Trade Confirmation"), which shall legally supersede any previous agreement and serve as a confirmation of the Trade. Specific customer identifiers for accounts included in bunched orders need not be included in the Trade Confirmation, if the applicable requirements of CFTC Regulation 1.35(b)(5) are met.

**Rule 527. Product Specifications**

1. Bats Hotspot SEF shall permit trading only in swaps that are not readily susceptible to manipulation. Bats Hotspot SEF shall, at the time it submits a new Product in advance to the CFTC pursuant to Part 40 of the CFTC Regulations, provide the applicable information as set

- forth in Appendix C to Part 38 of the CFTC Regulations – Demonstration of Compliance that a Contract is not Readily Susceptible to Manipulation.
2. Notwithstanding any provision of the Bats Hotspot SEF Rules to the contrary, the Product Specification with respect to a particular Product shall govern the applicability of the Bats Hotspot SEF Rules to trading in such Product and, in the event of any conflict between the Bats Hotspot SEF Rules and the Product Specification, the Product Specification shall govern with respect to trading in the relevant Product.
  3. The Product Specification for each individual Product must specify, to the extent applicable:
    - a. different classes of Market Participants eligible to trade such Products. Each such class of Market Participants shall have the rights and obligations specified by the Product Specification for each such Product;
    - b. whether such Product may be settled via cash settlement, physical delivery of the underlying commodity, or by any other means, as applicable; and
    - c. the method for determining settlement prices, and that the cash settlement of the Product contract is a price reflecting the underlying market, will not be subject to manipulation or distortion, and is based on data that is reliable, acceptable, publicly available and timely.
  4. Product Specifications will be contained in Chapter 10 to the Bats Hotspot SEF Rules and each Product Specification shall constitute a Bats Hotspot SEF Rule. In addition, each Product Specification will be published by Bats Hotspot SEF on its website.

## CHAPTER 6 CLEARING

### **Rule 601. General**

All Trades executed on Bats Hotspot SEF shall be routed for clearing through the Clearinghouse selected for such Trade at the time of order entry. All Trades executed on Bats Hotspot SEF or submitted for Clearing by Bats Hotspot SEF to correct an error pursuant to Rule 606, shall be subject to the rules, policies and procedures of such Clearinghouse, the Bats Hotspot SEF Rules and applicable law. Clearing Members approved by Bats Hotspot SEF shall provide such services as are necessary to process and clear Trades as provided by applicable law. Bats Hotspot SEF shall route Matched Orders to the Clearinghouse in a manner acceptable to the Clearinghouse for the purposes of facilitating the processing of Matched Orders for clearing in a prompt, efficient and accurate manner, in compliance with applicable law.

### **Rule 602. Clearing Members**

A Clearing Member approved by Bats Hotspot SEF (a) shall not be required to execute a Bats Hotspot SEF Participant Agreement and (b) shall not have Trading Privileges. A Clearing Member consents to the jurisdiction of Bats Hotspot SEF only with respect to Clearing Services it provides to its Customers who submits orders on Bats Hotspot SEF. A Clearing Member agrees to comply with the Bats Hotspot SEF Rules and be subject to the jurisdiction of Bats Hotspot SEF only with respect to such Clearing Services. "Clearing Services" shall be defined as those services necessary to process its Customer's orders and trades with respect to applicable law including but not limited to CFTC Regulations 1.72, 1.73 and 1.71. Any Clearing Member that desires Trading Privileges may apply for Participant status pursuant to Chapter 3 of the Bats Hotspot SEF Rules.

### **Rule 603. Criteria for Clearing Members**

To be approved as a Clearing Member on Bats Hotspot SEF, a Clearing Member must:

1. be a member in good standing of at least one Clearinghouse and is authorized by such Clearinghouse to clear Trades; and
2. hold all necessary regulatory authorizations, licenses, permissions and approvals.

### **Rule 604. Reserved**

### **Rule 605. Obligations of a Clearing Member**

Each Clearing Member shall provide services necessary to process and facilitate clearing of its Customer's trades to Customer's clearing broker, and for itself if it is a Participant.

**Rule 606. Acceptance and Rejection for Clearing**

1. Upon the execution of any orders resulting in Matched Orders through use of automated means to screen orders for compliance with risk based limits, Bats Hotspot SEF shall promptly submit such Matched Orders to the Clearinghouse for acceptance for clearing. Upon the execution of any orders resulting in Matched Orders without the use of automated means for compliance with risk based limits, Bats Hotspot SEF shall promptly submit such Matched Orders to the Clearinghouse for acceptance for clearing by the applicable Clearing Member and Clearinghouse. Matched Orders and Block Trades submitted for clearing and for which a rejection notice from the Clearinghouse has been received by Bats Hotspot SEF shall be void *ab initio*.
2. Pursuant to CFTC No-Action Letter 16-58 which extends the relief granted in CFTC No-Action Letter 15-24 through June 15, 2017, or until the effective date of revised Commission regulations that establish permanent relief (whichever is earlier), the following procedures will be in effect in the event that Matched Orders submitted for clearing have been rejected by the Clearinghouse for non-credit reasons. Upon receipt of a rejection notice, Bats Hotspot SEF shall promptly review the Matched Order submission to address clerical or operational errors that caused the Matched Orders to be rejected for clearing and
  - a. If Bats Hotspot SEF determines that that the Clearinghouse rejected the Matched Orders because of an operational or clerical error or omission made by Bats Hotspot SEF, one of the counterparties, or an agent of one of the counterparties, Bats Hotspot SEF may:
    - i. resubmit the corrected Matched Orders for clearing without obtaining consent from the counterparties,
    - ii. Seek guidance on how to address the error from the counterparties and implement such guidance with the consent of both counterparties, or
    - iii. Elect not to fix the error.
  - b. The correction of the Matched Order must be completed as quickly as technologically practicable after receipt of notice of the rejection by the DCO to Bats Hotspot SEF, but in any event, no later than one hour after receipt of the rejection notice
  - c. Promptly upon discovery and correction of any errors resulting in cancellation or resubmission of transactions, Bats Hotspot SEF will issue a notice to the relevant SDR and to all Participants of the results of the review and any actions taken.
  - d. With respect to swaps rejected from clearing for non-credit reasons, if the new transaction that corrects the errors in the original transaction is also rejected for clearing, it is void *ab initio* and the parties will not be provided a second opportunity to submit a new trade.
3. Pursuant to CFTC No-Action Letter 16-58 which extends the relief granted in CFTC No-Action Letter 15-24 through June 15, 2017, or until the effective date of revised Commission regulations that establish permanent relief (whichever is earlier), the following procedures will be in effect to offset swaps carried on a Clearinghouse's books where a clerical or operational

error or omission was made and not identified until after Bats Hotspot SEF receives notification that the Matched Orders have been accepted for clearing.

- a. In the event that Bats Hotspot SEF determines that that the terms of the Matched Orders contain an operational or clerical error or omission made by Bats Hotspot SEF, one of the counterparties, or an agent of one of the counterparties, and such Matched Orders have been accepted and cleared by the Clearinghouse, upon the consent of both counterparties Bats Hotspot SEF may submit an offsetting transaction to the Clearinghouse and may also submit a new transaction for clearing that corrects the errors in the original transaction.
- b. The transactions to offset and correct the errors in the original transaction must be reentered and submitted for clearing no later than three days after the erroneous cleared swap was submitted to the Clearinghouse by Bats Hotspot SEF.

**Rule 607.      Reserved**

## CHAPTER 7 BUSINESS CONDUCT

### **Rule 701. General**

As provided in Rules 303 and 602, all Covered Persons and Market Participants, respectively, shall be subject to the jurisdiction of Bats Hotspot SEF, which includes, without limitation, compliance with Bats Hotspot SEF's business conduct rules. For purposes of this Chapter 7, the term "Participant" shall include a Participant, a Market Participant, a Clearing Member and, as applicable, all of their Authorized Traders, Supervised Persons and Participant Representatives. All Participants are deemed to know, consent to and agree to be bound by the Bats Hotspot SEF Rules. Bats Hotspot SEF may hold a Participant liable for its acts and omissions that constitute violations of Bats Hotspot SEF Rules and impose sanctions against such Participant as provided in the Bats Hotspot SEF Rules.

### **Rule 702. Inquiries and Investigations**

Bats Hotspot SEF's Compliance Department will monitor compliance with the Bats Hotspot SEF Rules and will commence an investigation upon the discovery or receipt of information indicating that a reasonable basis exists to believe that a rule violation is about to occur or has occurred, and recommend the commencement of Summary Proceedings and/or Disciplinary Proceedings as it deems appropriate. Bats Hotspot SEF's Compliance Department shall have the authority to examine all books and records kept by Market Participants who are the subject of such inquiries and investigations, and to examine all books and records kept by Market Participants to ensure that Bats Hotspot SEF is compliant with the requirements of the CEA and CFTC regulations. In addition to discovery or receipt of information that is an indication of a possible rule violation, Bats Hotspot SEF will commence an investigation upon the request of a regulator or law enforcement agency.

### **Rule 703. Services Agreement with Regulatory Services Provider**

Bats Hotspot SEF may, at any time, choose to contract with a registered futures association, or other registered entity, for the provision of regulatory services which includes, without limitation, assistance with Bats Hotspot SEF's enforcement of the Bats Hotspot SEF Rules. Any act or requirement that is required to be performed by the Compliance Department, under the Bats Hotspot SEF Rules, may be performed by a regulatory service provider. Bats Hotspot SEF shall retain ultimate decision-making authority with respect to any functions that are contracted to a Regulatory Service Provider.

### **Rule 704. Appointment of Disciplinary Panel**

1. At the commencement of a Disciplinary Proceeding the Regulatory Oversight Committee shall serve the Compliance Department, the Respondent, as applicable, and the Disciplinary Panel members with written notice of the appointment of such Disciplinary Panel. The Respondent

shall not be provided with notice of the appointment of a Review Panel unless the Respondent has been notified that it must appear before the Review Panel.

2. Within 10 days of service of the appointment of a Disciplinary Panel the Compliance Department and the Respondent, as applicable, may seek to disqualify any individual named to serve on the Disciplinary Panel because such individual has a Material Conflict of Interest or for reasons provided in Bats Hotspot SEF Rule 206 or for any other reason by serving written notice of their disqualification request on the Chairperson of the Regulatory Oversight Committee and contemporaneously serving a copy of the request for disqualification on the Compliance Department. By failing to timely file a request for disqualification, the Compliance Department and Respondent, as applicable, shall be deemed to have consented to and waived any objection to the composition of the Disciplinary Panel. The Chairperson of the Regulatory Oversight Committee, in his or her sole discretion, shall determine the merits of any request for disqualification. If the Chairperson of the Regulatory Oversight Committee determines that the request for disqualification has merit, the Disciplinary Panel member shall be replaced and a new member shall be appointed. Any such decision shall be final and not subject to appeal.
3. Upon appointment to a Disciplinary Panel each member of the Disciplinary Panel shall promptly disclose to the Chief Compliance Officer any actual or potential Material Conflict of interest. The Chief Compliance Officer, will determine if an actual or potential Material Conflict of Interest exists. In the event an actual or potential Material Conflict of Interest exists, the member of the Disciplinary Panel having such actual or potential Material Conflict of Interest shall be removed from the Disciplinary Panel and another panel member shall be appointed.

**Rule 705. Confidentiality**

All information regarding a Disciplinary Proceeding shall be confidential and not be disclosed except as necessary to conduct such Disciplinary Proceeding, or as may be required by law.

**Rule 706. Rule Violations**

The following conduct and abusive trading practices by Bats Hotspot SEF's Participants and Market Participants (for the purposes of this Rule 706 collectively "Participant") shall be a violation of Bats Hotspot SEF Rules and will result in the commencement of a Disciplinary Proceeding and/or Summary Proceeding.

1. Aiding and Abetting. Participants are prohibited from aiding and abetting any Person that is alleged to have violated, or about to violate, any Bats Hotspot SEF Rule or any provision of applicable law for which Bats Hotspot SEF has jurisdiction.
2. Conduct Detrimental to Bats Hotspot SEF. Participants are prohibited from engaging in conduct that is detrimental to the welfare of Bats Hotspot SEF. Orders entered into Bats Hotspot SEF for the purpose of upsetting the equilibrium of the market in any Product without the intent to



reflect fair market values or creating a condition in which prices do not or will not reflect fair market values are prohibited, and any Participant or other person with Trading Privileges on Bats Hotspot 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 conduct detrimental to the welfare of Bats Hotspot SEF.

3. Disclosing of Customer Orders. Participants are prohibited from disclosing Customer orders to third-parties unrelated to the Customer order.
4. Disruptive Trading Practices. Participants are prohibited from engaging in any trading, practice or conduct that is disruptive of fair and equitable trading, in violation of the CEA, which includes without limitation (i) violating a bid or offer, (ii) intentional or reckless disregard for orderly execution of Trades during the closing period, or (iii) bidding or offering with the intent to cancel the bid or offer before execution (i.e.; “spoofing”).
5. Fictitious Trades. Participants are prohibited from engaging in fictitious Trades.
6. Fraud. Participants are prohibited from engaging, or attempting to engage in any fraudulent act or any manipulative device, scheme or artifice to defraud, mislead, or deceive in any activity related to their participation on Bats Hotspot SEF.
7. Market Manipulation. Participants are prohibited from directly or indirectly manipulating or attempting to manipulate the price of any Product including, without limitation, trading activity in violation of CEA sections 6(c)(1) and (3), 9(a)(2), 4c(a)(5)(A) and (C), and Commission Regulations 180.1(a) and 180.2.
8. Material Misstatements. No Participant shall knowingly make any material misstatement of fact to Bats Hotspot SEF including, without limitation, any member of Bats Hotspot SEF staff or a Bats Hotspot SEF Committee.
9. Non-Competitive Trades and Accommodation Trades. Except as otherwise provided by Bats Hotspot SEF Rules, Participants are prohibited from engaging in non-competitive trades and accommodation trades.
10. Prohibition on Handling Customer Orders. Participants are prohibited from knowingly taking the opposite side of a Customer order for their own account, or an account in which they have a direct or indirect financial interest, or account over which they have discretionary trading authority. The prohibition against Customer orders shall not apply where the Customer order has been entered into the Bats Hotspot SEF Trading System immediately upon receipt and has been exposed to the market, as required by CFTC Regulations, prior to a Participant taking the opposite side of the customer order.
11. Trading Ahead of a Customer Order. Participants are prohibited from executing a trade on their own account while holding an executable Customer order for the same Product, which could be executed at the same or better price.

12. Violation of Applicable Law. Participants are prohibited from engaging in activity on Bats Hotspot SEF that violates applicable law.
13. Wash Trades. Participants are prohibited from engaging in wash trades.
14. Withholding Customer Orders. Participants are prohibited from withholding Customer orders from the market for the benefit of any Person other than the Customer.
15. Violation of Bats Hotspot SEF Rules. Participants are prohibited from violating the Bats Hotspot SEF Rules.
16. Money passing. No Participant may enter an order with another party for the purpose of entering a Trade with another party that does not result in a net change in either party's open positions, but instead results in a profit to one party and a loss to the other party.
17. Strobing. No Participant may engage in high-frequency trading strategy that rapidly sends and cancels the same order many times to create the (false) appearance of liquidity.
18. Improper Cross-Trades. No Participant may enter cross-trades in violation of Bats Hotspot SEF Rule 523.
19. Laddering. No Participant shall use any high frequency trading strategy that seeks to intercept trading that would otherwise take place and extract profits from the system without participating in the transference of risk.
20. Front Running. Participants shall not engage in front running.
21. Pre-Arranged Trading. Except for the execution of block trades, as provided by Part 43 of the CFTC Regulations or as otherwise permitted by law, Participants are prohibited from engaging in pre-arranged trading.

**Rule 707. Disciplinary Proceedings and Summary Proceedings**

Bats Hotspot SEF through its Compliance Department will conduct market surveillance and Disciplinary Proceedings that include, without limitation, inquiries, investigations, disciplinary proceedings, disciplinary hearings, appeals from disciplinary decisions, and Summary Proceedings. Bats Hotspot SEF may impose sanctions, as provided by the Bats Hotspot SEF Rules, against Participants regarding conduct (including the failure to act) that constitutes a violation of Bats Hotspot SEF Rules.

**Rule 708. Service of Documents**

Any Complaint, Answer or other documents regarding Bats Hotspot SEF Disciplinary Proceeding, Access Denial Proceeding or Summary Proceeding may be served, and service shall be deemed completed upon (i) hand delivery, (ii) deposit in the United States mail, postage paid, via registered mail or certified mail return receipt requested; (iii) deposit in nationally recognized overnight mail carrier; or (iv) sending of such documents by electronic mail with a confirmation copy promptly sent by United States mail. Service made on a Respondent shall be to the address Respondent provided to Bats Hotspot SEF for notices from Bats Hotspot SEF. Service to the Compliance Department shall be made to the address of the Chief Compliance Officer, or such other address designated by the Chief Compliance Officer. Service

to a Disciplinary Committee shall be made at the address of Bats Hotspot SEF and shall state the name of the Bats Hotspot SEF Committee and its Chairperson.

**Rule 709. Representation**

During any Bats Hotspot SEF Disciplinary Proceeding, a Respondent may represent itself, or be represented by counsel (at such Respondent's sole cost and expense), the compliance staff of such Respondent or another Participant (including in-house counsel or compliance staff of a Participant) other than a Participant that is a member of a Disciplinary Committee. A Respondent shall provide the Chief Compliance Officer with prompt notice of the name and contact information of its counsel or representative. For the purposes of this Chapter 7, all references to Respondent shall include such Respondent's counsel or representative, and any reference to Respondent's counsel shall include Respondent's representative.

**Rule 710. Prohibited Activities**

No Person shall delay, impede, interfere with, or attempt to influence a Bats Hotspot SEF Disciplinary Proceeding or Summary Proceeding. Any Person that learns of any activity prohibited by this Bats Hotspot SEF Rule shall give prompt notice of such activity to the Chief Compliance Officer.

**Rule 711. Ex Parte Communications**

1. The Respondent and the Bats Hotspot SEF compliance staff involved in a Disciplinary Proceeding shall have the opportunity to participate in all communications with the Disciplinary Committee.
2. Neither Bats Hotspot SEF's compliance staff nor any Respondent, or its counsel, involved in a Disciplinary Proceeding shall knowingly make or cause to be made an ex-parte communication regarding the merits of such Disciplinary Proceeding with any member of the Disciplinary Committee assigned to handle such Disciplinary Proceeding.
3. No member of the Disciplinary Committee assigned to handle a Disciplinary Proceeding shall knowingly make or cause to be made an ex parte communication with the Respondent or Bats Hotspot SEF compliance staff regarding a Disciplinary Proceeding.
4. It shall not be a violation of this Bats Hotspot SEF Rule for the Respondent or Bats Hotspot SEF compliance staff involved in a Disciplinary Proceeding to individually have communications with the Disciplinary Committee regarding scheduling or procedural matters, nor shall it be a violation of this Bats Hotspot SEF Rule if a Person refuses an attempted ex parte communication concerning the merits of a Disciplinary Proceeding as soon as it becomes apparent that such communication concerns the merits of a Disciplinary Proceeding.
5. Any Person that receives or learns of any communication prohibited by this Bats Hotspot SEF Rule shall give prompt notice of such communication (including any response thereto) to the Chief Compliance Officer.

**Rule 712. Testimony and Production of Documents**

The Board, Chief Executive Officer, Chairperson of any Disciplinary Committee, Chief Compliance Officer and Bats Hotspot SEF compliance staff engaged in any Disciplinary Proceeding shall have the power to issue (i) subpoenas compelling the appearance of any Participant before a Bats Hotspot SEF Committee or Bats Hotspot SEF compliance staff conducting a Disciplinary Proceeding, or (ii) document demands compelling the production of documents, information, records and other tangible evidence to a Bats Hotspot SEF Committee or Bats Hotspot SEF compliance staff conducting a Disciplinary Proceeding. A Participant receiving a subpoena pursuant to the Bats Hotspot SEF Rules shall appear by an Authorized Trader, Participant Representative, officer or employee fully familiar with the relevant facts and circumstances. A Participant's failure to provide testimony as requested by a subpoena or the failure to provide documents, information, records and other tangible evidence as required by a document demand shall be a violation of the Bats Hotspot SEF Rules and shall be subject to disciplinary action.

**Rule 713. Reserved**

**Rule 714. Authority of the Chief Compliance Officer and the Compliance Department**

The Chief Compliance Officer shall be responsible for enforcing Bats Hotspot SEF Rules and shall have available to him or her all the resources of the Compliance Department. Under the direction of the Chief Compliance Officer, the Bats Hotspot SEF Compliance Department will determine the nature and scope of its inquiries and investigations and will perform its compliance functions independently of any commercial interests of Bats Hotspot SEF. The Compliance Department shall have the authority to:

1. conduct annual audit trail and recordkeeping reviews;
2. initiate inquiries;
3. request that Participants appear for an interview, which at the Compliance Department's discretion may be conducted under oath;
4. request documents and/or other tangible evidence;
5. review other trading activity;
6. gather any additional information the Compliance Department, in its discretion, deems necessary;
7. prepare investigative reports, make determinations as to whether or not reasonable cause exists to believe that a rule violation has been committed, and make recommendations as to what charges should be brought;
8. recommend the commencement of a Summary Proceeding or Disciplinary Proceeding;
9. prosecute alleged violations of Bats Hotspot SEF Rules within Bats Hotspot SEF's disciplinary jurisdiction;
10. represent the Compliance Department before the Disciplinary Committee during all phases of the disciplinary process, including, without limitation, settlement offers, hearings and appeals;
11. issue and serve notices of disciplinary charges ("Complaint") on Participants;

12. review denials of access to Bats Hotspot SEF for disciplinary reasons; and
13. issue subpoenas and document requests as provided in the Bats Hotspot SEF Rules.

**Rule 715. Obligations of Participants**

Each Participant shall:

1. promptly respond to inquiries made by the Compliance Department, including requests for interviews;
2. produce documents and/or other tangible evidence in response to a document demand issued pursuant to Bats Hotspot SEF Rules;
3. appear before a Disciplinary Committee in response to a subpoena;
4. appear before a Disciplinary Committee as a witness called by either party to a Bats Hotspot SEF Disciplinary Proceeding; or
5. appear before a Disciplinary Committee as a Respondent in any Disciplinary Proceeding or appear before the ROC in connection with a Summary Proceeding.

**Rule 716. Investigative Reports**

1. Investigation. The Compliance Department shall maintain a log of all inquiries, investigations and their disposition. At the conclusion of each investigation the Compliance Department will prepare a written report of such investigation (“Investigative Report”). The Investigative Report will provide the following information: (i) whether there is reasonable cause to believe that a rule violation is about to occur or has occurred, (ii) a description of the facts supporting the Compliance Department’s determination, (iii) the Respondent’s disciplinary history, and (iv) the recommendations of the Compliance Department regarding whether disciplinary action should be pursued. All investigations will be completed in a timely manner.
2. Review of Investigative Reports by Chief Compliance Officer. All Investigative Reports will be reviewed by the Chief Compliance Officer to determine whether there is reasonable cause to believe that a rule violation is about to occur or has occurred. At the conclusion of such review if the Chief Compliance Officer determines that additional evidence or investigation is needed to determine whether a reasonable basis exists to believe that a rule violation is about to occur or has occurred, the Chief Compliance Officer may direct the Compliance Department to conduct such further investigation.
3. Recommendations of the Compliance Department. At the conclusion of its investigation the Compliance Department may make any of the following recommendations, which will be included in the Investigative Report:
  - a. that the investigation be closed without any further action;
  - b. that a staff Warning Letter be issued in lieu of recommending action by a Review Panel;
  - c. that the matter be submitted to a Review Panel with a recommended settlement prior to preparation of a complaint; or

- d. that the matter be submitted to a Review Panel with a recommendation that a Complaint be issued.

**Rule 717. Review of Investigative Reports by the Review Panel**

The Compliance Department shall present all Investigative Reports to the Review Panel.

1. Upon due consideration of the Investigative Report the Review Panel may:
  - a. reject the recommendation(s) of the Compliance Department and send the matter back for further investigation;
  - b. adopt the recommendation(s) of the Compliance Department;
  - c. adopt in part the recommendation(s) of the Compliance Department; or
  - d. approve the settlement of disciplinary charges (based upon the Investigative Report and prior to the issuance of a complaint).
2. If the Compliance Department makes a recommendation that the preparation and service of a Complaint is warranted, then the Compliance Department may serve the Respondent with notice that the Compliance Department has recommended that disciplinary charges be brought against it.
3. The Compliance Department may permit the Respondent to propose a settlement of the alleged charges or submit a written statement explaining why a disciplinary proceeding should not be commenced or why one or more of the charges alleged should not be brought.

**Rule 718. Complaint**

If the Review Panel determines that a complaint should be issued the Compliance Department shall prepare a complaint and serve it within 30 days of the Review Panel's determination that a Complaint should be issued. The Complaint shall:

1. describe the acts, omissions or conduct that the Respondent is alleged to have engaged in;
2. indicate the Bats Hotspot SEF Rules that the Respondent is alleged to have violated or is about to violate;
3. indicate the proposed sanctions for such violation(s);
4. advise the Respondent of Respondent's right to respond to the Complaint and request a hearing and the time deadline provided in the Bats Hotspot SEF Rules for doing so;
5. advise the Respondent that, except for good cause, Respondent's failure to respond to the Complaint within the time deadline provided in the Bats Hotspot SEF Rules will be deemed to be a waiver of the right to a hearing; and
6. advise the Respondent that all allegations in the Complaint not expressly denied shall be deemed admitted.

**Rule 719. Answer**

The Respondent shall serve an Answer no later than 20 days after service of the Complaint, or such other date agreed upon by the Respondent and the Compliance Department. The Answer shall:

1. state the allegations the Respondent admits or denies;
2. state which allegations the Respondent does not have sufficient knowledge to either admit or deny;
3. state any affirmative defenses and, where applicable, include any facts that contradict the notice of charges; and
4. be signed by the Respondent.

A general denial of the charges shall not satisfy the requirements of this Bats Hotspot SEF Rule. Any allegation for which the Answer does not provide a response shall be deemed admitted. Unless good cause is shown, if a Respondent fails to serve an Answer within the required time frame, then all charges in the Complaint shall be deemed admitted.

**Rule 720. Pre-hearing Procedures**

1. Discovery between the Respondent and the Compliance Department. At any time prior to the start of a hearing a Respondent may make a written request to the Compliance Department to review the records, information and tangible evidence in the possession and control of the Compliance Department that the Compliance Department will rely upon to support the allegations and proposed sanctions stated in the Complaint. Such review shall occur at a date and time mutually convenient to the Respondent and Compliance Department. The Respondent may obtain a copy of all such evidence at the sole cost and expense of the Respondent. Bats Hotspot SEF may withhold documents that: (i) are privileged or constitute attorney work product, (ii) were prepared by an employee of Bats Hotspot SEF but will not be offered in evidence in the disciplinary proceedings; (iii) may disclose a technique or guideline used in examinations, investigations, or enforcement proceedings, or (iv) disclose the identity of a confidential source. The Compliance Department is not required to produce or obtain documents that are not in its possession and control. For the avoidance of any doubt, information that could adversely affect competitive positions include positions in Products currently held, trading strategies used in establishing or liquidating positions, the identity of any Respondent and the personal finances of the Person providing the information.
2. Discovery between the Respondent and Third-parties. Prior to the hearing the Respondent may seek documents, information or other tangible evidence, not in the possession of the Compliance Department from a third-party. If such third-party is subject to the jurisdiction of Bats Hotspot SEF and fails to provide the documents, information or other tangible evidence requested by the Respondent on a voluntary basis the Respondent may make a written

application to the Hearing Panel for an order compelling such production. At any time prior to the hearing the Respondent may make an application to the Hearing Panel requesting the Hearing Panel issue a subpoena compelling the appearance and testimony of a Person, subject to the jurisdiction of Bats Hotspot SEF, at the hearing. The Respondent shall serve the Compliance Department with a copy of any application made to the Hearing Panel pursuant to this Bats Hotspot SEF Rule and the Compliance Department may object in whole or in part to any such application made by the Respondent.

3. Resolution of Discovery Disputes. Either party may make a written application to the Hearing Panel for resolution of any discovery dispute. Any party making an application to the Hearing Panel for the resolution of a discovery dispute shall timely serve the other party with a copy of their written application to the Hearing Panel. Any such application to the Hearing Panel shall include the following information (i) a description of the documents, information or other tangible evidence that is sought, (ii) the name of the custodian of the documents, information or other tangible evidence that is sought, (iii) the nature of the objection to their production, and (iv) the reasons why the Hearing Panel should compel the production of documents, information or other tangible evidence that is sought.
4. Pre-Hearing Disclosure. At least 14 days before the start of the hearing each party shall provide the other party with a (i) list of witnesses that the party intends to call to testify at the hearing, and (ii) copies of the documents, information and other tangible evidence that the party intends to rely upon at the hearing. The Hearing Panel may refuse to consider any documents, information or other tangible evidence which was not produced to a party or permit testimony from a witness whose name was not disclosed to the other party pursuant to this Bats Hotspot SEF Rule.
5. Pre-Hearing Conference. Prior to the hearing the Hearing Panel may hold a meeting to determine motions, procedural issues and evidentiary matters.
6. Notice of the Hearing. The Hearing Panel shall provide the parties with reasonable notice, confirmed in writing, of the date, time and place of the hearing.

#### **Rule 721. Hearing Procedures**

1. Hearing Panel Procedures. After the Complaint is served on the Respondent, the proceeding will be referred to the Hearing Panel. The Hearing Panel will have the authority to review and consider (i) any settlement offers made by the Respondent and (ii) any evidence presented at a hearing.
2. Hearing Procedures. Hearings shall be fair and shall be promptly convened after reasonable notice to the respondent. The following procedures will apply during a hearing.
  - a. The entire Hearing Panel shall be present during the hearing. The Chairperson of the Hearing Panel may adjourn, continue, or otherwise conduct the hearing.



- b. The Compliance Department will represent Bats Hotspot SEF at the hearing and may present evidence in support of its case.
- c. The Compliance Department shall have the burden of proof and shall prove alleged rule violations by a preponderance of the evidence.
- d. The Respondent may present evidence in support of his or her defense. If the Respondent fails to appear, the hearing may proceed without the Respondent.
- e. Each party will have the right to call and cross-examine witnesses.
- f. The formal rules of evidence do not apply. The Chairperson of the Disciplinary Panel will make all evidentiary and procedural determinations, including, without limitation, the admissibility and relevance of evidence. Bats Hotspot SEF staff may provide guidance to the Chairperson of the Disciplinary Panel conducting the hearing.
- g. After the conclusion of the hearing the Hearing Panel will issue a written decision, which it shall provide to all parties.
- h. The Hearing proceedings will be recorded in a format that can be transcribed.
- i. A summary record of the Hearing will be retained unless transcription of the Hearing proceedings is required pursuant to Rule 724 or CFTC Regulation 37.206(c)(2)(i)-(iii).

**Rule 722. Decision of the Hearing Panel**

As soon as reasonably practicable after the hearing, the Hearing Panel will issue a written decision and order rendering its determination based upon the weight of the evidence contained in the record of the hearing, and will serve a copy on the Compliance Department and the Respondent. A decision of the majority of the Hearing Panel shall constitute the decision of the Hearing Panel. The Hearing Panel's decision and order shall contain the following (i) a summary of the allegations contained in the Complaint; (ii) a summary of the Answer, including any affirmative defenses asserted; (iii) a brief summary of the documents, information, testimony and/or other tangible evidence admitted into evidence at the hearing; (iv) the Hearing Panel's findings and conclusions concerning each of the allegations charged in the Complaint, including each Bats Hotspot SEF Rule and provision of law the Respondent is found to have violated and a complete explanation of the evidentiary and other basis for Bats Hotspot SEF's findings and conclusions with respect to each charge; (v) the sanctions imposed, if any, and the effective date of each sanction; and (vi) notice of the Respondent's right to appeal. No later than 30 days after the date of the Hearing Panel's decision Bats Hotspot SEF shall cause the decision to be delivered to the Respondent, at their last known address, by: (i) hand delivery; (ii) deposit in the United States mail, postage paid, via registered mail or certified mail return receipt requested; (iii) deposit in nationally recognized overnight mail carrier; or (iv) sending of such documents by electronic mail with a confirmation copy promptly sent by United States mail. Unless a timely notice of appeal is filed pursuant to Bats Hotspot SEF Rules, the decision and order of the Hearing Panel will become a Final Decision.

**Rule 723. Offers of Settlement**

1. A Respondent may propose an offer of settlement at any time during the disciplinary process.
2. All offers of settlement shall be in writing, signed by the Respondent and contain proposed findings and sanctions agreed upon by the Respondent and the Compliance Department. A Respondent may offer to settle a Disciplinary Proceeding without admitting or denying the findings contained in the Complaint, but must consent to the jurisdiction of Bats Hotspot SEF to impose sanctions on Respondent in connection with the Disciplinary Proceeding.
3. Respondent shall serve a copy of the offer of settlement on the Compliance Department and the Chairperson of the Review Panel or Hearing Panel, as applicable.
4. The Review Panel or Hearing Panel, as applicable, will review offers of settlement to determine if proposed settlement terms are in accord with Rule 728 (Sanctions), and may accept or reject the offer of settlement, but may not modify the terms of the offer without the Respondent's consent. In making its determination the Review Panel or Hearing Panel may provide the Compliance Department and the Respondent the reasons why the offer of settlement has been accepted or rejected.
5. All offers of settlement that have been accepted by the Review Panel or Hearing Panel shall be submitted to the Board for approval. If the offer of settlement is accepted by the Board it shall be a Final Action and shall be deemed to constitute a waiver of Respondent's right to hearing. The Compliance Department and Respondent shall receive prompt notice of the Board's determination to accept or reject the offer of settlement.
6. A Respondent may withdraw an offer of settlement any time prior to acceptance of such offer of settlement by the Board.
7. If the offer of settlement is not accepted by the Hearing Panel, Review Panel, or Board, as applicable, then the Disciplinary Proceeding shall continue as if the offer of settlement had not been made. All documents relating to such offer of settlement shall not become part of the record in such Disciplinary Proceeding. Neither the Compliance Department, nor the Respondent shall use an unaccepted offer of settlement for any purpose during any stage in the Disciplinary Proceeding, including, without limitation, as an admission of wrongdoing.

**Rule 724. Appeals**

1. No later than 30 days after service of a hearing decision any party may file a notice of appeal with the Compliance Department that shall state the reason for the appeal. Upon the timely service of a notice of appeal the sanctions imposed in the decision and order of the Hearing Panel will be suspended pending the determination of the Respondent's appeal.
2. The notice of appeal shall state the grounds for appeal, including the findings of fact, conclusions or sanctions to which the Respondent objects. A Respondent may appeal a decision and order of the hearing panel on the grounds that:

- a. the decision and order was arbitrary, capricious, an abuse of discretion, or not in accordance with the rules of Bats Hotspot SEF;
  - b. the decision and order exceeded the authority or jurisdiction of the Hearing Panel;
  - c. the decision and order failed to observe required procedures;
  - d. the decision and order was unsupported by the facts or evidence; or
  - e. the imposed sanctions are inappropriate or unsupported by the record.
3. Upon receipt of the notice of appeal the Compliance Department will compile the appeal record, which will include, without limitation, (i) the complaint, (ii) the Answer, (iii) a copy of all items accepted into evidence, (iv) the transcript of the hearing, and (v) the hearing decision. The Compliance Department will provide the Respondent(s) and Appeal Panel with a copy of the record on appeal no later than 60 days after the Compliance Department's receipt of the notice of appeal or such other deadline agreed upon by the Respondent and the Compliance Department.
  4. No later than 20 days after service of the record on appeal by the Compliance Department, the Respondent shall serve the Compliance Department and the Chairperson of the Appeal Panel with a brief supporting its appeal.
  5. No later than 20 days after service of Respondent's appeal brief, the Compliance Department may serve a brief in response to Respondent's appeal brief on the Respondent and the Chairperson of the Appeal Panel.
  6. No later than 10 days after service of the Compliance Department's responding brief, the Respondent may serve a reply brief on the Compliance Department and the Chairperson of Appeal Panel.
  7. After service of the notice of appeal, the Appeal Panel will schedule a meeting at which each party will be given an opportunity to present oral argument to the Appeal Panel. The proceedings held during this meeting will be recorded in a format that can be transcribed. The Appeal Panel shall only consider the record before it, the notice of appeal and the briefs submitted by the parties. The Appeals Panel may only consider new evidence if the Appeals Panel determines that good cause exists as to why the evidence was not introduced during the hearing.
  8. After the conclusion of the appeal proceeding, the Appeal Panel will issue a written decision, which it shall provide to all parties.

**Rule 725. Decision of the Appeal Panel**

As promptly as reasonably possible after the conclusion of oral argument, the Appeal Panel will issue a written decision, based upon the weight of the evidence before the Appeal Panel. The decision of the Appeal Panel will include a statement of the findings of fact and conclusion for each of the findings and sanctions made by the Hearing Panel. In its decision the Appeal Panel may affirm, modify or reverse, in whole or in part, the decision and order of the Hearing Panel, including the increasing, decreasing or

elimination of sanctions or remedies imposed by the Hearing Panel. The Appeals Panel shall not set aside, modify or amend the Hearing Panel's decision unless it determines by majority vote that the Hearing Panel's decision was:

1. arbitrary, capricious, or an abuse of the Hearing Panel's discretion;
2. beyond the authority or jurisdiction of the Hearing Panel; or
3. based upon a clearly erroneous application or interpretation of CFTC Regulations or Bats Hotspot SEF Rules.

If the standards for setting aside, modifying or amending the Hearing Panel's decision and order have not been met, and a majority of the Appeal Panel believes that the Hearing Panel's decision and order resulted from a specific error, impropriety, or deficiency in the hearing it may order, by majority vote, that a new hearing be held. In the event that the Appeal Panel determines that a new hearing be held, the Appeals Panel shall provide a copy of the Appeal Panel's decision to the Chairperson of the Regulatory Oversight Committee. No later than 30 days after the receipt of the Appeal Panel's decision, the Regulatory Oversight Committee shall appoint a new Hearing Panel and serve the Compliance Department and the Respondent with notice of such panel appointment.

No later than 30 days after the date of the Appeal Panel's decision Bats Hotspot SEF shall cause the decision to be delivered to the Respondent, at their last known address, by: (i) hand delivery; (ii) deposit in the United States mail, postage paid, via registered mail or certified mail return receipt requested; (iii) deposit in nationally recognized overnight mail carrier; or (iv) sending of such documents by electronic mail with a confirmation copy promptly sent by United States mail. The decision of the Appeal Panel shall be the Final Action of Bats Hotspot SEF and will not be subject to further appeal within Bats Hotspot SEF and shall include a statement informing the Respondent of their right to appeal to the CFTC.

**Rule 726. Imposition of Summary Fines**

1. The Chief Compliance Officer may summarily impose a fine, pursuant to Bats Hotspot SEF Rule 728(5), against a Respondent for failing to (i) make timely and accurate submissions of notices, reports or other required information to Bats Hotspot SEF or (ii) keep such books and records as required by the Bats Hotspot SEF Rules.
2. The Chief Compliance Officer shall serve written notice of each summary fine imposed which shall include (i) the violation of the Bats Hotspot SEF Rule for which the fine has been issued; (ii) the date of the violation of the Bats Hotspot SEF Rule; (iii) the amount of the fine; and (iv) the payment due date.
3. No later than 20 days after service of the notice of a summary fine, the Respondent upon whom the notice of summary fine was served may appeal the imposition of such summary fine by serving a written request for review of the summary fine to the Regulatory Oversight Committee and the Chief Compliance Officer. The service of a request to review a summary fine shall

suspend the payment due date pending the determination of the Respondent's request for review.

4. Within 10 days after service of the request for review of a summary fine, the Chief Compliance Officer may serve a response to the Respondent's review on the Respondent and the Regulatory Oversight Committee.
5. As soon as reasonably possible after service of the Chief Compliance Officer's response to the Respondent's request for review of the summary fine, the Regulatory Oversight Committee will render a written decision that affirms, modifies or sets aside the summary fine imposed by the Chief Compliance Officer. The decision of the Regulatory Oversight Committee shall be the final action of Bats Hotspot SEF and will not be subject to further appeal within Bats Hotspot SEF.

**Rule 727. Summary Proceedings**

1. A Summary Proceeding may be commenced in addition to any other Disciplinary Proceeding.
2. After consultation with the Chief Compliance Officer, the Regulatory Oversight Committee, may summarily suspend, restrict or revoke the Trading Privileges of any Respondent as result of (i) Respondent's statutory disqualification, (ii) the reasonable belief that immediate action is required to protect the public or Participants; or (iii) the nonpayment of disciplinary fines ("Summary Proceeding"). The Regulatory Oversight Committee's determinations from the Summary Proceeding shall be in a written decision that states (i) the acts, omissions or conduct the Respondent is alleged to have committed; (ii) the sanctions imposed and their effective date; and (iii) the Respondent's right to appeal ("Summary Proceeding Decision"). The sanctions imposed by Summary Proceeding Decision may be effective immediately, on a future date or dependent upon the occurrence of a future event. The Chief Compliance Officer shall promptly serve a copy of the Summary Proceeding Decision on the Respondent.
3. No later than 10 days after service of the Summary Proceeding Decision, the Respondent may appeal the Summary Proceeding Decision by serving a written request ("Summary Proceeding Review Notice") on the Chairperson of the Regulatory Oversight Committee and serving a copy on the Chief Compliance Officer. The Summary Proceeding Review Notice shall state the grounds for appeal, including the findings of fact, conclusions or sanctions to which the Respondent objects. The Respondent's failure to serve Summary Proceeding Review Notice in a timely manner shall constitute a waiver of Respondent's right to appeal the Summary Proceeding Decision.
4. The Regulatory Oversight Committee shall meet to consider the Summary Proceeding Review Notice as soon as practicable after its receipt by the Chairperson of the Regulatory Oversight Committee ("Summary Proceeding Review Conference"). Both the Chief Compliance Officer and the Respondent may be present at the Summary Proceeding Review Conference. No later than 20 days after the Summary Proceeding Review Conference, the Regulatory Oversight Committee shall issue a written decision that either affirms, modifies or reverses the Summary Proceeding

Decision. Such decision shall be promptly served on the Chief Compliance Officer and the Respondent and shall not be subject to further review by any Bats Hotspot SEF Committee.

**Rule 728. Sanctions**

1. Disciplinary Committees are authorized to impose the following sanctions upon a finding of a rule violation or pursuant to an offer of settlement:
  - a. a warning letter, as provided below;
  - b. a condition or limit Trading Privileges;
  - c. suspension or in lieu of a suspension, with the Respondent's consent, a fine as described in section 2 below;
  - d. restitution in accordance with 728(6);
  - e. expulsion; or
  - f. any combination of sanctions.
2. As an alternative to suspension a Respondent may choose to pay a fine to Bats Hotspot SEF, provided that the Disciplinary Committee that imposed such suspension consents to the imposition and amount of the fine. Bats Hotspot SEF may impose a fine in an amount not less than \$1,000 and up to \$100,000 for each disciplinary offense. Failure to pay an agreed fine within 30 days of the date from which the fine is due shall result in suspension and/or further disciplinary action.
3. The following restriction shall apply to the issuance of warning letters. No more than one warning letter, in lieu of stronger disciplinary action, shall be issued to a Respondent for the same rule violation during a rolling 12 month period.
4. The Regulatory Oversight Committee is authorized to impose the following sanctions in connection with a Summary Proceeding:
  - a. condition or limit Trading Privileges;
  - b. suspension of Trading Privileges;
  - c. expulsion; or
  - d. any combination of sanctions.
5. Bats Hotspot SEF may impose summary fines in an amount not less than \$1,000 and up to \$5,000 per offense. Failure to pay a fine within 30 days of date from which the fine is due shall result in the accrual of interest on the fine at the prime rate. Failure to pay a fine within 60 days from the date that the fine was imposed may result in suspension and/or disciplinary action.
6. In the event of demonstrated customer harm, disciplinary sanctions will include full customer restitution, except where the amount of restitution or to whom it should be provided cannot be reasonably determined.
7. Sanctions imposed will take into account the Respondent's disciplinary history, shall be commensurate with the violation(s) committed and clearly sufficient to deter recidivism or similar violations.

**Rule 729. Rights and Responsibilities after Suspension or Termination**

1. If the Trading Privileges of a Respondent are suspended by Bats Hotspot SEF none of such Respondent's rights and Trading Privileges (including the right to enter orders into Bats Hotspot SEF and hold oneself out as a Participant) and the Trading Privileges of its Authorized Traders will apply during the period of suspension, except for the Respondent's right to assert claims against others as provided in the Bats Hotspot SEF Rules. Any such suspension will not affect the rights of creditors under the Bats Hotspot SEF Rules or relieve the Respondent from his or her obligations under the Bats Hotspot SEF Rules to perform on Trades entered into before the effective date of such suspension, or for any Bats Hotspot SEF fees or costs incurred during the suspension. Bats Hotspot SEF may discipline any suspended Respondent for any violation of Bats Hotspot SEF Rules committed by such Respondent before, during or after the suspension.
2. If the Trading Privileges of a Respondent are terminated, all of such Respondent's rights and Trading Privileges will terminate (including the right to enter orders into Bats Hotspot SEF and hold oneself out as a Participant and the Trading Privileges of such Respondent's Authorized Traders), except for the right of such Respondent to assert claims against others, as provided by the Bats Hotspot SEF Rules. Any such termination will not affect the rights of creditors under the Bats Hotspot SEF Rules or relieve the Respondent from Respondent's obligations under the Bats Hotspot SEF Rules to perform on Trades entered into before the effective date of such termination. Any Respondent who has had Respondent's Trading Privileges terminated may only obtain reinstatement of Trading Privileges by applying to become Bats Hotspot SEF Participant pursuant to the Bats Hotspot SEF Rules, and such Respondent may not apply to be a Bats Hotspot SEF Participant until six months after the effective date of the termination of such Respondent's Trading Privileges.
3. A terminated Respondent remains subject to the Bats Hotspot SEF Rules and the Jurisdiction of Bats Hotspot SEF for the acts and omissions that occurred before such Respondent's termination and must cooperate in any Disciplinary Proceeding as if the suspension or termination had not occurred. A suspended Respondent remains subject to the Bats Hotspot SEF Rules and the jurisdiction of Bats Hotspot SEF for the acts and omissions that occurred before, during or after such Respondent's suspension and must cooperate in any Disciplinary Proceeding as if the suspension had not occurred.

**Rule 730. Notice of Final Action**

Contemporaneously with the delivery of a final action including, without limitation, a written decision of the Hearing Panel, offer of settlement accepted by the Board, a decision of the Appeal Panel, or access denial action Bats Hotspot SEF will send, pursuant to CFTC Regulation 9.11, a copy of such final action to the CFTC. Such final action will be effective fifteen days after written notice of final action is delivered to the person disciplined or denied access in accordance with Rule 708 ("Service of Documents").

## CHAPTER 8 ARBITRATION

### Rule 801. Disputes Subject to Arbitration

1. Mandatory Arbitration. The following matters shall be subject to mandatory arbitration in accordance with the Bats Hotspot SEF Rules:
  - a. disputes between Participants that arise out of any trading activity on or subject to the rules of Bats Hotspot SEF;
  - b. disputes between Participants and their Customer(s) that arise out of any trading activity on or subject to the rules of Bats Hotspot SEF; or
  - c. disputes between (i) Participants or (ii) Customers of Participants, and Clearing Members that arise out of any trading activity on or subject to the rules of Bats Hotspot SEF.
2. Permissive Arbitration. Provided that the parties consent, any claim or dispute between a Participant and a Customer of a Participant may be subject to arbitration in accordance with the Bats Hotspot SEF Rules.

### Rule 802. Services Agreement with Regulatory Services Provider

Bats Hotspot SEF may, at any time, choose to contract with a registered futures association, or other registered entity, for the provision of regulatory services which includes, without limitation, assistance with the resolution of disputes pursuant to Bats Hotspot SEF Rules. Any act or requirement that is required to be performed by the Bats Hotspot SEF under the Bats Hotspot SEF Rules, with respect to Arbitration proceedings may be performed by a regulatory service provider. Bats Hotspot SEF shall retain ultimate decision-making authority with respect to any functions that are contracted to a Regulatory Service Provider.

### Rule 803. Commencement of an Arbitration Proceeding

1. Any Person wishing to commence an arbitration proceeding ("Claimant") against a Person ("Respondent") may do so by serving a Notice of Arbitration on the Respondent and the Chairperson of the Arbitration Committee, together with proof of service, within two years from the date the cause of action accrued.
2. The Notice of Arbitration served on the Chairperson of the Arbitration Committee shall be accompanied by the Claimant's non-refundable check for arbitration filings fees, as determined by the Bats Hotspot SEF Board, which shall be as follows:

<u>Amount of Relief Requested</u>	<u>Filing Fee</u>
up to \$5,000	\$100
over \$5,000 and up to \$25,000	\$250



over \$25,000 and up to \$100,000	\$500
over \$100,000	\$1,500

3. The Notice of Arbitration shall set forth the name and address of the Claimant(s) and Respondent(s), the nature of the allegations against the Respondent(s), the relief requested and the factual and legal basis for granting such relief.

**Rule 804. Service of Documents**

Any Complaint, Answer or other documents regarding a Bats Hotspot SEF Arbitration may be served, and service shall be deemed completed upon (i) hand delivery, (ii) deposit in the United States mail, postage paid, via registered mail or certified mail return receipt requested; (iii) deposit in nationally recognized overnight mail carrier; or (iv) sending of such documents by electronic mail with a confirmation copy promptly sent by United States mail. Service made on the Claimant and Respondent shall be made to the address provided by the Claimant and Respondent to Bats Hotspot SEF for notices from Bats Hotspot SEF. Service to the Arbitration Panel shall be made at the address of Bats Hotspot SEF to the attention of the Arbitration Panel and shall state the name of the Chairperson of the Arbitration Panel.

**Rule 805. Appointment of Arbitration Panel**

1. Promptly after service of the Notice of Arbitration, Bats Hotspot SEF will appoint an Arbitration Panel to hear and decide the Arbitration matter. The Arbitration Committee Chairperson shall serve the Claimant, Respondent and each member of the Arbitration Panel with notice of the appointment of the Arbitration Panel.
2. Upon appointment to an Arbitration Panel each member of the Arbitration Panel shall promptly disclose to the Chairman of the Arbitration Committee any matter, relationship or interest with (i) the subject matter of the dispute, and/or (ii) any party to the dispute, that may affect the Arbitration Panel member's ability to be, or create the appearance that he or she is not, impartial in deliberating and deciding the dispute. The Chairperson of the Arbitration Committee will consider such disclosure and determine whether the objection warrants the removal of a member of the Arbitration Panel. If a member of the Arbitration Panel is removed, a replacement will be appointed.
3. Any party wishing to object to the members of the Arbitration Panel may do so provided that such objection is made in writing no later than 10 days after service of notice of the panel appointment and is provided to all parties and the Chairperson of the Arbitration Committee.
4. The Chairperson of the Arbitration Committee will review the objection and determine whether the objection warrants the removal of a member of the Arbitration Panel. If a member of the Arbitration Panel is removed, a replacement will be appointed. The parties shall be notified of any replacement to the Arbitration Panel and will have 10 days to object to the new member of the Arbitration Panel.

**Rule 806. Ex-Parte Communications**

1. The Claimant and Respondent involved in a Bats Hotspot SEF Arbitration shall have the opportunity to participate in all communications with the Arbitration Panel.
2. Neither the Claimant nor the Respondent, or their counsel, involved in a Bats Hotspot SEF Arbitration shall knowingly make or cause to be made an ex-parte communication regarding the merits of such Bats Hotspot SEF Arbitration with any member of the Arbitration Panel assigned to handle such Bats Hotspot SEF Arbitration.
3. No member of the Arbitration Panel assigned to handle a Bats Hotspot SEF Arbitration Proceeding shall knowingly make or cause to be made an ex parte communication with the Claimant or Respondent regarding a Bats Hotspot SEF Arbitration.
4. It shall not be a violation of this Bats Hotspot SEF Rule for the Claimant or Respondent involved in a Bats Hotspot SEF Arbitration to individually have communications with the Arbitration Panel regarding scheduling or procedural matters, nor shall it be a violation of this Bats Hotspot SEF Rule if a Person refuses an attempted ex parte communication concerning the merits of a Bats Hotspot SEF Arbitration as soon as it becomes apparent that such communication concerns the merits of a Bats Hotspot SEF Arbitration.
5. Any Person that receives or learns of any communication prohibited by this Bats Hotspot SEF Rule shall give prompt notice of such communication (including any response thereto) to the Chief Compliance Officer.

**Rule 807. Arbitration Pre-Hearing Proceedings**

1. Each Respondent shall serve an Answer to the Notice of Arbitration on the Claimant and the Chairperson of the Arbitration Committee, no later than 20 days after the service of the Notice of Arbitration, or such other date mutually agreed to by Claimant and Respondent. The Answer may set forth (i) any affirmative defenses, (ii) counterclaims, (iii) cross-claims and/or (iv) third-party claims, provided such claims are asserted over a Person who is subject to mandatory arbitration of such claim or consents to the jurisdiction of the Arbitration Committee. Any party against whom a cross-claim, counter-claim or third-party claim has been asserted shall file a written Answer to those claims with the Chairperson of the Arbitration Committee, with a copy to all parties, no later than 20 days after service of the cross-claim, counter-claim or third-party claim, or such other date mutually agreed to by the parties.
2. As soon as practicable after the appointment of the panel is finalized, the Arbitration Panel shall hold a scheduling conference. At the scheduling conference the Arbitration Panel and the parties will agree upon the case schedule and set a date (or dates) for the hearing. The Panel shall serve all parties with written notice of the date, time and place of the hearing.
3. No later than 30 days after the scheduling conference, each party shall provide to the other party and the Arbitration Panel a copy of the documents and information that will be presented at the hearing. After disclosure of documents and information, any party may serve another party (with a copy to the Chairman of the Arbitration Panel) with a request for additional

documents and/or information. The party receiving a request for additional documents and/or information shall respond within 30 days of service of such request or such other date as agreed upon by the parties. A party that receives a request for documents and/or information from another party may raise any objections to such request to the Arbitration Panel. Based upon the facts and circumstances of the matter, the Arbitration Panel, in its sole discretion, will determine whether such additional discovery will be permitted.

4. At least 14 days before the start of the hearing each party shall provide the other party with a (i) list of witnesses that the party intends to call to testify at the hearing, and (ii) copies of the documents, information and other tangible evidence that the party intends to rely upon at the hearing. The Arbitration Panel may refuse to consider any documents, information or other tangible evidence which was not produced to a party or permit testimony from a witness whose name was not disclosed to the other party pursuant to this Bats Hotspot SEF Rule.

**Rule 808. Arbitration Hearing Proceedings**

1. Each party shall be entitled to appear at the hearing personally or with counsel of such party's choice.
2. Each party shall present its case and present the testimony of disclosed witnesses and documents. The claimant must prove their case by the preponderance of the evidence.
3. The formal rules of evidence will not apply.
4. Unless requested by a party no recording of the hearing will be made. Any party may request that a stenographic transcript of the hearing be made provided that party bears the cost of such transcription.
5. The Arbitration Panel, in their sole discretion, may permit the parties to submit post hearing statements.

**Rule 809. Arbitration Decision**

No later than 90 days after the conclusion of the hearing the Arbitration Panel will render its decision and order in which it may grant such remedy or relief it deems just and equitable. The Arbitration Panel shall serve a copy of its decision and order on all parties. The decision and order may include the following (i) a summary of the allegations contained in the Notice of Arbitration; (ii) a summary of the Answer, including any affirmative defenses asserted; (iii) a brief summary of the documents, information and other tangible evidence admitted into evidence at the hearing; (iv) the Arbitration Panel's findings and conclusions concerning each of the allegations charged in the Notice of Arbitration; and (v) the relief awarded by the Arbitration Panel.

**Rule 810. Compensation of Arbitrators**

Parties to a Bats Hotspot SEF Arbitration shall pay the members of an Arbitration Panel appointed to hear and decide their matter, compensation in compliance with the Arbitrator Fee Schedule determined by the Board. The Arbitrator's Fee Schedule, if any, shall be available on Bats Hotspot SEF's website.

**Rule 811. Fictitious Claims**

The commencement of false or fictitious claims in a Bats Hotspot SEF Arbitration shall be a violation of Bats Hotspot SEF Rules.

**Rule 812. Other Proceedings**

No permissive arbitration claims will be accepted by Bats Hotspot SEF for arbitration, if Bats Hotspot SEF receives notice that another arbitration or civil court proceeding is pending between the parties regarding the same underlying facts.

## CHAPTER 9 MISCELLANEOUS

### Rule 901. Market Data

1. Subject to each Participant's or Customer's or Sponsored Person's rights in its Participant Data, all Participants, Customer of Participants and Clearing Members acknowledge and agree that Bats Hotspot SEF shall have a proprietary interest in all market data and information entered into and/or created on the Bats Hotspot SEF and/or displayed on Bats Hotspot SEF's systems ("Bats Hotspot SEF Market Data") including without limitation:
  - a. price, quantity, structure, date and time of entry of each and every bid and offer submitted on Bats Hotspot SEF;
  - b. price, quantity, structure, date and time of trade execution of each and every Trade executed on Bats Hotspot SEF;
  - c. the end of day price for each instrument traded on Bats Hotspot SEF;
  - d. any information that can be derived from (a), (b) or (c) above; and
  - e. the dissemination or transmission of Bats Hotspot SEF Market Data to Participants, Customer of Participants, Clearing Members and/or any publisher of market data with whom Bats Hotspot SEF has a written agreement, provided that Bats Hotspot SEF Market Data is anonymized and aggregated.
2. Except as permitted by the Bats Hotspot SEF Rules, Participants, Customer of Participants, and Clearing Members shall not sell, distribute, re-transmit, transfer, license or otherwise provide Bats Hotspot SEF Market Data to any third-party. Bats Hotspot SEF will not use Bats Hotspot SEF Market Data to replicate or reverse engineer the trading strategy of a Participant, Customer or Sponsored Person.
3. Except in respect of its Participant Data, Participant shall not (a) provide to any third party access to or the ability to use Bats Hotspot SEF, Bats Hotspot SEF Market Data, or any content or data that may be accessible, in whole or in part, on Bats Hotspot SEF, (b) store, copy, modify, reverse engineer, reverse assemble or reverse compile the Bats Hotspot SEF Trading System, Bats Hotspot SEF Market Data, or any content or data that may be accessible, in whole or in part, on Bats Hotspot SEF; (c) distribute, rent, sell, retransmit, redistribute, release or license to any third party other than a Participant the Bats Hotspot SEF Trading System, the Bats Hotspot SEF Market Data, or any content or data that may be accessible, in whole or in part, on Bats Hotspot SEF, and (d) use Bats Hotspot SEF, the Bats Hotspot SEF Market Data, or any content or data that may be accessible, in whole or in part, on Bats Hotspot SEF in constructing or calculating the value of any index or index products. For the avoidance of any doubt this section shall not prohibit Participant and/or Clearing Member from (i) providing the Bats Hotspot SEF

Trading System, Bats Hotspot SEF Market Data, any content or data that may be accessible, in whole or in part, on Bats Hotspot SEF to an employee of a Participant and/or Clearing Member engaged in risk management or supervisory activities with the authority to establish, monitor, or modify credit controls for orders transmitted entered, or (ii) use Bats Hotspot SEF Market Data for internal business and regulatory reporting purposes.

4. Bats Hotspot SEF acknowledges and agrees that a Participant shall be permitted, and Bats Hotspot SEF hereby grants Participant a non-exclusive, revocable, non-transferable and royalty-free license (without warranties of any kind, express or implied), to use for the benefit of the Participant the Bats Hotspot SEF Market Data, and in particular to use the Bats Hotspot SEF Market Data to create pricing data for Participant's internal business purposes and Participant shall retain all ownership and proprietary interest with respect to such pricing data. Subject to the foregoing license, and subject to a Participant's rights in its Participant Data as between Bats Hotspot SEF and the Participant, Bats Hotspot SEF retains all ownership and proprietary interest with respect to the Bats Hotspot SEF Market Data.
5. Bats Hotspot SEF shall have the right to monitor compliance with this Bats Hotspot SEF Rule as follows. No more than once every 12 months, unless Bats Hotspot SEF has reasonable basis to believe that a Participant, Customer of a Participant or a Clearing Member is in breach of this section, Bats Hotspot SEF may conduct an audit into a Participant's, Customers of Participants, or a Clearing Member's use of Bats Hotspot SEF Market Data ("Market Data Audit"). Bats Hotspot SEF shall provide prior written notice of a Market Data Audit, and such notice shall identify the areas of inquiry and the date of such Market Data Audit will be performed. All Market Data Audits will be performed upon at least three business days' notice, or such other time as mutually agreed upon the Bats Hotspot SEF and the Participant, Customer of a Participant or a Clearing Member and during normal business hours. In performing a Market Data Audit Bats Hotspot SEF (by its employees or by an independent audit firm) shall be authorized to inspect or review such systems and records relating to the use and/or distribution of Bats Hotspot SEF Market Data solely for the purpose of verifying the Participant's compliance with the Bats Hotspot SEF Rules.
6. Bats Hotspot SEF shall report such Bats Hotspot SEF Market Data to a swap data repository required by Parts 43 and 45 of CFTC Regulations. In addition, Bats Hotspot SEF shall publish information required by Part 16 of the CFTC Regulations. Bats Hotspot SEF shall not disclose Bats Hotspot SEF Market Data in a manner that identifies the Participant or the Customer, or the trading activity or market positions of any Participant or their Customer, except that Bats Hotspot SEF may disclose Bats Hotspot SEF Market Data as required by law, government agency, court of competent jurisdiction, or administrative body.

**Rule 902. Bats Hotspot SEF Employees**

1. Bats Hotspot SEF employees, officers, agents, independent contractors and consultants are prohibited from disclosing material, non-public information obtained as a result of their

employment or relationship with Bats Hotspot SEF. Bats Hotspot SEF employees, officers, agents, independent contractors and consultants are prohibited from providing non-public information obtained as a result of their employment or relationship with Bats Hotspot SEF if such employee, officer, agent, independent contractor or consultant expects or should have reasonably expected that such disclosed information may assist a Person trading in an instrument traded on Bats Hotspot SEF or other trading venue.

2. Except as otherwise provided, an employee or officer of Bats Hotspot SEF shall not, directly or indirectly, buy or sell any instruments traded on Bats Hotspot SEF, or any other trading venue that trades such instruments. This rule does not prohibit an employee or officer of Bats Hotspot SEF that has received the prior written approval of the Bats Hotspot SEF's Chief Compliance Officer from participating in a pooled investment vehicle or other investment vehicle that is directed by a third-party advisor over which the Bats Hotspot SEF officer or employee has no direct or indirect control.
3. Unless a written waiver is granted by the Chief Executive Officer, no Bats Hotspot SEF officer or employee may accept a gift or gratuity from a Participant that is more than \$25 (per person) during any calendar year.

**Rule 903. Information Sharing Agreements**

1. Bats Hotspot SEF may enter into information-sharing agreements or other arrangements or procedures to coordinate surveillance with other markets and clearing organizations on which swaps or financial instruments related to the swaps traded on Bats Hotspot SEF are traded or cleared. As part of any information-sharing agreements or other arrangements or procedures adopted pursuant to this rule, Bats Hotspot SEF may, among other things:
  - a. provide market surveillance reports to other markets;
  - b. share information and documents concerning current and former Participants with other markets and clearing organizations;
  - c. share information and documents concerning on-going and completed investigations with other markets and clearing organizations; and/or
  - d. require Participants to provide information and documents to the Bats Hotspot SEF at the request of other markets or clearing organizations with which the Bats Hotspot SEF has an information-sharing agreement or other arrangements or procedures.
2. Bats Hotspot SEF may enter into an information-sharing arrangement with any Person or body (including, without limitation, the CFTC, the SEC, or any government authority, self-regulatory organization, exchange, market, clearing organization or foreign regulatory authority) if Bats Hotspot SEF (i) believes that such Person or body exercises a legal or regulatory function under any law or regulation, or a function comprising or associated with the enforcement of a legal or regulatory function, or (ii) considers such arrangement to be in furtherance of Bats Hotspot SEF's purpose or duties under applicable law.

3. Bats Hotspot SEF may disclose to any Person or body information concerning or associated with a Participant or other Person that Bats Hotspot SEF believes is necessary and appropriate in exercising a legal or regulatory function (including, without limitation, information concerning any aspect of the business of Bats Hotspot SEF) whether or not a formal arrangement governing the disclosure exists or a request for information was made.

**Rule 904. Recording of Communications**

In the regular course of business, Bats Hotspot SEF may record conversations and retain copies of electronic communications between (a) Bats Hotspot SEF and (b) Participants and their Supervised Persons. All such recording will be retained by Bats Hotspot SEF in such manner and for such period of time as Bats Hotspot SEF, in its sole discretion, determines is necessary or desirable to comply with applicable law. For the avoidance of any doubt, any Regulatory Service Provider that provides regulatory services to Bats Hotspot SEF will have access, to the extent necessary to perform regulatory services, to all such recordings.

**Rule 905. Books and Records**

Bats Hotspot SEF shall keep, or cause to be kept, complete and accurate books and records of accounts of the Bats Hotspot SEF, including, without limitation, all books and records required to be maintained pursuant to the CEA and CFTC regulations, as well as the Securities Exchange Act of 1934 and applicable SEC regulations. Bats Hotspot SEF shall retain all such books and records for five years, or such longer time as may be required by applicable law, and shall make such books and records readily accessible for inspection, as may be required by applicable law, during the first two years of such five year period. Upon request Bats Hotspot SEF shall make its books and records available to the CFTC and/or permit on site visitation by duly authorized representatives of the CFTC. In addition, Bats Hotspot SEF will keep records relating to swaps defined in section 1a(47)(A)(v) of the CEA open to inspection and examination by the SEC.

**Rule 906. Service Agreement with Technology Services Provider**

Bats Hotspot SEF may contract with a Technology Service Provider to provide certain technology services to Bats Hotspot SEF. In accordance with any agreement between the Technology Services Provider and Bats Hotspot SEF, the Technology Services Provider may perform certain functions under the Bats Hotspot SEF Rules and Bats Hotspot SEF may provide information to the Technology Services Provider in connection with the Technology Services Providers performance of such functions.

**Rule 907. Governing Law**

The Bats Hotspot SEF Rules, and the rights and obligations of Bats Hotspot SEF and Participants under the Bats Hotspot SEF Rules shall be governed by, and construed in accordance with, the laws of the State of New York.



**Rule 908. Bats Hotspot SEF Disaster Recovery, Business Continuity and Risk Oversight**

1. Bats Hotspot SEF shall establish and maintain a program of risk analysis and oversight to identify and minimize sources of operational risk through the development of appropriate controls and procedures and automated systems that are scalable, reliable and secure. Such risk analysis and oversight shall address each of the following categories: (i) information security, (ii) business continuity and disaster recovery planning and resources, (iii) capacity and performance planning, and (iv) systems operations.
2. Bats Hotspot SEF shall establish and maintain emergency procedures, back up facilities and a plan for disaster recovery that permits the timely recovery and resumption of operations, and the fulfillment of the responsibilities and obligations of Bats Hotspot SEF. Such written policies regarding disaster recovery, business continuity will ensure that Bats Hotspot SEF is able to continue to operate during periods of stress. Bats Hotspot SEF shall perform periodic testing of disaster recovery and business continuity plans, duplication of critical systems at back up sites and periodic back-up of critical information.

**Rule 909. Appointment of Agent for Service of Process**

Any Participant organized or located outside of the United States will enter into a written agreement acceptable to Bats Hotspot SEF appointing a third party as its U.S. agent for service of process for purposes of CFTC Regulation 15.05, and will provide Bats Hotspot SEF with a copy of such agreement.

**Rule 910. Prohibited Use of Data Collected for Regulatory Purposes**

Bats Hotspot SEF shall not use for business or marketing purposes any proprietary data or personal information it collects or receives, from or on behalf of any person, for the purpose of fulfilling its regulatory obligations. Notwithstanding the foregoing, Bats Hotspot SEF may use such data or information for business or marketing purposes if the Person from whom it collects or receives such data or information clearly consents in writing to Bats Hotspot SEF's use of such data or information in such manner. Bats Hotspot SEF shall not condition access to Bats Hotspot SEF's market(s) or market services upon a Person's consent to Bats Hotspot SEF's use of proprietary data or personal information for business or marketing purposes. Where necessary for regulatory purposes, Bats Hotspot SEF may share such data or information with one or more SEFs or DCMs registered with the CFTC.

## CHAPTER 10 PRODUCT SPECIFICATIONS

- Rule 1001. Reserved**
- Rule 1002. Reserved**
- Rule 1003. Reserved**
- Rule 1004. Reserved**
- Rule 1005. Reserved**
- Rule 1006. Reserved**
- Rule 1007. Interest Swap: US Dollars (LCH Cleared)**

<b>Contract Overview</b>	An agreement to exchange one stream of cash flows for another where one stream is based on a floating rate, for a given notional amount over a specified term, and the other stream is based upon either another floating interest rate or a fixed interest rate for the same notional and a given term.
<b>Participant Category</b>	All Market Participants with trading privileges on Bats Hotspot SEF are eligible to trade this product
<b>Currency Units</b>	US Dollars
<b>Trading Conventions</b>	Buy = Pay Fixed, Receive Float - Sell = Receive Fixed, Pay Float -
<b>Contract Size</b>	Increments of 1 million currency units on Central Limit Order Book
<b>Swap Tenor or Swap Term</b>	The duration of time from the effective date to the maturity date. A contract can have a Swap Tenors of 2, 3, 5, 7 and 10 years.
<b>Effective Date</b>	The date on which parties begin calculating accrued obligations such as fixed and floating interest rate payments. Also known as the start date of the swap.
<b>Trade Start Types</b>	<i>Spot</i> : A new swap where the Effective Date is T+2 from the trade date.

<b>Maturity Date</b>	The final date on which the obligations no longer accrue and the final payment occurs.
<b>Swap Conventions</b>	<p>Fixed Leg</p> <ul style="list-style-type: none"> <li>• Payment Frequency: Semi-Annual</li> <li>• Day Count Convention: 30/360,</li> <li>• Holiday Calendars: London, New York</li> <li>• Business Day Conventions: Modified Following with adjustment to period end dates</li> </ul> <p>Floating Leg</p> <ul style="list-style-type: none"> <li>• Payment/Resets : Quarterly</li> <li>• Day Count Conventions: ACT/360</li> <li>• Holiday Calendars: London, New York</li> <li>• Business Day Conventions: Modified Following with adjustment to period end dates</li> </ul>
<b>Floating Rate Index</b>	USD LIBOR
<b>Floating Fixing Date</b>	USD: The LIBOR Fixing Date is 2 business days prior to the floating effective date.
<b>Periodic Settlement Payment and Resets</b>	<p>Fixed Leg: The payment amount of the Fixed Leg is based on the following: Notional, Fixed Interest Rate, Payment Frequency, Number of days in the interest accrual period and Day Count Convention.</p> <p>Floating Leg: The payment amount of the Floating Leg is based on the following: Notional, Floating Interest Rate Index, Payment Frequency, Number of days in the interest accrual period and Day Count Convention.</p> <p>Payments are settled in accordance with the payment frequency of the swap.</p>
<b>Trade Types</b>	"Rate Trades"; interest rate swaps

<b>Notional Types</b>	“Bullet”; Notional remains constant over term of swap.
<b>Settlement Procedure</b>	As determined by the Clearing Venue
<b>Trading Hours</b>	As provided in Bats Hotspot SEF Rule 502.
<b>Clearing Venue</b>	LCH
<b>Block Trades</b>	Block Trades may not be submitted pursuant to Bats Hotspot SEF Rule 515
<b>Position Limits</b>	As provided by Part 151 of the Commission’s Regulations.
<b>Reporting Levels</b>	As provided by Commission Regulation 15.03.

**Rule 1008. Interest Swap: US Dollars (CME Cleared)**

<b>Contract Overview</b>	An agreement to exchange one stream of cash flows for another where one stream is based on a floating rate, for a given notional amount over a specified term, and the other stream is based upon either another floating interest rate or a fixed interest rate for the same notional and a given term.
<b>Participant Category</b>	All Market Participants with trading privileges on Bats Hotspot SEF are eligible to trade this product
<b>Currency Units</b>	US Dollars
<b>Trading Conventions</b>	Buy = Pay Fixed, Receive Float - Sell = Receive Fixed, Pay Float
<b>Contract Size</b>	Increments of 1 million currency units on Central Limit Order Book

<b>Swap Tenor or Swap Term</b>	The duration of time from the effective date to the maturity date. A contract can have a Swap Tenors of 2, 3, 5, 7 and 10 years.
<b>Effective Date</b>	The date on which parties begin calculating accrued obligations such as fixed and floating interest rate payments. Also known as the start date of the swap.
<b>Trade Start Types</b>	<i>Spot</i> : A new swap where the Effective Date is T+2 from the trade date.
<b>Maturity Date</b>	The final date on which the obligations no longer accrue and the final payment occurs.
<b>Swap Conventions</b>	<p>Fixed Leg</p> <ul style="list-style-type: none"> <li>• Payment Frequency: Semi-Annual</li> <li>• Day Count Convention: 30/360</li> <li>• Holiday Calendars: London, New York</li> <li>• Business Day Conventions: Modified Following with adjustment to period end dates</li> </ul> <p>Floating Leg</p> <ul style="list-style-type: none"> <li>• Payment/Resets : Quarterly</li> <li>• Day Count Conventions: ACT/360</li> <li>• Holiday Calendars: London, New York</li> <li>• Business Day Conventions: Modified Following with adjustment to period end dates</li> </ul>
<b>Floating Rate Index</b>	USD LIBOR
<b>Floating Fixing Date</b>	USD: The LIBOR Fixing Date is 2 business days prior to the floating effective date.
<b>Periodic Settlement Payment and Resets</b>	<p>Fixed Leg: The payment amount of the Fixed Leg is based on the following: Notional, Fixed Interest Rate, Payment Frequency, Number of days in the interest accrual period and Day Count Convention.</p> <p>Floating Leg: The payment amount of the Floating Leg is based on the following: Notional, Floating Interest Rate Index, Payment Frequency, Number of days in the interest accrual period and Day Count Convention.</p> <p>Payments are settled in accordance with the payment frequency of the swap.</p>

<b>Trade Types</b>	"Rate Trades"; interest rate swaps
<b>Notional Types</b>	"Bullet"; Notional remains constant over term of swap.
<b>Settlement Procedure</b>	As determined by the Clearing Venue
<b>Trading Hours</b>	As provided in Bats Hotspot SEF Rule 502.
<b>Clearing Venue</b>	CME
<b>Block Trades</b>	Block Trades may not be submitted pursuant to Bats Hotspot SEF Rule 515
<b>Position Limits</b>	As provided by Part 151 of the Commission's Regulations.
<b>Reporting Levels</b>	As provided by Commission Regulation 15.03.