

## SUBMISSION COVER SHEET

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

Registered Entity Identifier Code (optional): \_\_\_\_\_

Organization: \_\_\_\_\_

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

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**Organization Rules and Rule Amendments**

Certification	§ 40.6(a)
Approval	§ 40.5(a)
Notification	§ 40.6(d)
Advance Notice of SIDCO Rule Change	§ 40.10(a)
SIDCO Emergency Rule Change	§ 40.10(h)

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

**New Product**                                      Please note only ONE product per Submission.

Certification	§ 40.2(a)
Certification Security Futures	§ 41.23(a)
Certification Swap Class	§ 40.2(d)
Approval	§ 40.3(a)
Approval Security Futures	§ 41.23(b)
Novel Derivative Product Notification	§ 40.12(a)
Swap Submission	§ 39.5

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

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

Certification	§ 40.6(a)
Certification Made Available to Trade Determination	§ 40.6(a)
Certification Security Futures	§ 41.24(a)
Delisting (No Open Interest)	§ 40.6(a)
Approval	§ 40.5(a)
Approval Made Available to Trade Determination	§ 40.5(a)
Approval Security Futures	§ 41.24(b)
Approval Amendments to enumerated agricultural products	§ 40.4(a), § 40.5(a)
“Non-Material Agricultural Rule Change”	§ 40.4(b)(5)
Notification	§ 40.6(d)

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

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

August 7, 2014

**Via E-Mail: [submissions@cftc.gov](mailto:submissions@cftc.gov)**

Christopher J. Kirkpatrick  
 Acting Secretary of the Commission  
 Commodity Futures Trading Commission  
 Three Lafayette Centre  
 1155 21st Street, N.W.  
 Washington, D.C. 20581

**RE: trueEX LLC Rule Amendment Self-Certification of Certain Rules, including Updated Table of Amendments/Revisions to Rulebook (trueEX LLC submission #2014-16D)**

Dear Mr. Kirkpatrick:

Pursuant to Section 5c(c)(1) of the Commodity Exchange Act, as amended, (the “Act”) and Commission Regulation 40.6(a), trueEX LLC (the “Exchange”) hereby submits to the U.S. Commodity Futures Trading Commission (the “Commission”) certain amendments to the trueEX Rulebook summarized below. Most of the changes are non-substantive in nature. trueEX did a thorough review of its rulebook to remove inconsistencies between rules and chapters, to remove duplicative information/rules, and added new relevant definitions and deleted unused terms. A number of the changes made throughout the rulebook were related to the addition of new terms and the deletion of others.

Summary of Amendments

trueEX Rule	Nature of Amendment
Updated Table of Amendments/Revisions to Rulebook – trueEX is deleting this table from the rulebook. An updated table of Amendments/Revisions to the Rulebook can be found on the trueEX Web Site at <a href="http://www.trueex.com/rules-and-notices">http://www.trueex.com/rules-and-notices</a>	
<ul style="list-style-type: none"> <li>Rule 218 – Consolidated sub-paragraphs and expanded references with whom trueEX may share information.</li> </ul>	SEF Core Principle 5 CFTC Regulation 37.500  DCM Core Principle 2 and CFTC Regulations 38.159
<ul style="list-style-type: none"> <li>Rule 302 – Modified Rule 302 to clarify the eligibility criteria to become a Participant rather than setting out criteria for denying an application</li> </ul>	SEF Core Principle 2 and 7 and CFTC Regulation 37.202.  DCM Core Principle 2 and CFTC Regulations 38.151

<ul style="list-style-type: none"> <li>• Rule 315 - Modified Rule to provide for withdrawal effective immediately upon notice form the Participant and deleted provisions relating to the refusal to accept a Participant withdrawal. Added procedure and disabling of access to the Platform.</li> </ul>	<p>SEF Core Principle 2 and 7 and CFTC Regulation 37.202.</p> <p>DCM Core Principle 2 and CFTC Regulations 38.151</p>
<ul style="list-style-type: none"> <li>• Rule 316 - Added ECP representation. Inserted clarifying language; and deleted unnecessary language.</li> </ul>	<p>SEF Core Principle 7 and CFTC Regulation 37.702.</p>
<ul style="list-style-type: none"> <li>• Rule 904 - Inserted clarifying language; and deleted unnecessary language. Inserted 904(e) to provide for prohibited use of data collected for regulatory purposes.</li> </ul>	<p>CFTC Regulations 37.7 and 38.7</p>
<p>Rule 101 - Amendment to Definitions as follows:</p> <ul style="list-style-type: none"> <li>• Amendment to the following terms to add clarifying language or to remove unnecessary language: <ul style="list-style-type: none"> <li>○ “Authorized Representative”</li> <li>○ “Bunched Order”</li> <li>○ “Customer”</li> <li>○ “Liquidity Provider”</li> <li>○ “Participant”</li> <li>○ “Participant Documentation”</li> <li>○ “Subject Person”</li> <li>○ “Trading Access”</li> <li>○ “Trading Privilege”</li> </ul> </li> <li>• Added the following newly defined terms: <ul style="list-style-type: none"> <li>○ “Admin ID”</li> <li>○ “Administrative User/Admin User”</li> <li>○ “Authorized User”</li> <li>○ “Client”</li> <li>○ “Direct Access Customer”</li> <li>○ “Direct Access Trader”</li> <li>○ “Market Data”</li> </ul> </li> <li>• Deleted the following unused terms: <ul style="list-style-type: none"> <li>○ “Affected Person” ,</li> <li>○ “APS”</li> <li>○ “Exchange Activity”</li> <li>○ “NFA Arbitration Program”</li> <li>○ “Obligation”</li> <li>○ “Participant Agreement”</li> <li>○ “Supervised Person”</li> </ul> </li> </ul>	

Amendments to the following Rules are of a non-substantive nature:

- Rule 201– Deletion of unnecessary information
- Rule 207 – Drafting clarification and deletion of redundant language
- Rule 210 – Drafting clarification
- Rule 303 - Incorporated new references; consolidated provisions relating to Authorized Traders and the responsibilities of the Exchange, the Participants and Sponsored Access Customers with regard to the Authorized Traders’ access and use of the Platform.
- Rule 304 – Moved rule in its entirety to Chapter 8 (Clearing) to Rule 801 to consolidate the rules regarding Clearing Firms. Reserved Rule 304.
- Rules 305, 307 and 308 – Deleted duplicative provisions found in other rules, and deleted unnecessary language/provisions (Rules 308(a) and 307(a) moved to 305(a) and (b) respectively. Processes for review moved to Rule 308. Moved 308(a) to Rule 305 (a). Moved Rule 307 review process to Rule 308. Deleted unnecessary provisions. Deleted unnecessary language. Rule 307 reserved.
- Rule 306 - Deleted Rule as duplicative to Participant eligibility covered in Rule 302 and Trading Privileges covered in Rule 305. Rule 306 reserved.
- Rule 310 - Modified references and inserted clarifying language.
- Rule 313 - Modified references, inserted clarifying language and deleted unnecessary and/or duplicative language.
- Rule 317 – Clarifying amendment. Moved former Rule 515 to newly created Rule 317 to provide for Liquidity Provider Programs under Chapter 3, Access to the Trading Platform.
- Rule 401 - Typographical correction; inserted clarifying language; and deleted unnecessary and duplicative language. Moved portion of Rule 511 to 401(j).
- Rule 402 - Consolidated sub-paragraphs, modified references and deleted unnecessary language.
- Rule 403 - Inserted clarifying language; and deleted unnecessary language.
- Rule 407 – Language moved to 401
- Rule 408 – Rule deleted. Deemed unnecessary.
- Rule 409 – Rule deleted. Confidentiality covered in contractual agreement with the Exchange.

Drafting clarifications (including those related to new defined terms), deletion of unnecessary language, deletion of redundant or duplicative language, or typographical correction, as noted.

- Rule 410 – Rule renumbered to 407.
- Rule 502 - Inserted clarifying language; and deleted unnecessary and/or duplicative language.
- Rule 504 - Moved former Rule 505 (Fraudulent Acts Prohibited) to Rule 504, which was previously reserved.
- Rule 505 – Moved Former Rule 506 (Fictitious and Non-Competitive Transactions Prohibited) to Rule 505.
- Rule 506 – Moved Former Rule 521 (Wash Trades Prohibited) to Rule 506.
- Rule 507 - Modified references and deleted unnecessary and/or duplicative language.
- Rule 508 - Modified references and deleted unnecessary and/or duplicative language. Moved a portion of the provision to Rule 509 (Prohibition of Misstatements).
- Rule 509 - Modified reference and added a portion of Rule 508 to 509.
- Rule 511 - Deleted duplicative language, moved the last sentence to Rule 401(j). Rule 511 reserved.
- Rule 512 – Modified References.
- Rule 515 – Added clarifying language.
- Rule 515 – Moved language to Rule 317. Rule 515 reserved.
- Rule 519 - Modified references and deleted unnecessary language.
- Rule 520 - Added clarifying language and deleted unnecessary language.
- Rule 521 - Moved language to Rule 506. Rule 521 reserved.
- Rule 522 - Modified references and inserted clarifying language. Added new provision requiring Participants to provide information about natural persons with trading access to trueEX
- Rule 525 - Added clarifying language.
- Rule 526 – Deleted rule because it was duplicative. Rule 526 reserved.
- Rule 528 – Deleted rule regarding average price system. Rule 528 reserved.
- Rule 529 – Inserted new reference and deleted unnecessary language.
- Rule 533 - Deleted unnecessary rule. Rule 533 reserved.
- Rule 534 - Inserted clarifying reference and deleted unnecessary language.
- Rule 535 - Modified references and inserted clarifying language.

- Rule 536 - Modified references, reorganized sub-paragraphs, inserted clarifying language and deleted unnecessary and/or duplicative language.
- Rule 537 - Modified references and inserted clarifying language
- Rule 538 - Modified references and deleted unnecessary language.
- Rule 542 - Inserted new reference and deleted unnecessary language.
- Rule 547 - Modified reference.
- Rule 548 - Consolidated sub-sections into single paragraph and clarified.
- Rule 601 - Modified references; inserted clarifying language; and deleted unnecessary language.
- Rule 602 – Deleted unnecessary language related to deletion of defined term.
- Rule 606 – Replaced deleted term.
- Rule 610 – Inserted clarifying language.
- Rule 612, 613, 616, 617, 618 – Modified references.
- Rule 614 – Replaced deleted term.
- Rule 615 - Modified references; and inserted clarifying language.
- Rule 619 - Modified references; inserted clarifying language; and deleted unnecessary language.
- Rule 620, 701, 704 - Inserted clarifying language.
- Rule 702 – Incorporated former Rule 906(b); inserted clarifying language; and deleted unnecessary language.
- Rule 703 – Inserted clarifying language; and deleted unnecessary and/or duplicative language.
- Rule 705 – Deleted the Exchange’s notice obligations and replaced with Arbitration Costs previously provided for in Rule 906(c).
- Rule 706 – Deleted Right to Counsel provision and replaced with Governing Law formerly provided for under Rule 906(a), as modified.
- Rule 707 – Deleted provision related to Awards and Reserved.
- Rule 708 – Modified references and inserted clarifying language.
- Rule 801 - Moved language of former Rule 304 Clearing Firms to Rule 801 to consolidate rules applicable to Clearing Firms within Chapter 8. Prior Rule 801 language is now 801(c), as modified. Inserted clarifying language and deleted unnecessary language.

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| <ul style="list-style-type: none"><li>• Rule 903 – Modified references.</li><li>• Rule 906 – Moved provision (Governing Law, Jurisdiction and Dispute Resolution) to Rule 702, 705 and 706. Rule 906 reserved.</li></ul> |  |
|--|--|

Each rule amendment summarized above is detailed in the redlined rulebook attached as Exhibit A to this letter. A clean version of the rulebook is attached as Exhibit B.

trueEX certifies that these rules amendments comply with the Act and the Commission's regulations thereunder. trueEX's analysis of the operation, purpose and effect of the proposed rule changes and their compliance with the Act, core principles and Commission's regulations thereunder is included in the table above.

There are no substantive opposing views to these rule amendments expressed by the trueEX governing board or market participants. Furthermore, trueEX certifies that this certification has been concurrently posted on the Exchange's Web Site at <http://www.trueex.com/rules-and-notices>. These amendments will be effective on August 22, 2014.

If you have questions regarding this notice, please contact me at (646) 786-8527 or by email at [fran@trueex.com](mailto:fran@trueex.com).

Sincerely,



Fran Kenck  
Chief Compliance Officer/Chief Regulatory Officer

cc: [dmosubmissions@cftc.gov](mailto:dmosubmissions@cftc.gov)  
[submissions@cftc.gov](mailto:submissions@cftc.gov)

EXHIBIT A  
trueEX LLC Rulebook  
August 22, 2014  
Redline



**TRUEEX LLC**

**RULEBOOK**

**AUGUST 22, 2014**

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### Amendments/Revisions to Rulebook

Effective Date—	Amendment(s) and/or Revision(s)
September 7, 2012	Rulebook approved by the CFTC as part of trueEX DCM application
March 11, 2013	Added Chapter 10, Rule 1001 as self certification of Fixed for Floating Interest Rate Swaps
April 8, 2013	<ul style="list-style-type: none"> <li>• <del>Amended Rule 404(a) re: Minimum Financial Requirements</del></li> <li>• <del>Added Rule 410 re: Customer Funds and Securities</del></li> <li>• <del>Removed date on cover of Rulebook</del></li> <li>• <del>Added Table of Amendments/Revisions to Rulebook (after Table of Contents)</del></li> <li>• <del>Amended Rule 541(a)(1) re: trade cancellations</del></li> </ul>
May 1, 2013	<ul style="list-style-type: none"> <li>• <del>Added Rule 1002. Standard Coupon &amp; Standard Maturity (SCSM<sup>TM</sup>) interest rate swaps</del></li> </ul>
July 9, 2013	<ul style="list-style-type: none"> <li>• <del>Definitions Deleted Customer Account, Added Designated Self Regulatory Organization, Amended Eligible Contract Participant, Amended footnote 1 relating to Public Participant</del></li> <li>• <del>Amended Rule 209(d) Chief Regulatory Office (added language)</del></li> <li>• <del>Amended Rule 306(e) added (iv) and renumber subsequent subparagraphs.</del></li> <li>• <del>Amended Rule 309 deleted language</del></li> <li>• <del>Amended 402(a) deleted language, 402(a)(iv) deleted language, 402(v) added language</del></li> <li>• <del>Rule 403(a)(ii) added language</del></li> <li>• <del>Rule 406 added language</del></li> <li>• <del>Rule 523(e) corrected transposition error</del></li> <li>• <del>Rule 529 deleted language and footnote 2 from 529(b)(i). Deleted sections re: aggregation.</del></li> <li>• <del>Rule 533 deleted language</del></li> <li>• <del>Rule 534 amended language</del></li> <li>• <del>Rule 537 amended language</del></li> <li>• <del>Rule 539(c) amended language</del></li> <li>• <del>Rule 541(b)(iii) deleted language</del></li> <li>• <del>Rule 545(a) amended language</del></li> <li>• <del>Rule 801 amended language</del></li> <li>• <del>Rule 802 amended language</del></li> <li>• <del>Rule 804 amended language</del></li> <li>• <del>Rule 805 deleted rule</del></li> <li>• <del>Rule 806 added Rule 806(a)(iii)</del></li> <li>• <del>Rule 809 added Rule 809(a), (b) and (c)</del></li> </ul>

	<ul style="list-style-type: none"> <li>• <del>Rule 902</del>—amended language</li> <li>• <del>Rule 904</del>—inserted new section (b) and renumbered</li> <li>• <del>Rule 1002(d)(iii)</del>—added 3 year tenor</li> <li>• <del>Rule 1002(d)(ix)(C)</del>—updated table</li> <li>• <del>Schedule 1002</del>—added 3 year tenor</li> </ul>
August 1, 2013	<ul style="list-style-type: none"> <li>• <del>Rule 101</del>—amended language</li> <li>• <del>Rule 313</del>—amended language</li> <li>• <del>Rule 402(a)(i)</del>—amended language, <del>Rule 402(a)(ii)</del>—amended language</li> <li>• <del>Rule 403</del>—amended language</li> <li>• <del>Rule 529</del>—amended language</li> <li>• <del>Rule 530</del>—amended language</li> <li>• <del>Rule 531</del>—Deleted and reserved</li> <li>• <del>Rule 532</del>—Deleted and reserved</li> <li>• <del>Rule 805</del>—delete language</li> <li>• <del>Rule 1001(o)(iii)</del>—revise section reference, <del>Rule 1001(t)</del>—amended table</li> </ul>
August 15, 2013	<ul style="list-style-type: none"> <li>• <del>Rule 1001(b)</del>—revised Trading Hours</li> <li>• <del>Rule 1002(b)</del>—revised Trading Hours</li> </ul>
September 13, 2013	<ul style="list-style-type: none"> <li>• <del>Rule 101</del>—amended definitions of Authorized Representative, CTI, and User ID, revised regulation citation of Major Swap Participant</li> <li>• <del>Rule 302</del>—removed reference to “account” as a defined term</li> <li>• <del>Rule 304(e)</del>—added language re: risk limits for direct access customers</li> <li>• <del>Rule 306(c)(v)</del>—amended to add jurisdiction requirement for customers</li> <li>• <del>Rule 306(d)</del>—removed guarantee language</li> <li>• <del>Rule 306(e)</del>—amended language in (e)(iv), deleted (d)(x) and (d)(xi)</li> <li>• <del>Rule 507</del>—removed language re exchange for related positions</li> <li>• <del>Rule 520</del>—removed reference to “account” as a defined term</li> <li>• <del>Rule 528</del>—amended language (typo) and removed reference to “account” as a defined term</li> <li>• <del>Rule 534</del>—amended language to reference clearing arrangements of Clearing Firms</li> <li>• <del>Rule 538</del>—clarification regarding who can contact Control Desk</li> <li>• <del>Rule 541</del>—amended (e) and added (k) vii</li> <li>• <del>Rule 542</del>—updated language re: SDR reporting of block trades</li> <li>• <del>Rule 619</del>—removed reference to “account” as a defined term</li> <li>• <del>Rule 809</del>—amended language regarding clearing acceptance</li> </ul>

September 20, 2013	<ul style="list-style-type: none"> <li>• <del>Rule 1002(d)(xi)(C) — amended tick size</del></li> <li>• <del>Rule 101 — revised rule citation of various defined terms; made distinction between DCM and SEF in certain defined terms; deleted definition of Contract Market, Trading System; added definition of Chief Compliance Officer, DCM Trading System, Designated Contract Market, End User Clearing Exception, End User Transaction, Permitted Transaction, Platform, Required Transaction, SEF Trading System</del></li> <li>• <del>Use of defined term Platform, DCM Trading System and SEF Trading System clarified throughout rulebook</del></li> <li>• <del>Rule references updated throughout as a result of renumbering</del></li> <li>• <del>Rule 203 — Amended to include reference to Chief Compliance Officer</del></li> <li>• <del>Rule 209 — added rule regarding Chief Compliance Officer</del></li> <li>• <del>Remainder of chapter 2 renumbered</del></li> <li>• <del>Rule 214 — added references to Rule 214 to include Chief Compliance Officer</del></li> <li>• <del>Rule 401 — Added ECP requirement to trade on SEF Trading System</del></li> <li>• <del>Rule 529 — Amended language</del></li> <li>• <del>Rule 530 — Amended language</del></li> <li>• <del>Rule 531 — deleted rule</del></li> <li>• <del>Rule 532 — deleted rule</del></li> <li>• <del>Remainder of Chapter 5 renumbered</del></li> <li>• <del>Rule 537 (formerly 539) — language amended to include Required Transactions. SEF Trading System functionality (RFQ)</del></li> <li>• <del>Rule 538 — added Rule regarding Permitted Transactions</del></li> <li>• <del>Rule 545 — added Rule regarding Confirmations</del></li> <li>• <del>Rule 603 thru 607, 609, 610, 616, 617, 618, — added reference to Chief Compliance Officer</del></li> <li>• <del>Rule 703 — added reference to DCM only</del></li> <li>• <del>Rule 801 — amended rule to reference required clearing.</del></li> </ul>
September 25, 2013	<ul style="list-style-type: none"> <li>• <del>Rule 101 — amended definition</del></li> <li>• <del>Rule 306(e) &amp; (e) — amended language</del></li> <li>• <del>Rule 525 — amended language</del></li> <li>• <del>Rule 539(b) — amended language</del></li> <li>• <del>Rule 541 — amended language</del></li> <li>• <del>Rule 802 — rule deleted</del></li> <li>• <del>Rule 808 — rule deleted</del></li> <li>• <del>Rule 809(b) — amended language</del></li> </ul>
November 1, 2013	<ul style="list-style-type: none"> <li>• <del>Rule 304(d) — clarifying revisions</del></li> </ul>



	<ul style="list-style-type: none"> <li>• <del>Rule 304(e) — rule added</del></li> </ul>
November 4, 2013	<ul style="list-style-type: none"> <li>• <del>Rule 1001 — Included additional currencies and related attributes for each currency.</del></li> <li>• <del>Schedules 1001 (a), (b) and (c) and Schedule 1002 moved from Rulebook to trueEX website</del></li> </ul>
January 8, 2014	<ul style="list-style-type: none"> <li>• <del>Rule 101 — amended definitions of “Emergency” and “DCM Trading System”; added definition of “Bunched Order”</del></li> <li>• <del>Rule 201 — typographical correction</del></li> <li>• <del>Rule 214 — amendment to remove redundant language</del></li> <li>• <del>Rule 304 — conforming amendment to account for the possibility of uncleared Transactions</del></li> <li>• <del>Rule 306(e)(iv) — amendment to confirm to previously revised rule 809 (See September 13, 2013 amendments)</del></li> <li>• <del>Rule 401 — amendment to remove redundant language</del></li> <li>• <del>Rule 403 — amendment clarifying what information is subject to inspection by the Exchange</del></li> <li>• <del>Rule 410 — clarifying amendment</del></li> <li>• <del>Rule 507 — clarifying amendment</del></li> <li>• <del>Rule 510 — rule deleted</del></li> <li>• <del>Rule 513 — clarifying amendment</del></li> <li>• <del>Rule 524 — clarifying amendment regarding crossing orders</del></li> <li>• <del>Rule 525 — amending standard of care for handling of Customer Orders; clarifying amendment</del></li> <li>• <del>Rule 537 — typographical correction; clarifying amendment</del></li> <li>• <del>Rule 539 — consolidation of rule addressing order execution</del></li> <li>• <del>Rule 540 — rule deleted and incorporated into rule 539; subsequent rules renumbered</del></li> <li>• <del>Rule 547 — rule added regarding Orders Eligible for Post Execution Allocation</del></li> <li>• <del>Rule 601 — amendment clarifying liability for Supervised Persons</del></li> <li>• <del>Rule 809(b) &amp; (d) — typographical correction; removing rule addressing clearing acceptance for give ups</del></li> <li>• <del>Rule 903 — clarifying amendment</del></li> <li>• <del>Rule 904 — typographical correction</del></li> </ul>
February 19, 2014	<ul style="list-style-type: none"> <li>• <del>Rule 101 — Amended the following definitions: “Affected Person”, “Authorized Representative”, “Authorized Trader”, “Firm ID”, “Iceberg”, “Participant”, “Participant Documentation”, “Subject Person”, “Supervised Person”; inserted the following new definitions: “Participant Agreement”;</del></li> </ul>

	<p><del>“Sponsored Access Customer”, “Sponsored Designation”, “Sponsoring Participant”, “Trading Access”:</del></p> <ul style="list-style-type: none"> <li><del>• Rule 102(h) — Added Rule to define the rules of construction in relevant chapters that pertain to the terms Participant and Sponsored Access Customer, and Trading Privileges and Trading Access.</del></li> <li><del>• Rule 207, 210, 218 — insertion of reference to Sponsored Access Customer</del></li> <li><del>• Rule 301 — Amendment to jurisdiction language</del></li> <li><del>• Rule 302(a) — insertion of reference to Sponsoring Participant</del></li> <li><del>• Rule 303(d) — insertion of reference to Trading Access, Sponsored</del></li> <li><del>• Rule 303(e) — deleted</del></li> <li><del>• Rule 306(e) — correction of typos and deletion of redundant jurisdiction requirement</del></li> <li><del>• Rule 309, 310, 314 — insertion of reference to Sponsored Access Customer</del></li> <li><del>• Rule 316 — Amended rule to describe the requirements of Sponsored Access.</del></li> <li><del>• Rule 809 — amended rule to clarify applicability to trades executed by an intermediary</del></li> <li><del>• Rule 1001(u) — drafting clarification</del></li> <li><del>• Rule 1002(f) — drafting clarification</del></li> </ul>
February 25, 2014	<ul style="list-style-type: none"> <li><del>• Rule 547 — rule amended to add reference to Block Trades eligible for Post Execution Allocation</del></li> </ul>
February 26, 2014	<ul style="list-style-type: none"> <li><del>• Rule 304(e) — rule amended to address clarify the requirement for Clearing Firms to use Exchange provided risk controls to certain Persons with direct access to the trueEX DCM Trading System.</del></li> </ul>
March 3, 2014	<ul style="list-style-type: none"> <li><del>• Rule 101 — Removed the term “Authorized Broker”; revised the term “Supervised Person”, added the term “trueEX Party”; and corrected typographical errors</del></li> <li><del>• Rules revised to correct typographical errors: 216; 302; 304; 310; 520; 529; 537; 541; 542; 544; 547; 704; 806; and 906</del></li> <li><del>• Rules that underwent drafting revisions to add clarity: 203; 316; 403; 407; 523; 524; and 538</del></li> <li><del>• Rules revised to remove reference to “Authorized Broker”: 303; 305; 306; 307; 308; 518; 219; 522; 527; 536; and 619</del></li> <li><del>• Rule 1001 — Minimum notional amount and minimum notional increment both decreased from 5 million USD to 1 million USD</del></li> </ul>
March 14, 2014	<ul style="list-style-type: none"> <li><del>• Rule 101 — Revised the definition of “Trading Hours”</del></li> <li><del>• Rule 316 — Typographical correction</del></li> </ul>

	<ul style="list-style-type: none"> <li>● <del>Rule 539—Renumbered</del></li> <li>● <del>Rule 1001—Revised to extend Trading Hours applicable to Contracts on the SEF Trading System</del></li> <li>● <del>Rule 1002—Clarifying revision</del></li> </ul>
March 21, 2014	<ul style="list-style-type: none"> <li>● <del>Rule 101—Typographical correction in the definition of “Clearing House”, “Derivatives Contract Organization” and “Trading Hours”</del></li> <li>● <del>Rule 304—Typographical correction</del></li> <li>● <del>Rule 537—Clarifying revision and renumbering</del></li> <li>● <del>Rule 539—Typographical correction</del></li> </ul>
April 25, 2014	<ul style="list-style-type: none"> <li>● <del>Rule 101—Revised the definition of “Emergency” and “Supervised Person”</del></li> <li>● <del>Rule 103—Revised rule amendment process and specified the date of effectiveness</del></li> <li>● <del>Rule 214—Added obligation to notify and coordinate with Derivatives Clearing Organization</del></li> <li>● <del>Rule 303—Clarified processes for revoking access of an Authorized Trader</del></li> <li>● <del>Rule 304—Clarified which Transactions are require by the Exchange to be cleared</del></li> <li>● <del>Rule 305—Removed redundant language</del></li> <li>● <del>Rule 306—Clarifying revision</del></li> <li>● <del>Rule 307—Removed ambiguous standards</del></li> <li>● <del>Rule 308—Clarifying revision regarding documentation required by the Exchange</del></li> <li>● <del>Rule 311—Clarifying revision regarding which communications may be recorded by Exchange</del></li> <li>● <del>Rule 313—Clarifying revision regarding delivery of notices</del></li> <li>● <del>Rule 314—Deleted and reserved</del></li> <li>● <del>Rule 315—Clarifying revision regarding timeline for terminating Participant access upon withdrawal</del></li> <li>● <del>Rule 401—Revised standard applicable to Participant conduct on the Exchange</del></li> <li>● <del>Rule 402—Clarification of events that require disclosure to the Exchange</del></li> <li>● <del>Rule 404—Deleted redundant language</del></li> <li>● <del>Rule 409—Clarifying the scope of information the Exchange may request from Participants and policy regarding use of material non-public information</del></li> <li>● <del>Rule 502—Revised procedures applicable to suspended or expelled Participants</del></li> <li>● <del>Rule 503—Clarification regarding Business Days and Trading Hours</del></li> <li>● <del>Rule 504—Deleted and reserved</del></li> <li>● <del>Rule 506—Revision to clarify prohibited activities on the Platform</del></li> <li>● <del>Rule 507—Revision to clarify events that constitute market disruption</del></li> </ul>

	<ul style="list-style-type: none"> <li>• <del>Rule 508</del> Revised the standard applicable to market manipulation</li> <li>• <del>Rule 513</del> Clarifying revision</li> <li>• <del>Rule 514</del> Revision to clarify the procedure applicable to errors in the execution of Customer Orders</li> <li>• <del>Rule 517</del> Revised to clarify the applicability of this rule</li> <li>• <del>Rule 518</del> Revised to clarify the applicability of this rule</li> <li>• <del>Rule 520</del> Revision regarding crossing Customer Orders</li> <li>• <del>Rule 524</del> Revision regarding pre-arranged transactions</li> <li>• <del>Rule 537</del> Correct typographical errors</li> <li>• <del>Rule 541</del> Revision regarding Exchange discretion to break trades</li> <li>• <del>Rule 542</del> Revised to clarify that DCM rules govern Block Trades</li> <li>• <del>Rule 601</del> Deleted ambiguous language</li> <li>• <del>Rule 806</del> Clarification that transfer trades may be conducted pursuant to Derivatives Clearing Organization rules</li> <li>• <del>Rule 904</del> Narrowed the Exchange's rights in data</li> </ul>
May 7, 2014	<ul style="list-style-type: none"> <li>• <del>Rule 305</del> Correcting typographical errors</li> </ul>
May 20, 2014	<ul style="list-style-type: none"> <li>• <del>Rule 524</del> Amended rule to permit pre-arranged Permitted Transactions on the SEF</li> </ul>
July 7, 2014	<ul style="list-style-type: none"> <li>• <del>Rule 101</del> amended the definition of the terms "Exchange Official", and "Exchange Regulation Department". Deleted the terms "Regulatory Services Agreement" and "Regulatory Services Provider"</li> <li>• <del>Rule 214</del> deleted reference to third party provider of regulatory services</li> <li>• <del>Rule 311</del> deleted reference to Regulatory Services Provider</li> <li>• <del>Rule 316</del> deleted references to Regulatory Services Provider</li> <li>• <del>Rule 401</del> deleted references to Regulatory Services Provider</li> <li>• <del>Rule 403</del> deleted references to Regulatory Services Provider</li> <li>• <del>Rule 605</del> deleted requirement to provide written explanation to the Regulatory Services Provider</li> <li>• <del>Rule 620</del> deleted references to Regulatory Services Provider</li> <li>• <del>Rule 902</del> deleted reference to regulatory service provider</li> </ul>
July 11, 2014	<ul style="list-style-type: none"> <li>• <del>Rule 101</del> amended the definition of the terms</li> </ul>

	<p><del>“Block Trade”, “Interest Rate Swap”, “Required Transaction”; added the definitions “Real Time Data”, “Reporting Party”, “Swap Data”; relocated the definition of “Iceberg Order”, “Limit Order” and “Immediate or Cancel”</del></p> <ul style="list-style-type: none"> <li><del>• Rule 209—drafting clarification &amp; addition of CCO obligation to deliver to the Board information in respect of the regulatory program</del></li> <li><del>• Rule 302—amended to add ECP representation.</del></li> <li><del>• Rule 403—amended to provide for notice in advance of requests for information</del></li> <li><del>• Rule 506—removal of redundant language</del></li> <li><del>• Rule 511—inserted clarifying language stating that Swap Dealers and Major Swap Participants are responsible for ensuring compliance with execution mandate in respect of certain transactions</del></li> <li><del>• Rule 518—clarifying revision regarding applicable time delay for crossing two orders on the DCM Trading System and SEF Trading System</del></li> <li><del>• Rule 520—clarifying revisions regarding timeframe applicable to cross trades on the SEF Trading System and DCM Trading System</del></li> <li><del>• Rule 524—typographical correction</del></li> <li><del>• Rule 525—deleting identical language also found in Rule 524.</del></li> <li><del>• Rule 537—drafting clarification</del></li> <li><del>• Rule 539—relocated operative language from the definitions to Rule 539; revision conforming rule to existing operational functionality; inserted new subparagraph (e)</del></li> <li><del>• Rule 541—typographical correction</del></li> <li><del>• Rule 542—distinguished rules applicable to Block Trade functionality on the SEF Trading System and rules applicable to Block Trade functionality on the DCM Trading System</del></li> <li><del>• Rule 545—revised to more clearly describe obligations with respect to SDR reporting</del></li> <li><del>• Rule 547—updating a rule reference; removing unclear language</del></li> <li><del>• Rule 548—added to comply with CFTC Regulation § 37.6</del></li> <li><del>• Rule 615—clarifying revision; revise cap on dollar amount of disciplinary fines lower</del></li> <li><del>• Rule 802—typographical correction</del></li> <li><del>• Rule 1001—typographical correction</del></li> <li><del>• Rule 1002—typographical correction; deleted duplicative language</del></li> </ul>
July 18, 2014	<ul style="list-style-type: none"> <li><del>• Rule 101—Definitions—Typographical corrections, addition of clarifying language and removal of</del></li> </ul>

~~unnecessary language in the definitions of “Clearing House”, “Control Desk”, “Cross Trade”, “CTF”, “De registration Basis”, “Derivatives Clearing Organization”, “Designated Self Regulatory Organization”, “End User Transaction”, “Firm ID”, “Interested Person”, “Investigative Report”, “Major Swap Participant”, “Market Place”, “Material Relationship”, “NFA Arbitration Program”, “Obligation”, “Participant Documentation”, “Person” or “person”, “Proprietary Account”, “Public Participant”, “Rule”, “Self Regulatory Organization”, “Swap Dealer” and “Swap Execution Facility”.~~

- ~~• Rule 101— Deleted “Disclaiming Party”, “Executive Committee”, “Requested Session”, and “Risk Disclosure Statement”~~
- ~~• Rule 101— Corrected Transposition errors in “Exchange Panel”, “Exchange Proceeding”, “Interested Person” and “No Bust Range”~~
- ~~• Rule 102(b)— Clarification regarding reference.~~
- ~~• Rules revised to correct typographical errors, and to remove unnecessary language: 201; 204; 211; 214; 215; 304; 306; 315; 402; 409; 528; 539; 542; 544; and 906~~
- ~~• Rules that underwent revision to add clarity: 202; 212; 303; 304; 305; 313; 518; 522; 535; 536; 538; 541; and 601~~
- ~~• Rules revised to remove reference to “Firm ID”: 313; 522; 535; 536; and 601~~

## CHAPTER 1 DEFINITIONS

### RULE 101. Definitions

When used in this Rulebook the following terms shall have the respective meanings as follows:

“Admin ID” means a unique identifier assigned by the Exchange to an Admin User, which enables the Exchange to identify the natural person accessing the administrative functionality of the Platform.

“Administrative User” or “Admin User” means a natural person of the Participant, Sponsored Access Customer or Clearing Firm designated by the Participant, Sponsored Access Customer or Clearing Firm to access and use the Platform for administrative purposes only.

~~“Affected Person” means a Person whose Trading Privileges or Trading Access, as applicable, or status as a Participant or Sponsored Access Customer, Authorized Trader, or Clearing Firm is denied, revoked or conditioned by the Exchange.~~

“Affiliate” means, with respect to any juridical entity, any Person that directly or indirectly through one or more intermediaries, controls such entity, is controlled by such entity, or is under common control with such entity.

“Appeal Panel” means a panel comprised of a chair and two individuals appointed by the Board to consider appeals under Chapter 6.

“Applicable Law” means, with respect to any Person, any statute, law, regulation, rule or ordinance of any governmental or self-regulatory authority applicable to such Person, including the CEA and CFTC Regulations.

~~“APS” shall have the meaning set forth in Rule 528.~~

“Authorized Contact” has the meaning set forth in Rule 538(a)(ii).

~~“Authorized Representative” has the meaning set forth in means any natural person who is an employee of a Participant, Clearing Firm or Sponsored Access Customer, as applicable, authorized to represent such Participant, Clearing Firm or Sponsored Access Customer, respectively, in Exchange matters pursuant to Rule 310.~~

“Authorized Trader” means (a) with respect to a Participant, a natural person who is either an employee of, or is an agent of, such Participant and who is duly authorized to exercise Trading Privileges of such Participant, and (b) with respect to a Sponsored Access Customer, a natural person who is either an employee of, or is an agent of, such Sponsored Access Customer and who is duly authorized to exercise Trading Access of such Sponsored Access Customer granted by the Sponsoring Participant.

“Authorized User” means a natural person that is assigned a User ID or Admin ID.

“Block Trade” means a “publicly reportable swap transaction”, as that term is defined in CFTC Regulation 43.2, involving a Contract that is a swap which:

- (i) is not executed on the Platform but is executed pursuant to the rules and procedures of the Exchange;
- (ii) has a notional or principal amount at or above the minimum threshold applicable to the Contract as set forth in Chapter 10; and
- (iii) is reported to the Exchange pursuant to Rule 542.

“Board” means the board of managers of the Exchange, which manages the Exchange and is constituted from time to time in accordance with the Operating Agreement.

“Bunched Order” is a single Order entered on the Platform on behalf of multiple ~~Customers~~Clients.

“Business Day” means a day on which the Exchange is open for trading as shall be established, and may be revised from time to time, by the Exchange pursuant to Rule 503.

“CFTC” or “Commission” means the U.S. Commodity Futures Trading Commission.

“CFTC Regulations” means the rules and regulations promulgated by the CFTC, as amended.

“Chief Compliance Officer” means the individual appointed by the Board as the Exchange’s chief compliance officer for the SEF Trading System.

“Chief Executive Officer” means the individual appointed by the Board as the Exchange’s chief executive officer.

“Chief Regulatory Officer” means the individual appointed by the Board as the Exchange’s chief regulatory officer for the DCM Trading System.

“Clearing Firm” means a Person that is a member of a Clearing House that has been approved by such Clearing House to clear trades in any or all of the Contracts and has been admitted as a Clearing Firm by the Exchange.

“Clearing House” means a Derivatives Clearing Organization that has an agreement with the Exchange to provide clearing services with respect to any or all Contracts.

“Clearing House Rules” means the certificate of incorporation or equivalent constitutive document, the by-laws and any rule, interpretation, stated policy, or instrument corresponding to any of the foregoing, in each case as adopted or amended from time to time by a Clearing House.

“Client” means a person that has granted investment discretion to a Participant, Sponsored Access Customer or Direct Access Customer to enter Orders, execute Transactions and provide pre-execution and post-execution allocation services on, or through the Platform, in the name of and on behalf of such person.

“CME” means the Chicago Mercantile Exchange, Inc., or its successor.

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

“Contract” means any contract, agreement, or transaction approved for trading on the Exchange and pursuant to the Rules.

“Contract Market” has the meaning set forth in CFTC Regulation § 1.3(h).

“Contract Specifications” means, with respect to any Contract, the rules or other trading protocols containing specifications for such Contract, as adopted, amended, supplemented or otherwise modified from time to time by the Exchange.

“Control” means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of securities, by contract, or otherwise. The terms “controlling” or “controlled” shall have meanings correlative to the foregoing.

“Control Desk” has the meaning set forth in Rule 538.

“Continuing Session” has the meaning set forth in Rule 539.

“Cross Trade” has the meaning set forth in Rule 520.

“CTI” means the customer type indicator set forth in Rule 522(d).

“Customer” means ~~any~~ any person ~~that has a current trading relationship and/or clearing relationship for Contracts with whom~~ a Participant ~~and/or Clearing Firm, as applicable~~ transacts on behalf of, on or through the Platform, on a non-discretionary basis.

“DCM Trading System” means the electronic trading system of the DCM established and operated by the Exchange for the purpose of entering into certain Required Transactions and certain Permitted Transactions.



“De-registration Basis” means, with respect to a Person, any basis upon which the CFTC could, subject to applicable procedural requirements, refuse to register, register conditionally, or suspend or place restrictions upon the registration of such Person under Section 8a(2) of the CEA.

“Direct Access Customer” means a person for whom a Participant has agreed to provide Trading Access using the Firm ID of the Participant. A Direct Access Customer may trade for its own account or for Clients.

“Direct Access Trader” means a natural person who is either an employee of, or an agent of, a Direct Access Customer and who is duly authorized to exercise Trading Access granted to a Direct Access Customer.

“Derivatives Clearing Organization” or “DCO” has the meaning set forth in Section 1a(15) of the CEA.

“Designated Contract Market” or “DCM” has the meaning set forth in CFTC Regulation § 1.3(h).

“Designated Self-Regulatory Organization” or “DSRO” shall, unless otherwise provided, have the meaning attributed to such term in CFTC Regulation § 1.3(ff).

“Director” means any member of the Board.

“Disciplinary Action” has the meaning set forth in Rule 601(c).

“Disciplinary Offense” has the meaning set forth in CFTC Regulation § 1.63(a)(6).

“Disciplinary Panel” means a Review Panel or a Hearing Panel appointed by the Board at the recommendation of the Chief Compliance Officer or the Chief Regulatory Officer to act in an adjudicative role and fulfill various adjudicative responsibilities and duties described in Chapter 6.

“DOJ” means the United States Department of Justice.

“Electronic Audit Trail” has the meaning set forth in Rule 522(b)(i).

“Eligible Contract Participant” or “ECP” has the meaning set forth in Section 1a(18) of the CEA and CFTC Regulation 1.3(m).

“Emergency” means any occurrence or circumstance which, in the opinion of the Board, or a designee duly authorized by the Board to issue such an opinion, requires immediate action, and which threatens, or may threaten, such things as the fair and orderly trading in, or the liquidation of or delivery pursuant to, any Contract, or the timely collection and payment of funds in connection with clearing and settlement by a Clearing House, including:

(i) any circumstance that may materially affect the performance of any Contract or Contracts, including failure of the payment system or the bankruptcy or insolvency of any Participant or Clearing Firm;

(ii) any action taken by any governmental body (whether national, state or municipal), including the United States or foreign regulatory, self-regulatory, judicial, arbitral, 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 board of trade, market or facility which, in any such case, may have a direct impact on trading on the Exchange or clearing and settlement of any Contract;

(iii) any actual, attempted or threatened corner, squeeze, congestion, or undue concentration of positions in any Contract or Contracts;

(iv) any other circumstance that may have a severe, adverse effect upon the functioning of the Exchange; or

(v) any manipulative or attempted manipulative activity in connection with a Contract.

“Emergency Action” has the meaning set forth in Rule 214(a).

“Emergency Rules” has the meaning set forth in Rule 214(a).

“Emergency Disciplinary Action” has the meaning set forth in Rule 618(a).

“End-User Clearing Exception” means the exemption from the clearing requirement set forth in Section 2(h)(7) of the CEA.

“End-User Transaction” shall mean a Transaction exempt from the clearing requirement of Section 2(h)(1) of the CEA because one of the counterparties to the Transaction is entitled to and has elected to use the End-User Clearing Exception.

“Exchange” means trueEX LLC.

“Exchange Access Committee” means the committee of the Board constituted in accordance with Rule 207.

~~“Exchange Activity” means business of a Participant or a Supervised Person of such Participant that is subject to the Rules, that is purportedly conducted subject to the Rules, or which should have been conducted subject to the Rules, including any use by such Person of the Platform.~~

“Exchange Official” means any Director or Officer of, or individual employed directly by, the Exchange or any individual rendering similar services to the Exchange under an administrative or similar agreement.

“Exchange Panel” has the meaning set forth in Rule 212(b).

“Exchange Proceeding” has the meaning set forth in Rule 215(a).

“Exchange Regulation Department” means all Exchange Officials or agents of the Exchange that assist the Exchange in the implementation, surveillance and enforcement of the Rules and Applicable Law.

“Final Decision” has the meaning set forth in CFTC Regulation § 1.63(a)(5).

“Firm ID” means a unique ID assigned by the Exchange to a Participant or to a Sponsored Access Customer, which is used to identify -such Participant or such Sponsored Access Customer accessing the Platform.

“Futures Commission Merchant” or “FCM” has the meaning set forth in Section 1a(28) of the CEA.

“Hearing Panel” means a panel selected in accordance with Rule 610 that is authorized to perform such roles and subject to such obligations as Chapter 6 contemplates.

“Government Agency” means any governmental entity, body or agency of any government (including the United States, a State, or a foreign government).

“Iceberg Order” means an Order that shall be divided into a displayed portion and a reserve portion in accordance with a fixed display size designated in such Order.

“Immediate Relation” means, with respect to a natural person, a spouse, parent, child, or sibling of such natural person, in each case, whether by blood, marriage, or adoption, or any person residing in the home of such natural person or an Immediate Relation of such natural person.

“Interested Person” has the meaning set forth in Rule 215(a).

“Interest Rate Swap” means a Contract for an interest rate swap of the form provided for in Chapter 10.

“Introducing Broker” or “IB” has the meaning set forth in Section 1a(31) of the CEA.

“Investigation” means an investigation conducted by the Exchange Regulation Department pursuant to Chapter 6.

“Investigative Report” has the meaning set forth in Rule 603(b).

“ISV” means independent software vendor.

“LCH” means LCH<sub>+</sub>-Clearnet Limited.

“Limit Order” means an Order to purchase or sell a Contract at a specified price or better.

“Liquidity Provider” means a Participant ~~that has entered into~~ authorized by the Exchange to participate in a Liquidity Provider Agreement, which provides Participant with certain incentives as a liquidity provider program under Rule 317.

“Major Swap Participant” has the meaning set forth in CFTC Regulation § 1.3(qqq).

~~“Market Data” has the meaning set forth in Rule 904.~~

“Market Equilibrium Price” has the meaning set forth in Rule 539.

“Market Notice” means a notice published by the Exchange on its Web Site.

“Market Price” has the meaning set forth in Rule 541(c)(ii).

“Matched Session” has the meaning set forth in Rule 539.

“Material Relationship”, with respect to a Director, has the meaning set forth in Appendix B to CFTC Part 38, Core Principle 16 of section 5(d) of the CEA, ~~§(b)(2)-.~~

“NFA” means the National Futures Association.

~~“NFA Arbitration Program” has the meaning set forth in Rule 701.~~

“No Bust Range” means the price range specified with respect to each Contract traded on the Platform, as such range is published by the Exchange from time to time, within which trades that are reviewed pursuant to Rule 541 will not be busted or adjusted, except as set forth in the Rules.

“Nominating Committee” means the committee of the Board constituted in accordance with Rule 206.

“Non-Public Information” means any information that the Exchange owns or otherwise deems confidential, including intellectual property belonging to: (i) the Exchange; or (ii) a third party, which property the Exchange receives on a confidential basis.

“Notice of Charges” shall have the meaning set forth in Rule 606(a).

~~“Obligation” means any Rule, order or procedure issued by the Exchange, including any Market Notice, or any other requirement implemented by the Exchange under the Rules (including each term of a Contract), as well as any contractual obligations between, on the one hand, a Subject Person, and on the other hand, the Exchange.~~

“Officer” has the meaning attributed to such term in Rule 203.

“Operating Agreement” means the Limited Liability Company Agreement of trueEX LLC as the same may be amended from time to time.

“Order” means either a bid or an offer for a Contract.

“Participant” means a person ~~with that is granted~~ Trading Privileges ~~that is authorized~~ by the Exchange ~~under a Participant Agreement~~ to access or utilize the Platform. ~~A reference to a Participant includes any natural person who is either employed by or is an agent of such Participant, or any person who is authorized to access or utilize the Platform pursuant to authority granted by a Participant. Subject to applicable law, a Participant may trade for its own proprietary account or on behalf of a Customer.~~

~~“Participant Agreement” means the agreement (together with any applicable schedules, exhibits or appendices thereto required by the Exchange) in form and substance acceptable to the Exchange by and between the Exchange and any Person establishing the terms upon which the Exchange will provide Trading Privileges and access to, and use of, the Platform and Services and any other product or service that may be offered by Exchange.~~

“Participant Documentation” means the agreements (together with any applicable schedules, exhibits or appendices thereto required by the Exchange) in form and substance acceptable to the Exchange, ~~that which~~ are required to be executed and delivered to the Exchange ~~before a Person may access the Platform.~~

“Permitted Transaction” means any transaction involving a Contract that is not a Required Transaction.

“Person” or “person” has the meaning set forth in Section 1a(38) of the CEA.

“Platform” means the Exchange electronic trade execution system that is used for trading Contracts on the DCM Trading System and/or the SEF Trading System, including any licensed software that is a part thereof from time to time, and any successor electronic trading system thereto.

“Proprietary Account” has the meaning set forth in CFTC Regulation § 1.3(y).

“Public Director” means a Director who has been found by the Board, on the record, to have no Material Relationships with the Exchange in accordance with Rule 202(e).

“Public Participant” [means a person who would not be disqualified from serving as a Public Director by CFTC Regulation § 40.9(c)(2)][has the meaning set forth in CFTC Regulation § 40.9(c)(3)].<sup>1</sup>

“Real-Time Data” means swap transaction and pricing data described in Part 43 of CFTC Regulation and Appendix A to Part 43.

“Regulatory Oversight Committee” means the committee of the Board constituted in accordance with Rule 208.

“Reporting Party” has the meaning set forth in Rule 545.

“Required Transaction” means any transaction involving a swap that is required by Section 2(h)(8) of the CEA to be executed on, or pursuant to the rules of, a SEF or a DCM and that is not a Block Trade or an End-User Transaction.

“Review Panel” means a panel selected in accordance with Rule 610 that is authorized to perform such roles and subject to such obligations as Chapter 6 contemplates.

“Rule” means any term or provision of the Participant Documentation, Rulebook, interpretations, orders, resolutions, advisories, notices, statements of policy, decisions, manuals and directives of the Exchange in part or in whole.

“Rulebook” means this trueEX LLC Rulebook.

“SEC” means the U.S. Securities and Exchange Commission.

“SEF Trading System” means the electronic trading system of the SEF established and operated by the Exchange for the purpose of entering into Permitted Transactions and certain Required Transactions.

“Self-Regulatory Action” has the meaning set forth in Rule 215(a).

“Self-Regulatory Organization” or “SRO” shall, unless otherwise provided, have the meaning set forth in CFTC Regulation § 1.3(ee) and, in addition, shall include a Derivatives Clearing Organization.

“Settlement Agreement” has the meaning set forth in CFTC Regulation § 1.63(a)(7).

“Settlement Price” means the official daily closing price for a Contract calculated each Business Day, as determined by the relevant Clearing Houses in accordance with Rule 804, and used for all open positions at the close of the daily settlement cycle.

“Serious Disciplinary Offense” means, with respect to a natural person, that such person committed any serious disciplinary offense, such as: (1) was found within the prior three years by a Final Decision of a Self-Regulatory Organization, an administrative law judge, a court of competent jurisdiction, or the CFTC to have committed a Disciplinary Offense; (2) entered into a Settlement Agreement within the prior three years in which any of the findings, or in the absence of such findings, any of the acts charged, included a Disciplinary Offense; (3) currently is suspended from trading on any Designated Contract Market, is

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<sup>1</sup> [NTD: Pending final version of Conflicts of Interest Notice of Proposed Rulemaking.]

suspended or expelled from membership with any Self-Regulatory Organization, is serving any sentence or probation or owes any portion of a fine imposed pursuant to either: (a) a finding by a Final Decision of a Self-Regulatory Organization, an administrative law judge, a court of competent jurisdiction or the CFTC that such person committed a Disciplinary Offense, or (b) a Settlement Agreement in which any of the findings or, in the absence 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; (4) currently is 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) currently is subject to or has had imposed on him within the prior three years a CFTC 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) currently is subject to a denial, suspension or disqualification from serving on the disciplinary committee, arbitration panel or governing board of any “self-regulatory organization” as that term is defined in section 3(a)(26) of the Securities Exchange Act of 1934.

“Sponsored Access Customer” means a Person (other than a natural person or an ISV) in respect of which Sponsored Designation has occurred and is continuing.

“Sponsored Designation” has the meaning set forth in Rule 316.

“Sponsoring Participant” means a Participant that is an FCM and in respect of which Sponsored Designation has occurred and is continuing.

“Subject Person” means any Clearing Firm, Participant, Sponsored Access Customer or ~~Supervised Person~~Direct Access Customer.

~~“Supervised Person” means with respect to a: (a) Participant, any Person that accesses the Platform for, or on behalf of, such Participant and any Person responsible for directly overseeing such access of such Person, (b) Clearing Firm, any Person that accesses the Platform for, or on behalf of, such Clearing Firm and any Person directly responsible for overseeing such access of such Person, and (c) Sponsored Access Customer, any Person that accesses the Platform for, or on behalf of, such Sponsored Access Customer and any Person directly responsible for overseeing such access of such Person.~~

“Swap Data” means all of the terms of a swap matched and agreed by the counterparties to the swap on the Platform, or, in the case of swaps transacted away from but pursuant to the Rules of the Exchange, all of the terms of a swap verified by the counterparties to the swap on the Platform, including at a minimum, in any case, each of the terms included in the most recent Federal Register released by the CFTC listing minimum primary economic terms for swaps in the relevant swap asset class.

“Swap Data Repository” or “SDR” has the meaning set forth in Section 1a(48) of the CEA.

“Swap Dealer” has the meaning set forth in CFTC Regulation 1.3(ppp).

“Swap Execution Facility” or “SEF” has the meaning set forth in CFTC Regulation Section 1.3(rrrr).

“Technology Services Agreement” means the agreement(s) between the Exchange and the Technology Services Provider whereby technology services are provided to the Exchange.

“Technology Services Provider” means the organization, if any, which provides technology services to the Exchange.

“TRADEON Session” has the meaning set forth in Rule 539.

“Trading Access” shall mean the ability of (a) a Direct Access Customer to transmit Orders and execute Transactions electronically on the Exchange via access to a system provided by a Participant and (b) a Sponsored Access Customer to access the Platform directly by means of the Trading Privileges of a Sponsoring Participant, including the ability to ~~place~~enter Orders and execute Transactions~~or request~~

~~quotes where such Orders or requests are not routed to the Platform through the trading system of a Sponsoring Participant.~~

“Trading Hours” means, for any Business Day, (a) with respect to the DCM Trading System, the hours during which Orders may be placed on the DCM Trading System, and (b) with respect to the SEF Trading System, the hours during which requests for quotes to enter into a Contract may be made, or Orders may be placed, on the SEF Trading System, in each case, as shall be established, and may be revised from time to time, by the Exchange pursuant to Rule 503.

“Trading Privilege” means any right granted to a Participant to transmit Orders and execute Transactions for ~~a Contract~~Contracts on or through the Platform.

“Trading Protocol Committee” means the committee of the Board constituted in accordance with Rule 211.

“Transaction” means any purchase or sale of any Contract made on the Exchange.

“Transfer Trade” has the meaning set forth in Rule 541(h).

“trueEX Group” means trueEX Group LLC.

“trueEX Party” has the meaning set forth in Rule 537(a).

“User ID” means a unique identifier assigned by the Exchange to an Authorized Trader, which enables the Exchange to identify the natural person accessing the trading functionality of the Platform.

“Web Site” means the web site maintained by the Exchange at www.trueEX.com.

**RULE 102. Rules of Construction** The following rules of construction shall apply to the Rules:

(a) References to any juridical person or Government Agency include any successor to such juridical person or Government Agency.

(b) References to any agreement, policy, statute or regulation refer to such agreement, policy, statute or regulation as amended, modified, supplemented, replaced or renumbered from time to time (and, in the case of statutes, include any rules and regulations promulgated under the statute) and references to any section of any agreement, policy, statute or regulation include any successor to such section.

(c) Words denoting a singular number include the plural number where the context permits and vice versa.

(d) References to any gender include each other gender.

(e) All references to time are to local time in New York, New York except where expressly provided otherwise.

(f) The headings are for convenience only and do not affect the construction of the Rules.

(g) Wherever the word “include”, “includes”, or “including” is used, it shall be deemed to be followed by the words “without limitation”.

(h) For purposes of constructing the rules in Chapters 4, 5, 6 and 9 of the Rulebook, references to the term "Participant" refer to both of the terms, "Participant" and "Sponsored Access Customer", and references to the term "Trading Privileges", if any, refer to both of the terms, "Trading Privileges" and "Trading Access".

**RULE 103. Amendment of Rules**

New Rules of the Exchange may be adopted, and existing Rules of the Exchange may be amended or repealed, in each instance in the Exchange's discretion, and at any time. All such new Rules of the Exchange, amendments or repeals will be published on the Web Site in a Market Notice and shall become effective on and from the date specified in the relevant Market Notice.



**CHAPTER 2**  
**EXCHANGE OWNERSHIP AND GOVERNANCE**

**RULE 201. Ownership Management**

The Exchange is a Delaware limited liability company. The management and operation of the Exchange are governed by the Operating Agreement. ~~All of the equity interests of the Exchange are owned by trueEX Group LLC.~~

**RULE 202. Board**

(a) The Board shall manage the day to day business operations of the Exchange. The Board has the power and authority to call for review, and to affirm, modify, suspend or overrule, any and all decisions and actions of standing committees or special committees of the Board or any panel of the Officers related to the day to day business operations of the Exchange.

(b) The Board may act only by the decision of an absolute majority in number of the Directors by vote at a meeting, by unanimous written consent without a meeting, or as otherwise set forth in the Operating Agreement.

(c) At all times, at least 35% of the Directors shall be Public Directors. Each Director (including Public Directors) 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.

(d) Each Director is entitled to indemnification pursuant to the Operating Agreement with respect to matters relating to the Exchange.

(e) To qualify as a Public Director, an individual must be found, by action of the Board, to have no Material Relationship with the Exchange. The Board must make such finding upon the nomination or appointment of the Public Director and as often as necessary in light of all circumstances relevant to such Public Director, but in no case less than annually.

(f) The members of the Board, including the Public Directors, shall be of good repute and, where applicable, have sufficient expertise in financial services and risk management.

(g) Each Director shall satisfy all fitness standards and otherwise meet all the requirements under the CEA and CFTC Regulations for serving as a director of a DCM and SEF-.

(h) The compensation of the Public Directors and other non-executive members of the Board shall not be linked to the business performance of the Exchange.

(i) The Board shall review its performance and that of its individual members annually and shall consider periodically using external facilitators for such review.

(j) The Board shall have procedures, as may be further set forth in policies that the Exchange may adopt, to remove a member from the Board where the conduct of such member is likely to be prejudicial to the sound and prudent management of the Exchange.

**RULE 203. Officers**

(a) The Board shall appoint a Chief Compliance Officer, a Chief Executive Officer, a Chief Regulatory Officer, and such other officers of the Exchange (each, an “Officer”) as it may deem necessary or appropriate from time to time, in accordance with the Operating Agreement.



(i) The Board shall approve the compensation of the Chief Compliance Officer and the vote of the majority of the Board is required to remove the Chief Compliance Officer.

(ii) The Exchange shall notify the CFTC of the appointment or removal of the Chief Compliance Officer within two Business Days of such appointment or removal.

(b) Any Officer may also be a director, officer, partner or employee of the Exchange or any of its Affiliates.

(c) The Officers shall have such powers and duties in the management of the Exchange as the Board may prescribe from time to time, subject to the terms of the Operating Agreement.

(d) Each Officer is entitled to indemnification pursuant to the Operating Agreement with respect to matters relating to the Exchange.

**RULE 204. Qualifications of Directors, Disciplinary Panel Members, Appeal Panel Members, Committee Members, Owners and Officers**

(a) A Director or Officer must meet the qualifications set forth in the Operating Agreement.

(b) An individual may not serve as a Director, or serve on a committee established by the Board, a Disciplinary Panel or an Appeal Panel, if the individual has committed any Serious Disciplinary Offense in the preceding three years.

(c) An individual may not serve as a Director or an Officer, or serve on a committee established by the Board, a Disciplinary Panel or an Appeal Panel, or, directly or indirectly, own greater than 10% of any one class of equity interest in the Exchange if a De-registration Basis exists with respect to such individual.

(d) Any Director, Officer, member of a committee established by the Board, any member of a Disciplinary Panel, or Appeal Panel, any individual nominated to serve in any such role, any individual who, directly or indirectly, owns greater than 10% of any one class of equity interest in the Exchange and any individual authorized by the Exchange Regulation Department to take summary action shall immediately notify the Chief Executive Officer if such individual meets one or more applicable criteria in Rule 204(b) or Rule 204(c).

**RULE 205. Standing Committees**

(a) The Board shall initially have four standing committees: the “Nominating Committee”, the “Exchange Access Committee”, the “Regulatory Oversight Committee” and the “Trading Protocol Committee”. The Board may from time to time constitute and appoint in accordance with the Operating Agreement, such additional standing committees of the Board as it may from time to time deem necessary or advisable.

(b) Each member of such standing committees must be a Director. Each standing committee shall have a chairperson who shall be designated by the Board.

(c) Each standing committee may supervise, manage or control the affairs of the Exchange to the extent it is duly authorized to do so by the Board.

(d) Subject to the authority of the Board, each standing committee shall determine the manner and form in which its proceedings shall be conducted. Each standing committee may act only by the decision of an absolute majority in number of the members of such committee, by vote at a meeting or by

unanimous written consent without a meeting. The Board has the authority to overrule the decisions of any standing committee.

**RULE 206. Nominating Committee**

(a) The Nominating Committee of the Board shall consist of three Directors appointed from time to time by the Board, two of which shall be Public Directors. The Nominating Committee shall be chaired by a Public Director.

(b) The Nominating Committee shall have authority and responsibility to:

(i) Identify individuals qualified to serve on the Board, consistent with the criteria that the Board requires and any composition requirement that the Commission promulgates; and

(ii) Administer a process for the nomination of individuals to the Board.

(c) The Nominating Committee shall report to the Board.

**RULE 207. Exchange Access Committee**

(a) The Exchange Access Committee of the Board shall consist of three Directors appointed from time to time by the Board, two of which shall be Public Directors.

(b) The Exchange Access Committee shall have authority and responsibility to:

(i) Determine the standards and requirements for initial and continuing Participant, Sponsored Access Customer and Clearing Firm eligibility;

~~(ii) Review appeals of staff denials of applications pursuant to Rule 307; and~~

(ii) Review any determination that a Person (1) fails to satisfy the criteria to qualify as a Participant, Sponsored Access Customer or Clearing Firm or (2) is denied Trading Privileges pursuant to Rule 305(a); and

(iii) Approve rules that would result in different categories or classes of Participants receiving disparate access to the Exchange.

(c) In reviewing appeals of staff denials of Participant applications, the Exchange Access Committee shall not uphold any staff denial if the relevant application meets the standards and requirements that such committee sets forth.

(d) The Exchange Access Committee shall not, and shall not permit the Exchange to, restrict access or impose burdens on access in a discriminatory manner, within each category or class of Participants or between similarly-situated categories or classes of Participants.

(e) The Exchange Access Committee reports to the Board. In the event that the Board rejects a recommendation or supersedes an action of the Exchange Access Committee, the Exchange shall submit a written report to the CFTC detailing: (1) the recommendation or action of the Exchange Access Committee; (2) the rationale for such recommendation or action; (3) the rationale of the Board for rejecting such recommendation or superseding such action; and (4) the course of action that the Board decided to take contrary to such recommendation or action.

**RULE 208. Regulatory Oversight Committee**

(a) The Regulatory Oversight Committee of the Board shall consist of at least two Public Directors appointed from time to time by the Board.

(b) Each member of the Regulatory Oversight Committee shall serve for a term of two calendar years from the date of her appointment or for the remainder of her term as a Public Director, and until the due appointment of her successor, or until her earlier resignation or removal, with or without cause, as a member of the Regulatory Oversight Committee or as a Public Director. A member of the Regulatory Oversight Committee may serve for multiple terms.

(c) The Regulatory Oversight Committee shall oversee the Exchange's regulatory program on behalf of the Board. The Board shall delegate sufficient authority, dedicate sufficient resources, and allow sufficient time for the Regulatory Oversight Committee to fulfill its mandate. It shall make such recommendations to the Board as will, in its judgment, best promote the interests of the Exchange. The Regulatory Oversight Committee shall also have such other powers and perform such other duties as set forth in the Rules and as the Board may delegate to it from time to time or as required under CFTC rules.

(d) Without limiting the generality of the foregoing, the Regulatory Oversight Committee shall have authority and responsibility to:

(i) Monitor the regulatory program of the Exchange for sufficiency, effectiveness, and independence;

(ii) Oversee all facets of the regulatory program, including:

(A) Trade practice and market surveillance; audits, examinations, and other regulatory responsibilities with respect to Subject Persons (including ensuring compliance with, if applicable, financial integrity, financial reporting, sales practice, recordkeeping, and other requirements); and the conduct of Investigations;

(B) Reviewing the size and allocation of the regulatory budget and resources, and the number, hiring, termination, and compensation of regulatory personnel;

(C) Supervising the Chief Regulatory Officer of the Exchange, who will report directly to the Regulatory Oversight Committee;

(D) Recommending changes that would ensure fair, vigorous, and effective regulation; and

(E) Reviewing all regulatory proposals prior to implementation and advising the Board as to whether and how such changes may impact regulation.

(iii) Prepare an annual report assessing, for the Board and CFTC, the regulatory program of the DCM Trading System. Such report shall: (1) describe the self-regulatory program; (2) set forth the expenses of the regulatory program; (3) describe the staffing and structure of the same; (4) catalogue Investigations and disciplinary actions taken during the year; and (5) review the performance of disciplinary committees and panels.

(e) The Regulatory Oversight Committee reports to the Board. In the event that the Board rejects a recommendation or supersedes an action of the Regulatory Oversight Committee, the Exchange shall submit a written report to the CFTC detailing: (1) the recommendation or action of the Regulatory Oversight Committee; (2) the rationale for such recommendation or action; (3) the rationale of the Board

for rejecting such recommendation or superseding such action; and (4) the course of action that the Board decided to take contrary to such recommendation or action.

**RULE 209. Chief Compliance Officer**

(a) The Chief Compliance Officer shall have the background and skills appropriate for fulfilling the responsibilities of the position. No individual disqualified from registration pursuant to Sections 8a(2) or 8a(3) of the CEA may serve as a Chief Compliance Officer.

(b) The Chief Compliance Officer shall report to and shall be supervised by the Board. The Chief Compliance Officer shall meet with the Board at least annually and with the Regulatory Oversight Committee at least quarterly. The Chief Compliance Officer shall provide any information regarding the Exchange's regulatory program that is requested by the Board or the Regulatory Oversight Committee.

(c) The Chief Compliance Officer shall have the authority and resources to develop and enforce policies and procedures necessary to fulfill the duties set forth for Chief Compliance Officers under the applicable CFTC Regulations. The Chief Compliance Officer shall have supervisory authority over all staff acting in furtherance of the Chief Compliance Officer's obligations.

(d) The Chief Compliance Officer's duties shall include:

(i) In consultation with the Board or the senior officer of the Exchange, resolving any conflicts of interest that may arise, and

(ii) Preparing and filing the annual compliance report of the SEF Trading System. Such report shall: (i) describe written policies and procedures, including the code of ethics and conflict of interest policies for the SEF Trading System; (ii) review the applicable CFTC Regulations and core principles of section 5h of the CEA, and with respect to each, identify the policies and procedures that are designed to ensure compliance with such CFTC Regulations and core principles, assess the effectiveness of such policy and/or procedure, and discuss any areas of improvement; (iii) list any material changes to such policies and procedures since the last annual report; (iv) describe the financial, managerial, and operational resources set aside for compliance; and (v) describe any material non-compliance issues.

**RULE 210. Chief Regulatory Officer**

(a) It shall be the duty of the Chief Regulatory Officer to enforce the Rules.

(b) The Chief Regulatory Officer shall have available to it at all times the resources of the Exchange Regulation Department and such other Exchange resources as may be necessary to conduct Investigations of alleged rule violations and market conditions.

(c) The Chief Regulatory Officer shall report to, and shall be supervised by, the Regulatory Oversight Committee.

(d) The Chief Regulatory Officer shall have the authority to inspect the books and records of all Participants in connection with their Trading Privileges, and Direct Access Customers and Sponsored Access Customers in connection with their ~~Exchange Activity~~Trading Access and the authority to require any such entity to appear before him or her and produce its books and records and answer questions regarding alleged violations of Rules, at the time, place and in the manner it designates. The Chief Regulatory Officer may also delegate such authority to staff of the Exchange Regulation Department.

(e) The Chief Regulatory Officer shall, in consultation with the Regulatory Oversight Committee or a senior compliance officer, resolve any conflict of interest pursuant to Rule 215.

#### **RULE 211. Trading Protocol Committee**

(a) The Trading Protocol Committee of the Board shall consist of three Directors appointed from time to time by the Board, two of whom shall be Public Directors.

(b) The Trading Protocol Committee shall have authority and responsibility to:

(i) Establish and modify from time to time Contract specifications and trading protocols and conventions for the Exchange;

(ii) Establish and modify position limits; and

(iii) Designate and modify from time to time products eligible for listing on the Exchange.

(c) The Trading Protocol Committee shall have such other powers and perform such other duties as set forth in the Rules and as the Board may delegate to it from time to time.

#### **RULE 212. Additional Board Committees and Exchange Panels**

(a) In addition to the standing committees, subject to the Operating Agreement, the Board may from time to time constitute and appoint special committees of the Board and designate their composition, responsibilities and powers. If any standing committee constituted by the Board exercises executive functions, then at least 35% and no fewer than two of such committee's members shall be Public Directors.

(b) The Exchange may create panels of the Exchange, for such purposes as may from time to time be necessary or advisable (each, an "Exchange Panel"). Members of each such panel may be Directors, natural persons ~~who are Supervised Persons~~ of a Participant and such other natural persons, in each instance, as may be qualified to serve on such panel.

(c) Except as otherwise specifically provided in the Rules or the Operating Agreement, the members of any special committee or panel shall be appointed as determined by the Board. Each special committee and panel shall have a chairperson who shall be designated by the Board.

(d) Each additional committee established pursuant to Rule 212(a) or panel established pursuant to Rule 212(b) may supervise, manage or control the affairs of the Exchange to the extent it is duly authorized to do so by the Board.

(e) Subject to the authority of the Board, each additional committee or panel shall determine the manner and form in which its proceedings shall be conducted. Each additional committee or panel may act only by the decision of an absolute majority in number of the members of such committee or panel, either by vote at a meeting or by unanimous written consent without a meeting.

#### **RULE 213. Regulatory Changes to the Composition Requirements**

Should any of the Applicable Laws establishing minimum thresholds relating to the number or percentage of Public Directors that must serve on the Board or any committee pursuant to Rule 202(c), Rule 205(a), Rule 206(a), Rule 207(a) and Rule 208(a) be amended, the Rule imposing the relevant threshold or composition requirement shall be deemed amended to comply with such Applicable Laws without any further action of the Exchange to the extent permissible by law. Notice of such amendment shall be promptly made in accordance with Rule 312.

## **RULE 214. Emergency Rules**

(a) During an Emergency, the Exchange may implement temporary emergency procedures and rules (“Emergency Rules”) pursuant to Rule 214(b), subject to the applicable provisions of the CEA and CFTC Regulations.

Emergency Rules may require or authorize the Exchange, the Board, any committee of the Board or any Officer to take actions necessary or appropriate to respond to the Emergency (each such action, an “Emergency Action”), directly or through third party providers of clearing services, including, but not limited to, the following actions:

- (i) suspend or curtail trading or limit trading to liquidation for any Contract;
- (ii) extend or shorten the last trading date for Contracts;
- (iii) provide alternative settlement mechanisms for any Contract (including by altering the settlement terms or conditions or fixing the settlement price);
- (iv) order the transfer or liquidation of open positions in any Contracts; provided that if a Contract is traded on a platform in addition to the Exchange, the liquidation or transfer of open interests in such Contracts shall be as directed, or agreed to, by the CFTC or CFTC staff;
- (v) extend, shorten or change the Trading Hours or the expiration date of any Contract;
- (vi) temporarily modify or suspend any Rule, in whole or in part;
- (vii) require Participants- to meet special margin or performance bonds requirements;
- (viii) order the transfer of customer Contracts and the associated margin; or
- (ix) impose or modify position limits, price limits, and intraday market restrictions.

Before taking an Emergency Action, (A) the effects of such Emergency Action on markets underlying the Contract(s) affected by such Emergency Action, on markets that are linked or referenced to such Contracts and similar markets on other trading venues shall be considered and documented as required under Rule 214(e) and (B) the Exchange shall notify and coordinate with any applicable Derivatives Clearing Organization.

(b) Before any Emergency Rule may be adopted and enforced, a required vote of the Regulatory Oversight Committee must approve the enforcement of such Emergency Rule at a duly convened meeting. Directors may attend such a meeting by teleconference. If the Chief Compliance Officer or the Chief Regulatory Officer determines that Emergency Rules must be implemented with respect to an Emergency before a meeting of the Regulatory Oversight Committee can reasonably be convened, then the Chief Compliance Officer or the Chief Regulatory Officer shall have the authority, without Board or committee 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 Compliance Officer or the Chief Regulatory Officer must convene a meeting as soon as practicable. Whenever the Regulatory Oversight Committee, the Chief Compliance Officer or the Chief Regulatory Officer takes an Emergency Action, a duly authorized representative of the Exchange, where possible, will post an announcement in a Market Notice.

(c) Either the Regulatory Oversight Committee, the Chief Compliance Officer or the Chief Regulatory Officer may determine that an Emergency has been reduced sufficiently to allow the Exchange

to resume normal functioning, in which case any Emergency Actions responding to such Emergency will be terminated and a duly authorized representative of the Exchange will post an announcement in a Market Notice.

(d) The Exchange will use reasonable efforts to notify the CFTC prior to implementing, modifying or terminating an Emergency Rule. If such prior notification is not possible or practicable, the Exchange will notify the CFTC as soon as possible or reasonably practicable, but in any event no longer than 24 hours after implementing, modifying or terminating such rule.

(e) Upon taking any Emergency Action, the Exchange will document the decision-making process related to such Emergency Action, including the process for minimizing conflicts of interest, the process for notifying and coordinating with any applicable Derivatives Clearing Organization, the extent to which the Exchange considered the effect of its Emergency Action on the underlying markets and on markets that are linked or referenced to the Contract Market and similar markets on other trading venues, and reasons for using emergency authority under this Rule 214. Such documentation will be maintained in accordance with Rule 217.

#### **RULE 215. Conflicts of Interest**

(a) A Director, Officer, Disciplinary Panel member or other Person authorized to exercise the Exchange's authority concerning any inquiry, investigation, disciplinary proceeding (including any summary proceeding or Emergency Disciplinary Action) or appeal from any of the foregoing (any such action, an "Exchange Proceeding"), or Emergency Action taken pursuant to Rule 214 (each such Exchange Proceeding or Emergency Action, a "Self-Regulatory Action") who knowingly has a "material conflict of interest" between his or her position as a Director, Officer, panel member or exercise of authority concerning a Self-Regulatory Action and his or her personal interests (each, an "Interested Person") may not participate in any deliberations or vote of the Board Committee, panel or exercise any authority with respect to such Self-Regulatory Action involving his or her personal interest, except as described in Rule 215(d).

(b) For purposes of Rule 215(a), a Director, Officer, Disciplinary Panel member or other Person has a "material conflict of interest" with respect to a Self-Regulatory Action if such Person:

(i) is named as a respondent or potential respondent in such Self-Regulatory Action;

(ii) is an employer, employee or fellow employee of (x) a respondent or potential respondent in such Self-Regulatory Action, or (y) an Affiliate of a respondent or a potential respondent in such Self-Regulatory Action;

(iii) has any significant, ongoing business relationship with (x) a respondent or potential respondent in such Self-Regulatory Action, or (y) an Affiliate of a respondent or a potential respondent in such Self-Regulatory Action;

(iv) has a family relationship with a respondent or potential respondent in such Self-Regulatory Action (including as the respondent's or potential respondent's spouse, co-habitant, former spouse, parent, step-parent, child, step-child, sibling, step-sibling, grandparent, grandchild, uncle, aunt, nephew, niece, parent-in-law, or sibling-in-law);

(v) has a direct and substantial financial interest in the result of the deliberations or vote based upon either exchange or non-exchange positions (as referenced in CFTC Regulation § 1.69), other than a direct or indirect equity or other interest in trueEX Group, that could reasonably be expected to be affected by such Self-Regulatory Action. A direct and substantial financial interest includes positions in Contracts in accounts of, controlled by, or affiliated with the

Interested Person or in any other types of direct and substantial financial positions of the Interested Person that are reasonably expected to be affected by the deliberations or vote; or

(vi) otherwise has personal interests that may be prejudiced by a fair and impartial exercise of such Person's authority with respect to such Self-Regulatory Action.

(c) Before considering any Self-Regulatory Action, an Interested Person must disclose in writing to the Board the material facts concerning his or her relationship or interest in the matter.

(d) Any Interested Person who would be required otherwise to abstain from deliberations and voting pursuant to Rule 215(a) as a result of having a direct and substantial financial interest in the result of the deliberations and vote may participate in deliberations, prior to a vote on the matter, if:

(i) the material facts about the Interested Person's financial interest in the matter are disclosed or known to the Board, Committee or Disciplinary Panel;

(ii) the Board, Committee or Disciplinary Panel determines that the participation by the Interested Person would be consistent with the public interest; and

(iii) a majority of the Directors (excluding any Interested Persons) vote to allow the Interested Person to participate in deliberations on the matter.

(e) If a determination is made pursuant to Rule 215(d) that an Interested Person may participate in deliberations prior to a vote, then the minutes of the meeting of the Board or committee thereof will reflect the determination and the reasons for the determination.

(f) If a determination is made that all Directors are Interested Persons with respect to a matter subject to a vote by the Board, 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 Board would have had if the Directors were not Interested Persons with respect to such matter.

**RULE 216. Material, Non-Public Information**

(a) Absent prior written consent from the Exchange, a direct or indirect owner of the Exchange, a Director, Officer, member of any committee or panel established by the Board (including any Disciplinary Panel and Appeal Panel), member of the Exchange Regulation Department, or other employee of the Exchange shall not during his or her association with the Exchange or thereafter:

(i) trade, directly or indirectly, any Contracts traded on the Exchange;

(ii) trade, directly or indirectly, a contract, which is related to any Contract;

(iii) trade, directly or indirectly, in a contract, which is related to any Contract, traded on or cleared by contract markets, swap execution facilities, or clearing organizations other than the Exchange if the employee has access to material, non-public information concerning such contract;

(iv) trade, directly or indirectly, in a commodity interest traded on or cleared by a linked exchange if the employee has access to material, non-public information concerning such commodity interest; or

(v) disclose for any purpose (other than exercise of such person's ownership rights or performance of such person's official duties for the Exchange, as applicable) any non-public



information obtained as a result of the individual's ownership interest or performance of official duties for the Exchange

The written consent from the Exchange shall specify the scope of information that may be disclosed, to whom such information may be disclosed to, and the conditions, if any, that the recipient of such information must agree to prior to receiving such information.

(b) With prior written consent from the Exchange, a direct or indirect owner of the Exchange, and each Director, Officer, member of any committee or panel established by the Board (including any Disciplinary Panel and Appeal Panel), member of the Exchange Regulation Department, and other employee of the Exchange may participate in a pooled investment vehicle or other investment vehicle whose investments are directed by a third-party advisor if the individual has no direct or indirect control over transactions executed by the investment vehicles.

(c) Each direct or indirect owner of the Exchange, and each Director, Officer, member of any committee or panel established by the Board (including any Disciplinary Panel and Appeal Panel), member of the Exchange Regulation Department, and other employee of the Exchange shall take all appropriate steps to safeguard all non-public information obtained as a result of the individual's ownership interest or performance of official duties for the Exchange, as applicable, and to protect such information against disclosure, misuse, espionage, loss and theft.

(d) Each employee of the Exchange shall be required to adhere to the policies and guidelines of the Exchange as in effect from time-to-time and shall, when and as requested, execute an acknowledgement of the Exchange's conflict of interest policy in the form provided by the Exchange.

(e) Any employee that trades in a commodity interest, under the limited circumstances as permitted by this Rule 216, shall provide to the Exchange an annual certification that the employee has not traded in any Exchange Contracts or in any related commodity interest or other commodity interest covered by this Rule 216, and shall provide records of the commodity interest trades conducted by the employee in the past year.

(f) Notwithstanding anything to the contrary in this Rule 216, any direct or indirect owner of the Exchange, and any Director, Officer, member of any committee or panel established by the Board (including any Disciplinary Panel and Appeal Panel), member of the Exchange Regulation Department, and other employee of the Exchange may disclose any non-public information to any (i) Director, Officer, member of any committee or panel established by the Board (including any Disciplinary Panel and Appeal Panel), member of the Exchange Regulation Department, or any other employee of the Exchange to the extent necessary or useful for such person to perform his or her official duties for the Exchange, (ii) any outside advisor to the Exchange to the extent necessary or useful for such outside advisor to perform his or her official duties for the Exchange provided that such outside advisor is subject to confidentiality obligations substantively the same as those imposed on employees of the Exchange by this Rule 216 if required by the CFTC or another government agency or Self-Regulatory Organization, or (iv) if compelled to do so by valid legal process, provided that the individual or entity making such disclosure notifies the Exchange.

(g) For the purposes of Rule 216, the terms "material information," "non-public information," "linked exchange," "commodity interest" and "pooled investment vehicle" shall each have the meaning set forth in CFTC Regulation § 1.59(a).

#### **RULE 217. Maintenance of Books and Records by the Exchange**

(a) The Exchange shall keep, or cause to be kept, complete and accurate books and records, including all books and records required to be maintained pursuant to the CEA, and the CFTC Regulations.

(b) The Exchange shall retain all such books and records for at least five (5) years, and shall make such books and records readily accessible for inspection by the CFTC, the DOJ, the SEC, or by any representative of a prudential regulator as authorized by the CFTC during the first two (2) years of such five-year period; provided, however, that all records required to be kept relating to swap transactions must be retained with respect to each swap throughout the life of the swap and for a period of at least five years following the final termination of the swap; provided further that each record related to a swap transaction shall be (i) readily accessible via real time electronic access throughout the life of the swap and for the two years following the final termination of the swap, and (ii) for the remaining three years of the five year period following the final termination of the swap, such record shall be retrievable within three business days.

#### **RULE 218. Information-Sharing Agreements**

(a) The Exchange shall share information with other regulatory organizations, data repositories, and third-party data reporting services as required by the Commission or as otherwise necessary and appropriate to fulfill its SRO and regulatory reporting responsibilities. The Exchange may enter into information-sharing agreements or other arrangements ~~or procedures to coordinate surveillance with other markets on which financial instruments related to the Contracts trade,~~ including international information-sharing agreements, if the Exchange considers such arrangements necessary in the furtherance of the Exchange's purpose or duties under Applicable Law. As part of any information-sharing agreements or other arrangements or procedures adopted entered into pursuant to this Rule, the Exchange may:

(i) provide market surveillance reports to the Commission and other markets; Government Agencies, or as necessary for the Exchange to comply with its SRO obligations, to other markets;

(ii) share information and documents concerning current and former Participants ~~or~~ Sponsored Access Customers, Direct Access Customers and Authorized Traders with the Commission and other Government Agencies, and or as necessary for the Exchange to comply with its SRO obligations, with other markets;

(iii) share information and documents concerning ongoing and completed Investigations the Commission and other Government Agencies, or as necessary for the Exchange to comply with its SRO obligations, with other markets; or

(iv) require its current or former Participants ~~or~~ Sponsored Access Customers and Authorized Traders to provide information and documents to the Exchange at the request of the Commission or other markets Government Agency with which jurisdiction over the Exchange has an ~~an~~ or as necessary for the Exchange to comply with its SRO obligations; provided however, the Exchange will not require Participants and Sponsored Access Customers to provide information-sharing agreement or documents regarding their Customers or Clients, if any, unless required by Applicable Law.

~~(iv)~~(b) The Exchange may disclose Transactions executed by its Participants, Sponsored Access Customers, Direct Access Customers, or their respective Customers or Clients, if any, to the Commission or other arrangements or procedures Government Agency, to an SDR where the Exchange reports Transactions pursuant to Parts 43 and 45 of the CFTC Regulations, to a Clearing House for clearing or other services related to such Transactions or to any other person as required by Applicable Law. The Exchange will not disclose any such information to any of the aforementioned persons without a corresponding confidentiality agreement between itself and such person unless the person requesting such information is a Government Agency.

~~(b) The Exchange may enter into any arrangement with any Person or body (including the CFTC, the NFA, any Self Regulatory Organization, any exchange, market, or clearing organization, or foreign regulatory authority) if the Exchange considers such arrangement to be in furtherance of the Exchange's purpose or duties under the Rules or any law or regulation.~~

~~(c) The Exchange may disclose to any Person or entity information concerning or associated with a Participant, Sponsored Access Customer or other Person that the Exchange believes is necessary and appropriate in exercising a legal or regulatory function, whether or not a formal arrangement governing the disclosure exists or a request for information was made and notwithstanding anything to the contrary in Rule 216.~~

**RULE 219. [RESERVED]**

**RULE 220. Services Agreement with a Technology Services Provider**

(a) The Exchange may contract with one or more Technology Services Providers to provide certain technology services to the Exchange pursuant to a Technology Services Agreement. In accordance with a Technology Services Agreement, a Technology Services Provider may perform certain functions under the Rules and the Exchange may provide information to the Technology Services Provider in connection with the performance by the Technology Services Provider of those functions.

(b) The Exchange shall retain ultimate decision-making authority with respect to any functions that are contracted to a Technology Services Provider.

**CHAPTER 3**  
**ACCESS TO THE TRADING PLATFORM**

**RULE 301. Jurisdiction; Applicability of Rules**

ANY PERSON INITIATING OR EXECUTING A TRANSACTION ON OR SUBJECT TO THE RULES OF THE EXCHANGE DIRECTLY OR THROUGH AN INTERMEDIARY, AND ANY PERSON FOR WHOSE BENEFIT SUCH A TRANSACTION HAS BEEN INITIATED OR EXECUTED, EXPRESSLY CONSENTS TO THE JURISDICTION OF THE EXCHANGE AND AGREES TO BE BOUND BY AND COMPLY WITH ALL APPLICABLE RULES OF THE EXCHANGE TO THE EXTENT APPLICABLE TO IT, INCLUDING THOSE APPLIED PURSUANT TO APPLICABLE LAW.

**RULE 302. Participants**

~~(a) Each Participant shall have the right to access electronically the Platform, including the right to place Orders for each of its Proprietary Accounts and Customer accounts provided that (i) such Participant, or if such Participant accesses the Platform to place Orders on behalf of its Customers, such Participant and each such Customer, is, and continues to be, an Eligible Contract Participant for so long as access of such Participant to the Platform continues, and (ii) such Participant is eligible for and has applied for and received~~ A Person is eligible to become a Participant if such Person:

~~(a) Trading Privileges. For purposes of this Rule, the foregoing sentence shall apply equally to a Sponsored Access Customer as though the term "Participant" were replaced with the term "Sponsored Access Customer". A Participant may serve as a Sponsoring Participant for one or more Sponsored Access Customer pursuant to Rule 316.~~

~~(b) The Exchange may deny an application by any Person to become a Participant or revoke or condition a Person's status as a Participant if such Person:~~

~~(i) lacks~~ maintains good reputation and business integrity;

~~(ii) fails to maintain adequate financial resources and credit;~~

~~(iii)(ii) is, or is expected to become,~~ is not the subject of a petition for proceeding seeking a judgment of insolvency, bankruptcy, liquidation, dissolution, winding-up, conservatorship, receivership, trusteeship or a similar action instituted by such Person or a regulator;

~~(iv) is prohibited from using the services of the Exchange for any reason whatsoever;~~

~~(v)(iii) lacks any~~ maintains all applicable registrations required underby Applicable Law, including any registration required of an Introducing Broker or Futures Commission Merchant ~~IB or FCM;~~

~~(vi)(iv) if~~ is not subject to a De-Registration registration Basis ~~exists with respect to such Person; or;~~

~~(vii) fails to comply with the CEA and CFTC Regulations in connection with opening and maintaining customer accounts.~~

~~(v) fails to satisfy~~ completes and submits the Participant Documentation;

(vi) is, and will continue to be an Eligible Contract Participant for as long as such Person is a Participant, and if such Person will be entering into Transactions on the Platform on

behalf of a Customer or for a Client, such Customer or Client is and will continue to be an Eligible Contract Participant for as long as Participant accesses the Platform on behalf of such Customer or Client;

(vii) if organized or located outside of the United States, provides the Exchange with a copy of a written agreement acceptable to the Exchange appointing a third party as a U.S. agent for service of process of such Person for purposes of CFTC Regulation § 15.05;

(viii) if transacting for its own account, has established a clearing relationship with a Clearing Firm, or is a member of a Clearing House and is eligible to clear at such Clearing House the Contract(s) that such Person will execute on the Exchange; and

(viii)(ix) satisfies any other criteria that the Exchange may require from a Participant.

~~(ix) ceases to be an ECP when accessing the Platform.~~

~~(e) In the event that an applicant to become a Participant or a Participant becomes aware that one of the conditions for denying, revoking or conditioning an application to become a Participant or a Person's status as a Participant enumerated under Rule 302(b) is reasonably likely to exist, such applicant or Participant, as the case may be, shall promptly notify the Exchange of the relevant facts and circumstances.~~

### **RULE 303. Authorized Traders**

(a) Authorized Traders. Each Participant or Sponsored Access Customer may from time to time appoint one or more ~~natural persons to act as an~~ Authorized Trader, ~~and any such Traders.~~ Authorized ~~Trader~~Traders shall be entitled to exercise Trading Privileges on behalf of such a Participant, or exercise Trading Access given to a Sponsored Access Customer, subject to the terms and conditions of these Rules. ~~Any~~ Participant ~~wishing to or a Sponsored Access Customer, as the case may be, shall~~ appoint an Authorized Trader ~~shall notify by notifying~~ the Exchange ~~and each such Authorized Trader will consent, in writing, in a form satisfactory acceptable to the Exchange, to abide by the Rules of and the Exchange and Applicable Law prior to accessing the Platform. Each will maintain a list of all such designated Authorized Traders. The Exchange may, in its sole but reasonable discretion, suspend, revoke or otherwise condition the right of any Authorized Trader must satisfy such requirements as may be prescribed by the Exchange from time to time and shall be subject to the disciplinary authority of the Exchange and possible fine or restriction to exercise the Trading Privileges of a Participant or exercise the Trading Access of a Sponsored Access Customer, and promptly notify the relevant Participant or revocation of Trading Privileges~~ Sponsored Access Customer in accordance with the procedures for notification established by the Exchange.

(b) Revocation by Participant. ~~Each Participant may at any time or Sponsored Access Customers. Each Participant and each Sponsored Access Customer may, at any time, immediately terminate or suspend access of any of its Authorized Traders to the Platform using the electronic mechanism provided on the Platform. Participants and Sponsored Access Customers may also~~ revoke an authorization granted by it to any of its Authorized ~~Trader~~Traders by providing written notice of such revocation to the Exchange. The Exchange shall terminate the access of an Authorized Trader to the Platform as soon as practicable following receipt by the Exchange of a notice of revocation in respect of such Authorized Trader, but in any event no later than: (i) the end of the calendar day on which notice of revocation is received by the Exchange, if such revocation is received during Trading Hours; or (ii) the commencement of Trading Hours on the Business Day following the calendar day on which revocation was received by the Exchange, if such notice of revocation is not received during Trading Hours.

~~(c) Responsibility of Participants, and Sponsored Access Customers. Each Participant shall be responsible for the actions and omissions, including but not limited to violations of Applicable Law or these Rules, of and each Sponsored Access Customer shall have reasonable procedures in place to determine on a routine, periodic basis that a De-registration Basis does not exist with respect to any of its Supervised Persons. Authorized Traders. Each Participant will ensure on an ongoing basis that none of its Supervised Persons is subject to a disqualification pursuant to any Applicable Law (unless an appropriate exemption has been obtained with respect thereto) and that and each of its Supervised Persons will, as applicable, be Sponsored Access Customer shall ensure that each of its Authorized Traders is technically proficient in the use of the Platform. Each Participant shall have procedures for performing day to day monitoring of its Supervised Persons to ensure that each will conduct its business in accordance with the Rules. Each Participant shall be responsible to the Exchange for any failures by any of its Supervised Persons to comply with any Obligation or Applicable Law.~~

~~(d) —References to Trading Privileges, Participant, Orders, and Knowledge. For purposes of this Rule 303, any reference to the Trading Privileges of a Participant shall also be deemed to refer to Trading Access of a Sponsored Access Customer and apply to the exercise of Trading Privileges or Trading Access by any of the applicable Supervised Persons, and a Participant submitting or receiving Orders, bids, offers or message traffic into or from the Platform or engaging in transactions in Contracts on the Platform, shall be deemed to also refer and apply to any such actions engaged in by any of such Participant's Supervised Persons.~~

~~(e) List of Authorized Traders: The Exchange will maintain a list of all designated Authorized Traders.~~

#### **RULE 304. [RESERVED] Clearing Firms**

~~(a) —In order to operate as a Clearing Firm, an applicant must demonstrate to the satisfaction of the Exchange that it:~~

~~(i) —meets the requirements of, and is approved for, clearing membership at one or more Clearing House and is authorized pursuant to the applicable Clearing House Rules to clear trades in any or all of the Contracts; and~~

~~(ii) —satisfies the provisions set forth in Rule 306(d).~~

~~(b) All Transactions effected on or pursuant to the Rules of the DCM Trading System shall be cleared, and all Transactions effected on or pursuant to the Rules of the SEF Trading System for which a determination has been made by the CFTC pursuant to Section 2(h) of the CEA that the clearing requirement applies to such Transaction and for which no clearing exemption may be claimed shall be cleared. Any other Transactions effected on or pursuant to the Rules of the SEF Trading System may be cleared at the discretion of the parties to such Transaction. Transaction that are required to be cleared or voluntarily cleared by the parties shall be cleared through a Clearing House in accordance with applicable Clearing House Rules and in conformity with the Rules specifically provided in this Chapter 8.~~

~~(c) The Exchange may share information with any Clearing House that would assist such Clearing House in evaluating and monitoring a Clearing Firm's compliance with these criteria. By becoming a Clearing Firm, a Clearing Firm and its Supervised Persons, agents and employees agree to cooperate with the Exchange and each relevant Clearing House in any such monitoring.~~

~~(d) —Clearing Firms shall have the right to clear Contracts in accordance with all applicable Rules and Clearing House Rules.~~



~~(e) — A Clearing Firm that is an FCM and has agreed to accept for clearing Transactions that are executed by a Participant or Sponsored Access Customer trading on the DCM Trading System for its own account or on behalf of Customers must use the risk controls provided by the Exchange to set risk limits for each such Participant, Sponsored Access Customer or Customer, as applicable. A Clearing Firm shall not be required to use the risk controls provided by the Exchange to set risk limits on the DCM Trading System if Orders are screened on a pre-trade basis provided by the FCM or through a credit limit screening service that provides pre-trade credit checks for the FCM.~~

~~(f) A Clearing Firm that has agreed to accept for clearing Transactions that are executed on or pursuant to the rules of the SEF Trading System by a Participant or a Customer of Participant, as applicable, shall establish risk based limits for the account(s) of such Participant or Customer of Participant, and use automated means to screen Orders of such Participant or Customer of Participant using such risk based limits in accordance with Applicable Law. The Exchange shall provide Clearing Firm the means to facilitate such screening.~~

#### **RULE 305. Eligibility to obtain Trading Privileges**

~~(a) Each applicant for Trading Privileges must: (i) be a juridical entity, (ii) be validly organized, (iii) be in good standing, (iv) have the legal authority and be duly authorized and empowered to become a Participant and to effect transactions on the Exchange and satisfy its Obligations and (v) satisfy such other requirements or criteria as may from time to time be adopted by the Exchange. Subject to Rule 302(a), the Exchange shall grant Trading Privileges to Participants, and Participants shall have the right to exercise Trading Privileges for Proprietary Accounts and accounts of Customers and Clients and to grant Trading Access to Sponsored Access Customers and Direct Access Customers. Trading Privileges are non-assignable, non-transferable and may not be sold or leased. A grant of Trading Privilege by the Exchange does not convey any equity or other form of interest in the Exchange, including voting rights or rights to receive any dividends or other distributions, whether arising from a dissolution, merger, consolidation involving the Exchange or otherwise.~~

~~(b) Subject to Rule 308(b), the Exchange may deny a Person's Trading Privileges or revoke suspend or otherwise condition a Person's Trading Privileges, in whole or in part, to any Person:~~

~~(i) if such Person is unable to satisfactorily to demonstrate a capacity to adhere to all applicable Rules, Clearing House Rules and Applicable Law, including, to the extent applicable, those concerning registration, record keeping, reporting, finance and trading procedures;~~

~~(ii) if such Person is unable to satisfactorily demonstrate its ability to satisfy the eligibility criteria to obtain or retain Trading Privileges;~~

~~(ii)(iii) if such Person would bring the Exchange into material disrepute, as determined by the Exchange in its sole but reasonable discretion; or~~

~~(iii)(iv) for such other cause as the Exchange reasonably may decide in good faith.~~

~~(c) — The Exchange may determine not to permit any Person to keep its Trading Privileges, or may condition such Trading Privileges if such Person:~~

~~(i) — fails to meet any of the qualification requirements for Trading Privileges after such Trading Privileges have been approved;~~

~~(ii) — fails to meet any condition placed by the Exchange on such Trading Privileges or association;~~

~~(iii) — violates any agreement with the Exchange, a Clearing Firm or any Clearing House; or~~

~~(iv) — is a Participant through which a Customer trades and such Customer maintains a position in any Contract that, when considered in light of the other positions maintained by the Participant through which such Customer trades and any other factors that the Exchange reasonably deems relevant, the Exchange reasonably believes could jeopardize the financial safety of such Participant or any of such Participant's other Customers.~~

~~For the avoidance of doubt, any limitation, suspension or revocation of Trading Privileges pursuant to Rule 305(e)(iv) may, in the sole discretion of the Exchange, (1) take the form of (x) a full suspension or revocation of Trading Privileges (y) a requirement that the positions at issue be immediately liquidated in full or reduced to a reasonable level to be set by the Exchange as a condition to the Trading Privileges remaining in effect or (z) a prohibition on the use of such Trading Privileges in respect of the trades of any Customer identified by the Exchange and (2) be applied to the Trading Privileges of the Participant at issue and Authorized Traders of such Participant, in each case, as deemed reasonably necessary by the Exchange for the protection of such Persons and other Participants of the Exchange.~~

~~(d) — In the case of any suspension, revocation or limitation of the Trading Privileges of any Participant pursuant to this Rule 305 or Rule 307, the Exchange, in its sole discretion, may also suspend, revoke or limit the Trading Privileges of such Participant's Authorized Trader as the Exchange deems necessary to protect its other Participants, Customers of Participants and the integrity of the Platform.~~

#### **Rule 306. — Applications**

~~(a) — Application Generally. — Each application to obtain Trading Privileges or become a Clearing Firm, Participant, or Authorized Trader shall be in such form as may from time to time be prescribed by the Exchange. Each applicant shall promptly update its application materials if any of the information provided therein becomes inaccurate or incomplete after the date of submission and prior to any approval of the application. The Exchange shall act upon, and approve or disapprove, any such application without unreasonable delay.~~

~~(b) — Applications for Trading Privileges. Each applicant for Trading Privileges shall:~~

~~(i) — submit to the Exchange a complete application form in the manner prescribed by the Exchange;~~

~~(ii) — agree in writing to abide by the Rules of the Exchange and Applicable Law; and~~

~~(iii) — furnish all other documents as may be requested by the Exchange and answer completely and accurately all questions posed by the Exchange.~~

~~(c) — Applications for Participants. Each Person applying to become a Participant shall:~~

~~(i) — enter into a Participant Agreement with the Exchange;~~

~~(ii) — be a Clearing House member who is eligible to clear the Contract(s) that such Person will execute on the Exchange at such Clearing House, or establish a clearing relationship with a Clearing Firm;~~

~~(iii) — ensure that the documentation required under Rule 304 has been received by the Exchange; and~~



~~(iv) — if such Participant is organized or located outside of the United States, enter into a written agreement acceptable to the Exchange appointing a third party as its U.S. agent for service of process for purposes of CFTC Regulation § 15.05, and shall provide the Exchange with a copy of the agreement.~~

~~(d) — Applications for Authorized Traders. Applications for Trading Privileges for Authorized Traders must be authorized by a Participant.~~

~~(e) — Applications for Clearing Firms. Any applicant desiring to become a Clearing Firm shall:~~

~~(i) — submit to the Exchange a complete application form in the manner prescribed by the Exchange;~~

~~(ii) — enter into a user license agreement with each relevant Clearing House, if applicable;~~

~~(iii) — agree in writing to abide by the Rules of the Exchange and Applicable Law;~~

~~(iv) — agree in writing that it shall fulfill its clearing obligations in accordance with Rule 800;~~

~~(v) — agree to assist the Exchange in any investigation into potential violations of Obligations or Applicable Law which occur through or with respect to any Transaction cleared by such Clearing Firm; provided that such assistance must be timely and may include, but not be limited to, the Clearing Firm and any of its Supervised Persons being required to produce documents, to answer questions from the Exchange, or to appear in connection with an investigation;~~

~~(vi) — agree to, upon request by the Exchange, suspend or terminate a Subject Person's access if the Exchange determines that the actions of such Subject Person threaten the integrity or liquidity of any Contract or violate any Obligation of such Subject Person or Applicable Law, or if the Subject Person fails to cooperate in an Investigation;~~

~~(vii) — maintain all required and necessary regulatory approvals or licenses to operate as a Clearing Firm.~~

~~(viii) — employ practices to monitor and enforce compliance with risk limits for Participants; and~~

~~(ix) — provide such information and documentation, in each case, in connection with its application to become a Clearing Firm, as may be requested by the Exchange, and follow the procedures established by the Exchange. Additionally, any Clearing Firm organized or located outside of the United States shall enter into a written agreement acceptable to the Exchange appointing a third party as its U.S. agent for service of process for purposes of CFTC Regulation § 15.05, and shall provide the Exchange with a copy of the agreement.~~

~~(f) — Additional Information. In considering an application under this Rule 306, the Exchange may require additional information from the applicant or conduct an Investigation to verify information submitted by the applicant.~~

~~(g) — Grant of Application. If the Exchange decides to grant an applicant Trading Privileges or admit an applicant as a Clearing Firm or Participant, or designate such applicant as an Authorized Trader, the Exchange shall promptly notify such applicant and state in such notice the date on which such approval~~

~~becomes effective and any conditions thereto. If the application process is not completed within six months of the applicant's initial submission, the application shall be deemed to be withdrawn, unless extended by the Exchange.~~

**Rule 307. ~~Denial, Revocation, and Conditioning~~**

~~(a) Denial, Revocation, Conditioning. The Exchange may deny an application to obtain Trading Privileges or to become a Clearing Firm, Participant, or an Authorized Trader, as well as revoke or condition a Subject Person's Trading Privileges or status as a Clearing Firm, Participant, or Authorized Trader, if such applicant or Subject Person, as the case may be:~~

~~(i) is unable to satisfactorily demonstrate its ability to satisfy the eligibility criteria to obtain or retain Trading Privileges, or become or remain a Clearing Firm, Participant, or an Authorized Trader;~~

~~(ii) is unable to satisfactorily demonstrate its capacity to satisfy its Obligations; or~~

~~(iii) for such other cause as the Exchange may reasonably determine.~~

~~(b) Review of Denial, Revocation, Conditions. If the Exchange decides to deny, revoke or condition a Person's Trading Privileges or a Person's status as a Clearing Firm, Participant, or Authorized Trader, the Exchange shall promptly notify the Affected Person in a writing sent to the address provided by the applicant to the Exchange. Such Affected Person may, within seven (7) calendar days, request in writing that the Exchange provide the reasons for the denial, revocation or conditioning of its Trading Privileges or status as a Clearing Firm, Participant, or Authorized Trader. Within fourteen (14) calendar days after receiving such written request, the Exchange shall send a written response to the Affected Person setting forth the reasons for the denial, revocation or conditioning. Within fourteen (14) calendar days of receiving the Exchange's written response, the Affected Person may request in writing that the Exchange Access Committee reconsider the determination.~~

~~Within twenty eight (28) calendar days of receiving the request for reconsideration, the Exchange Access Committee shall either confirm, reverse or modify the denial, revocation or conditioning of the Trading Privileges or status of the Affected Person, and shall promptly notify the Affected Person accordingly in writing. The Exchange Access Committee may, within its discretion, schedule a hearing (in person or by teleconference); request additional information from the Affected Person; or establish any other process that it believes is necessary and appropriate to consider the request for reconsideration.~~

~~The Exchange Access Committee's decision is the final action of the Exchange and is not subject to appeal within the Exchange.~~

~~(i)(c) Re-application. Any Person applying for Trading Privileges or to become a Clearing Firm, Participant, or an Authorized Trader who has been rejected by the Exchange pursuant to these Rules shall not be eligible for re-application during the six months immediately following such rejection.~~

**RULE 306. [RESERVED]**

**RULE 307. [RESERVED]**

**RULE 308. Scope and Continuation of Rights and Privileges**

~~(a) By virtue of obtaining Trading Privileges, becoming a Participant, or an Authorized Trader, a Person shall not obtain any equity or other interest in the Exchange, including voting rights or rights to receive any dividends or other distributions, whether arising from a dissolution, merger, consolidation involving the Exchange or otherwise. All such rights shall be owned exclusively as specified in the Operating Agreement.~~

(a) ~~A Participant whose Trading Privileges are denied pursuant to Rule 305(b), or revoked, suspended or conditioned pursuant to Rule 305(c), or a Sponsored Access Customer whose Trading Access has been terminated or suspended as a Clearing Firm, Participant, by the Exchange pursuant to Rule 316(b), may appeal that determination of the Exchange in accordance with Chapter 6.~~

(b) ~~Any Participant whose Trading Privileges are revoked, terminated, suspended or otherwise conditioned, and each of its Authorized Traders, or any Sponsored Access Customer whose Trading Access is terminated or suspended by the Exchange and each of its Authorized Trader, or other Subject Person, or whose Trading Privileges are temporarily or permanently revoked, terminated or suspended Traders, shall remain bound by its Obligationsthe applicable Rules and subject to Applicable Law and the jurisdiction of the Exchange and each relevant Clearing House with respect to any and all matters arising from, related to, or in connection with, the status, actions or omissions of such PersonParticipant or Sponsored Access Customer, prior to such revocation, termination or suspension or other condition. Any Exchange Proceeding relating to any Subject Person that is temporarily or permanently revoked, terminated or suspended, or whose Trading Privileges are temporarily or permanently revoked, terminated or suspended, shall occur as if the Subject Person were still registered as such, and the same shall be true of any Supervised Person of any Subject Person that is temporarily or permanently revoked, terminated or suspended, or whose Trading Privileges are temporarily or permanently revoked, terminated or suspended.~~

~~(b) All Trading Privileges, and all other rights and privileges of a Subject Person terminate upon, and all obligations of such Subject Person shall survive, the death or incapacity of such Subject Person (if an individual) or the dissolution of such Person (if an entity).~~

~~(e) All Trading Privileges, and all other rights and privileges of a Subject Person are non-transferable, non-assignable and may not be sold or leased.~~

#### **RULE 309. Dues, Assessments and Fees**

(a) The Exchange shall have the authority to set the amounts and times of payment for any dues, assessments or fees (including Platform fees, clearing fees, brokerage and any transaction surcharges) to be paid by Participants or Sponsored Access Customers, which dues, assessments, and fees shall be paid to the Exchange when due. The Exchange shall publish the fees on its Web Site, and may modify them from time to time.

(b) If a Participant fails to pay when due, any dues, assessments or fees levied on such Participant by the Exchange, and such payment obligation remains unsatisfied for thirty (30) days after its due date, the Exchange may suspend, revoke, limit, condition, restrict or qualify the Participant's Trading Privileges or ability to otherwise access the Platform as it deems necessary or appropriate.

(c) If a Sponsored Access Customer fails to pay when due, any dues, assessments or fees levied on such Sponsored Access Customer by the Exchange, and such payment obligation remains unsatisfied for thirty (30) days after its due date, the Exchange may suspend, revoke, limit, condition, restrict or qualify the Trading Access of such Sponsored Access Customer. Except as otherwise agreed between Sponsoring Participant and the Exchange, Sponsoring Participant shall be responsible for any unsatisfied payment obligation of Sponsored Access Customer that remains unsatisfied for thirty (30) days after its due date.

#### **RULE 310. Authorized Representatives**

(a) Each Clearing Firm, Participant or Sponsored Access Customer shall designate one or more ~~Authorized Representative individuals~~ who is an employee and who will represent ~~such Clearing Firm, Participant, or Sponsored Access Customer, as the case may be,~~ will designate a third party to

~~represent, it~~ before the Exchange and its committees and receive notices (“Authorized Representative”) ~~on behalf of such Clearing Firm, Participant or Sponsored Access Customer, as the case may be.~~

(b) ~~The~~Each Authorized Representative shall be empowered by the Clearing Firm, Participant or Sponsored Access Customer, as the case may be, to act on its behalf and the Exchange shall be entitled to rely on the actions of the Authorized Representative as binding on such Clearing Firm, Participant or Sponsored Access Customer, as the case may be.

(c) Each Clearing Firm, Participant or Sponsored Access Customer shall provide the Exchange with current contact and other requested information for each of its Authorized Representatives so that the Exchange is able to immediately contact the Authorized Representatives.

#### **RULE 311. Recording of Communications**

The Exchange may record conversations in respect of Orders, Transactions and any other activity on or through the Exchange between officers, employees or agents of the Exchange, on one hand, and Clearing Firms, Participants, Sponsored Access Customers, and Authorized Traders, on the other hand. The Exchange shall retain recordings of conversations made pursuant to this Rule in accordance with CFTC Regulations.

#### **RULE 312. Exchange Notices**

(a) Accurate, complete and current copies of this Rulebook and all Contract Specifications shall be published on the Web Site.

(b) Except as provided herein, the Exchange shall publish a Market Notice, including with respect to each addition to, modification of, or clarification of, the Rulebook, advisories, the matching algorithm described in Rule 539, and any Contract Specification, prior to the earlier of (i) the effective date thereof, and (ii) the filing of such change with the CFTC. All Persons shall be deemed to have received Market Notice upon publication to the Web Site.

(c) If confidential treatment is sought with respect to any filing with a Government Agency (including the CFTC) that would result in a change described in Rule 312(b), only the public version of such filing shall be disclosed pursuant to Rule 312(b).

#### **RULE 313. Exchange Communications ~~between the Exchange and Participants~~**

(a) Each Clearing ~~Member and Firm,~~ Participant, and Sponsored Access Customers must provide the Exchange with its current electronic mail address and telephone number and the electronic mail address and telephone number of ~~(1) in the case of a Participant, any person who may use a User ID assigned to such Participant and (2) in the case of a Clearing Firm, any person who may set risk controls for any Participant for which such Clearing Firm provides clearing services for Contracts. Each Clearing Member and Participant must promptly update the contact information described in this Rule 313(a) whenever it changes any Authorized User.~~

(b) All communications between the Exchange and a Clearing Firm, ~~or Participant,~~ and Sponsored Access Customer, as the case may be, will be transmitted by electronic mail or posted on the ~~Exchange’s website, except~~ Web Site, except as provided for in Rule 538 and Rule 608, and as otherwise specified by the Exchange.

(c) Each Clearing Firm, ~~or Participant,~~ and Sponsored Access Customer, ~~as the case may be,~~ shall be responsible for conveying such communications to all of its ~~Supervised Persons~~ Authorized Users.

(d) Each Clearing Firm, ~~or Participant,~~ and Sponsored Access Customer, ~~as the case may be,~~ will be responsible for promptly reviewing and, if necessary, responding to all electronic communications

from the Exchange to the Clearing Firm, or Participant, as the case may be, or any of its ~~Supervised Persons~~Authorized Users.

(e) All communications made to the address for notices designated by a Clearing Firm, ~~or Participant, or Sponsored Access Customer~~, or a person designated by such Clearing Firm, ~~or Participant or Sponsored Access Customer~~ to accept such communications, as the case may be, shall also be deemed to have been made to all of its ~~Supervised Persons~~Authorized Users.

**RULE 314. [RESERVED]**

**RULE 315. Withdrawal of Participant**

(a) To withdraw from the Exchange, a Participant must notify the Exchange, ~~following such procedures as may be established of its withdrawal. Such withdrawal shall be accepted and effective immediately upon the receipt of such notice~~ by the Exchange.

~~(b) The Exchange may, in its reasonable discretion, refuse to accept a Participant's withdrawal request or may postpone the effective date of withdrawal of a Participant if the Exchange considers it necessary for the protection of the Participant's Customers, other Participants or otherwise in the interests of the Exchange.~~

~~(c) Based on the information provided to, and other information gathered by, the Exchange regarding a Participant's withdrawal request, the Exchange will determine whether to (i) accept the withdrawal request; (ii) postpone the effective date of the withdrawal; or (iii) impose any terms or conditions before or after the effective date of withdrawal.~~

~~(d) Notwithstanding anything to the contrary in this Rule 315, if the Exchange refuses to accept a Participant's withdrawal request or postpones the effective date of the withdrawal of a Participant, the Exchange shall terminate the Trading Privileges of such Participant as soon as practicable, and in any event no later than: (i) (A) the end of the calendar day on which the Exchange receives such withdrawal request, if such withdrawal request is received during Trading Hours; or (B) commencement of Trading Hours on the Business Day following the calendar day on which the Exchange receives such withdrawal request, if such withdrawal request is not received during Trading Hours; and (ii) may waive the obligation to pay some or all of the fees, costs and charges that the Exchange would have imposed during the period after the date on which the requested withdrawal would have otherwise taken effect.~~

~~(e)(b) When Effective upon the date that the Exchange accepts the withdrawal of a Participant, all rights and privileges of such Participant terminate ~~(, including the such Participant's Trading Privileges, and ability Trading Access granted to access the Platform).~~ such Participant's Sponsored Access Customers. The ~~accepted~~ withdrawal of a Participant shall not affect the rights of the Exchange under the Rules or relieve the former Participant of its ~~Obligations~~obligations arising under the Rules before the effective date of such withdrawal (including any contractual obligations relating to any Contracts entered into by such Participant, or the payment of any Exchange fees, costs, or charges incurred prior to such withdrawal). ~~Notwithstanding the accepted withdrawal of a~~ Participant, ~~the that has~~ withdrawn Participant remains subject to the Rules, the Exchange requirements and the jurisdiction of the Exchange for acts done and omissions made while a Participant, and must cooperate in any Exchange Proceeding under Chapter 6 as if ~~such withdrawal had not taken place~~the withdrawn Participant were still a Participant.~~

~~(c) Upon delivery of a withdrawal notice the Exchange shall disable the Participant's and its Sponsored Access Customers' access to the Platform and will promptly notify the Control Desk that the Participant, its Sponsored Access Customers and their respective Authorized Traders, may no longer access the Platform. Disabling the Participant's access terminates the access of its Direct Access Customers.~~



## **RULE 316. Sponsored Access**

(a) Sponsored Designation. Upon Sponsored Designation, the Exchange will provide Trading Access to the relevant Sponsored Access Customer. “Sponsored Designation” in respect of a Person means:

(i) such Person has delivered to the Exchange, the relevant annex (or other form acceptable to the Exchange) identifying a Participant that ~~can~~will serve as Sponsoring Participant;

(ii) such Participant has delivered to the Exchange, the relevant annex (or other form of direct access authorization acceptable to the Exchange) identifying such Person as a Sponsored Access Customer; and

(iii) confirmation by the Exchange that all requested information has been received by the Exchange and such information is satisfactory in form and substance.

(b) Termination.

(i) Unless otherwise provided in this Rule 316, Sponsoring Participant may at any time request that the Exchange suspend the Trading Access or terminate the Sponsored Designation of any of its Sponsored Access Customers, by providing written notice (a “Termination Request”) to the Exchange requesting such suspension or termination, as applicable. After the Exchange has received a Termination Request, the Exchange shall either promptly suspend the Trading Access or promptly terminate the Sponsored Designation of the relevant Sponsored Access Customer(s), as set forth in the relevant Termination Request. Notwithstanding the foregoing, a Sponsoring Participant shall remain responsible for all activity of its Sponsored Access Customer that occurs by means of Trading Access prior to the ~~receipt of a Termination Request in respect~~termination or suspension of such Sponsored Access Customer by the Exchange ~~from Sponsoring Participant~~. Upon termination or suspension, the Exchange shall have the right to cancel all resting Orders placed by or on behalf of Sponsored Access Customer on the Platform.

(ii) The Exchange shall have the right to suspend or terminate access to Sponsored Access Customer in accordance with Rules ~~after notifying each of Sponsoring Participant and the relevant Sponsored Access Customer~~.

(c) Obligations. For so long as Sponsored Designation has not been terminated, Sponsored Access Customer and the Sponsoring Participant identified by such Sponsored Access Customer pursuant to Rule 316(a)(i) agree as follows.

(i) Sponsored Access Customer shall:

(A) maintain all registrations, licenses and consents required by Applicable Law for it and its Authorized Traders to place Orders and enter into Transactions on the Platform;

(B) cooperate with the Exchange, any regulatory or any self-regulatory organization in any inquiry, investigation, audit, examination or proceeding related directly or indirectly to the Trading Access of Sponsored Access Customer, and authorize the Exchange to provide information regarding Sponsored Access Customer to the CFTC or any self-regulatory organization; ~~and~~

(C) access the Platform exclusively through a password protected internet portal using the unique login credentials assigned to Authorized Traders of Sponsored Access Customer by Exchange; ~~and~~

(D) represent in writing, in a form accepted to the Exchange, that it is, and will continue to be an Eligible Contract Participant for as long as such Person is a Sponsored Access Customer, and if such Person will be entering into Transactions on the Platform on behalf of a Client, such Client is and will continue to be an Eligible Contract Participant for as long as Sponsored Access Customer accesses the Platform on behalf of such Client.

(ii) Sponsoring Participant shall:

(A) assume financial responsibility for all activity of its Sponsored Access Customers on the Platform, including Transactions executed, by means of Trading Access;

(B) deliver a Termination Request to the Exchange in respect of any of its Sponsored Access Customers with Trading Access promptly after becoming aware that any actions or omissions of any of its Sponsored Access Customer violate any applicable Rules or Applicable Law; and

(C) assist the Exchange in a timely manner in any investigation into potential or actual violations of the Rules or the CEA which occur through or with respect to the Trading Access of any of its Sponsored Access Customers, including requiring any Sponsored Access Customer to produce documents, answer questions from the Exchange, or appear in connection with an investigation.

**RULE 317. Liquidity Provider Programs**

The Exchange may from time to time establish programs that provide Liquidity Providers with financial incentives for meeting trading volume, liquidity or other thresholds, as may be established by the Exchange. All Participants who meet the criteria, established by the Exchange from time to time, to be a Liquidity Provider are eligible to participate.

**CHAPTER 4**  
**OBLIGATIONS OF EXCHANGE USERS**

**RULE 401. Duties and Responsibilities of Participants And Authorized Traders**

Each Participant and its Authorized Traders, to the extent applicable, shall:

- (a) use the Platform in a responsible manner and not for any improper purpose;
- (b) use the Platform only to ~~conduct Exchange Activity;~~ exercise Trading Privileges in a manner consistent with these Rules;
- ~~(c) — conduct all Exchange Activity in a manner consistent with its Obligations and Applicable Law;~~
- ~~(d)(c)~~ (c) comply with all applicable Clearing House Rules and act in a manner consistent with such Clearing House Rules;
- ~~(e)(d)~~ (d) observe high standards of integrity, market conduct, fair dealing, and similar equitable principles of trade ~~while~~ in conducting ~~or attempting to conduct~~ any activity on or through the Exchange ~~Activity~~; and in all aspects of its business connected with or concerning the Exchange;
- ~~(f)(e)~~ (e) not knowingly mislead or conceal any material fact or matter in any dealings or filings with the Exchange or in response to any Exchange Proceeding;
- ~~(g)(f)~~ (f) keep all Firm IDs, User IDs, Admin IDs, account numbers and passwords related to the Platform confidential and secure;
- ~~(g)~~ (g) have the necessary authority from its Customers or Clients prior to initiating or executing Transactions for such Customers or Clients on, or subject to the Rules of, the Exchange;
- (h) be fully liable for all Orders and Transactions, and for any other use of the Platform, made under a Firm ID or User ID, as applicable, assigned to such ~~Subject Person~~ Participant or its Authorized Traders (whether such access or utilization is authorized or known by such ~~Subject Person~~ Participant or Authorized Trader or not), including any use resulting from a failure in the security controls or credit controls of such ~~Subject Person~~ Participant, other than due to the gross negligence of the Exchange;
- ~~(i) — employ practices to monitor and enforce compliance with risk limits;~~
- ~~(j) — be responsible for promptly informing the Exchange of any material changes to the information provided to the Exchange by such Subject Person and any of the Supervised Persons of such Subject Person; and~~
- ~~(k)(i)~~ (i) keep, or cause to be kept, complete and accurate books and records, including records of activity in the underlying commodity and related derivatives markets and all other books and records required to be maintained pursuant to the CEA, the CFTC Regulations or the Rules, for at least five years, and make such books and records (i) readily accessible during the first two years of such five year period, and (ii) available for inspection by a representative of the Exchange, the CFTC, the DOJ, the SEC, or by any representative of a prudential regulator as authorized by the CFTC; and
- ~~(j)~~ (j) be responsible for compliance with the mandatory trading requirements under Section 2(h)(8) of the CEA for any Transaction that it enters into or facilitates that is subject to mandatory clearing. This provision in 401(j) applies only to Participants that are registered, or are required to be registered, as Swap Dealers or Major Swap Participants.



## **RULE 402. Required Disclosures to the Exchange**

Each Participant shall (and shall cause its ~~Supervised Persons~~Authorized Users to) notify the Exchange Regulation Department upon becoming aware of any of the following events:

(a) any ~~change~~material changes to the ~~contact~~ information provided to the Exchange by such Participant in ~~the registration documentation that forms a part any~~ of the relevant ~~Participation~~Participant Documentation, including ~~but not limited to the regulatory contact and the~~information for its Authorized Representative, Authorized Contact of Participant, Authorized Users, Direct Access Traders, or any regulatory contact;

(b) ~~any material damage to, or failure or inadequacy of, the systems, facilities or equipment used to effect transactions or perform financial obligations under or in connection with the Contracts of such Participant;~~

(c) ~~any refusal of admission of, or rejection from membership by, such Participant or any Supervised Person of such Participant~~Authorized Trader to any Self-Regulatory Organization, ~~designated contract market, Derivatives Clearing Organization or swap execution facility;~~

(d) ~~any rejection from membership of such Participant or any Supervised Person of such Participant, in any Self-Regulatory Organization, designated contract market, Derivatives Clearing Organization or swap execution facility;~~

(e) ~~any~~(c) any expulsion, suspension or fine in excess of \$50,000 (whether through an adverse determination, voluntary settlement or otherwise) imposed on such Participant, or any ~~Supervised Person of such Participant~~its Authorized User, by any ~~Self-Regulatory Organization, DCM, SEFSRO or Derivatives Clearing Organization or with respect to Exchange Activity,~~ any relevant Government Agency;

(f) ~~any~~(d) any denial or rejection of any application for any registration or license submitted by such Participant, or any ~~Supervised Person of such Participant~~its Authorized Traders, by or from any ~~Self-Regulatory Organization, SEF, DCMSRO or Derivatives Clearing Organization;~~the CFTC or any non-voluntary revocation, suspension or conditioning of any registration or license of a Participant necessary to conduct any activity on or through the Exchange Activity granted by ~~any Governmental Agency~~the CFTC;

(g) ~~any~~(e) the commencement of any material judicial or administrative proceeding against such Participant or any ~~Supervised Person of such Participant~~its Authorized Traders, or the imposition of any ~~fine in excess of \$50,000, cease and desist order, denial of trading privileges, censure or other sanction or remedy (whether through an adverse determination, voluntary settlement or otherwise) imposed, in each case, by any Self-Regulatory Organization, SEF, DCM, Derivatives Clearing Organization, SRO or with respect to Exchange Activity,~~ any relevant Government Agency; ~~and/or~~

(h) ~~any~~(f) such Participant becoming the subject of a petition for bankruptcy, liquidation, dissolution, winding up, conservatorship, receivership, trusteeship or a similar action.

## **RULE 403. Ability to Obtain Information**

(a) The Exchange, acting directly or through authorized representatives, shall have the right, as is necessary to detect and investigate an actual or alleged violation of any Rule ~~or Obligation~~ by a Participant or Person that is the subject of an investigation by the Exchange, with such prior reasonable advance notice as is practicable under the circumstances, unless otherwise required by Applicable Law, to:

(i) inspect systems, equipment and software operated by such Participant in connection with any activity on or through the Exchange Activity, wherever located;

(ii) access the systems, equipment, software referenced in (i) above, and the premises on which such systems, equipment, and software are located, any data in connection with any activity on or through the Exchange ~~Activity~~ stored in any of the systems or equipment, during the regular business hours and the Trading Hours of the Exchange; and

(iii) copy or reproduce any data to which the Exchange has access under this Rule.

(b) The Exchange Regulation Department may require a Participant to furnish to the Exchange (periodically or upon request) information that is necessary to perform the enforcement obligations of the Exchange under the Rules or Applicable Law.

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

Each Participant or Clearing Firm that is registered with the CFTC as an FCM or IB shall:

(a) comply with the provisions of CFTC Regulation 1.17, applicable Clearing House Rules and other Applicable Law, including any rules and regulations a Government Agency or SRO imposes on a Participant or Clearing Firm relating to minimum financial and related reporting and recordkeeping requirements.

(b) be required to deliver to the Exchange a copy of any notice or written report required to be filed with the CFTC pursuant to CFTC Regulations §§ 1.10 and 1.12 within the time periods prescribed for such filing or delivery in CFTC Regulations §§ 1.10 and 1.12.

#### **RULE 405. Confidentiality of Financial and Other Information**

All information and data, including information and data obtained pursuant to Rules 403 and 404, obtained or received by the Exchange Regulation Department from inspections of accounting and other records, quarterly balance sheets and declarations or reports on financial condition will be treated as confidential by the Exchange; provided, however, this Rule 405 does not supplant Rule 214 and the Rules in Chapter 6, or any other requirement of Applicable Law.

#### **RULE 406. Authority to Impose Restrictions**

Whenever a Participant or Clearing Firm is subject to the early warning requirements set forth in CFTC Regulation § 1.12, the Exchange may impose such conditions or restrictions on the business and operations of such Participant or Clearing Firm as the Exchange may deem necessary or appropriate for the protection of any Clearing Firm, Participant, Customer, Client or the Exchange. Any such conditions or restrictions would be imposed in consultation and cooperation with the Participant's or Clearing Firm's DSRO and other SROs of which it is a member.

#### ~~**Rule 407. Customers**~~

~~A Participant shall have the necessary authority from its Customers prior to initiating or executing Transactions for such Customer on or subject to the Rules of the Exchange.~~

#### ~~**Rule 408. Disclosure Requirements**~~

~~Each Clearing Firm, Participant, and their Supervised Persons must comply with all disclosure requirements set forth in applicable CFTC and NFA Rules and regulations and any additional disclosure requirements imposed by these Rules. Any such disclosure may be combined with a disclosure regarding the existence of financial interests held by such Clearing Firm, Participant, or their Supervised Persons, as the case may be, in the Exchange or any other exchange.~~

**~~Rule 409.~~ Information Regarding Orders**

~~(a) The Exchange will make information regarding Orders (including prices bid or offered), trades and any other related matters, available to Clearing Firms, Participants, and other Persons at such times and in such manner (whether through the Platform, a ticker, financial information services or otherwise) as necessary to comply with Applicable Law, the Rules or any reporting requirements of the Exchange.~~

~~(b) Absent prior written consent of the Exchange, no Clearing Firm, Participant, or other Person receiving any such information through the Platform shall, at any time, use non-public information, or disclose non-public information, except (i) to others within the Clearing Firm, Participant or other Person, or to third parties, in each instance with a “need to know” for the performance of such Clearing Firm’s, Participant’s, or Person’s corporate, business or regulatory purposes, (ii) as required by any regulatory authority, (iii) as compelled to do so by any valid legal process, or (iv) as otherwise permitted under these Rules.~~

**~~Rule 410,~~RULE 407. Treatment of Customer Funds and Securities**

Each Participant and Clearing Firm that is registered with the CFTC as an FCM shall comply with the provisions of CFTC Regulations, applicable Clearing House Rules and other Applicable Law related to the protection of customer funds, including the segregation of customer and proprietary funds, the custody of customer funds, the investment standards for customer funds, intermediary default procedures and related recordkeeping, including CFTC Regulations 1.20(a) and 1.25. Any violation of the aforementioned CFTC Regulations, Clearing House Rules or other Applicable Law by Participant or Clearing Firm shall be a violation of this Rule ~~410~~407.

**CHAPTER 5**  
**TRADING PRACTICES AND BUSINESS CONDUCT**

**RULE 501. Scope**

This Chapter 5 applies to all transactions in Contracts except as expressly provided herein.

**RULE 502. Procedures**

(a) With respect to trading on or through the Platform, the Exchange may adopt (in conjunction with a Clearing House, where appropriate), without limitation, procedures relating to transactions in Contracts and trading on the Platform, including procedures to:

- (i) disseminate the prices of ~~bids and offers on, and~~ trades in, Contracts;
- (ii) record, and account for, Contracts and any activity on or through the Exchange ~~Activity~~;
- (iii) perform market surveillance and regulation on matters affecting Contracts and any activity on or through the Exchange ~~Activity~~;
- (iv) establish limits on the number and size of Orders that may be submitted or the number and size of trades executed by a Participant through the Platform; and
- ~~(v) — establish limits on the number of Contracts that may be held by a Customer or Participant;~~
- ~~(vi)(v) establish a limit on the maximum daily price fluctuations for any Contract and provide for any related restriction or suspension of trading in the Contract; and.~~
- ~~(vii) — require a suspended or expelled Participant to eliminate any open position or exposure to future price changes in any Contract.~~

**RULE 503. Business Days and Trading Hours**

The Exchange shall from time to time determine the Business Days and the Trading Hours for each Contract traded on the Platform. The Exchange may vary its Trading Hours among different Contracts, and between the DCM Trading System and the SEF Trading System. Orders may not be submitted outside of Trading Hours. The Business Days, Trading Hours and holidays of the Exchange are published on the Web Site. A Market Notice shall be issued pursuant to Rule 312 for any modification to or establishment of Business Days, Trading Hours or holidays.

**RULE 504. ~~[RESERVED]~~ Fraudulent Acts Prohibited**

No ~~Subject~~ Person shall engage in any fraudulent act or engage in any scheme to defraud, deceive, trick or mislead in connection with or related to any activity on or through the Exchange ~~Activity~~ or any activity related to any Clearing House.

**RULE 505. ~~Fraudulent Acts Prohibited~~ Fictitious and Non-Competitive Transactions Prohibited**

No ~~Subject~~ Person shall create “fictitious transactions” or “non-competitive transactions”, as such terms are commonly understood in the trade or under Applicable Law, or execute any ~~such~~ Order with

knowledge of its nature as a “fictitious transaction” or “non-competitive transaction,” except in the case of “non-competitive transactions” permitted by the Rules.

**RULE 506. Wash Sales Prohibited**

No Person shall place or accept buy and sell Orders in the same product and expiration month, where the person knows or reasonably should know that the purpose of the orders is to avoid taking a bona fide market position exposed to market risk (transactions commonly known or referred to as wash sales). Buy and sell Orders for different accounts with common beneficial ownership that are entered with the intent to negate market risk or price competition shall also be deemed to violate the prohibition on wash trades. Additionally, no Person shall knowingly execute or accommodate the execution of such Orders by direct or indirect means.

**RULE 507. Market Disruption Prohibited**

~~Subject~~No Person shall engage in any trading, practice, or conduct on the Platform or subject to the Rules that violates bids or offers, or demonstrates intentional or reckless disregard for the orderly execution of transactions within one half hour prior to the expiration of Trading Hours on any given Business Day, or is, is of the character of, or is commonly known to the trade as, “spoofing<sup>22</sup>” (bidding or offering with the intent to cancel the bid or offer before execution), as described in Section 4c of the CEA.

~~No Subject~~ Person shall engage in any Exchange Activity that (a) demonstrates intentional or reckless disregard for the orderly execution of transactions during the closing period, (b) consists of placing one or more Order with an intent to cancel such Order(s) prior to execution, (c) submitting or cancelling Orders with an intent to overload the Platform, (d) submitting or cancelling bids or offers with an intent to delay another person’s execution of trades, or (e) submitting or cancelling multiple bids or offers to create an appearance of false market depth; provided, however, that these clauses (a) through (e) shall not apply to Block Trades.

~~No Subject Person shall (i) enter, assist in entering or carry out any plan or scheme for entering any Order into the Platform with the knowledge that the purpose of such Order is to upset the equilibrium of the market in any Contract without the intent to reflect fair market values, or (ii) create a condition in which prices do not or will not reflect fair market values. Any Supervised Person who makes or assists in entering any such Order with the knowledge of the purpose thereof or who, with such knowledge, in any way assists in carrying out any plan or scheme for the entering of any such Order, will be deemed to have engaged in an act detrimental to the Platform operated by the Exchange.~~

**RULE 508. Market Manipulation Prohibited**

~~No Subject~~ Person shall directly or indirectly manipulate, or attempt to manipulate, the price of any Contract.—~~Furthermore, no Subject Person shall engage, or attempt to engage, in the following in connection with any Contract: use manipulation to defraud, knowingly make an untrue or misleading statement of a material fact, engage in fraudulent or deceitful business practices, or knowingly deliver materially misleading or materially inaccurate reports concerning market information that affect the price of any Contract.~~

**RULE 509. Prohibition of Misstatements**

No ~~Subject~~ Person shall knowingly make any ~~knowing~~ misstatement of a material fact to the Exchange, any Exchange Official, or any committee of the Board or Exchange Panel or knowingly omit a material fact necessary in order to make the statement made, in light of the circumstances under which they were made, not misleading.

**RULE 510. [RESERVED]**

**RULE 511. [RESERVED]**

**~~Rule 511. Adherence to Law~~**

~~No Subject Person shall engage in conduct in violation of any Applicable Law, Rules or applicable Clearing House Rules. Without limitation of the foregoing, all Participants that are FCMs or Clearing Firms shall comply with (a) capital requirements under CFTC Regulations and applicable Clearing House Rules, as in effect from time to time, and (b) Applicable Laws regarding the treatment of Customer funds and Customer Orders. Any Swap Dealer or Major Swap Participant that enters into or facilitates a Transaction that is subject to mandatory clearing shall be responsible for compliance with the mandatory trading requirements under Section 2(h)(8) of the CEA.~~

**RULE 512. Supervision**

A ~~Subject Person Participant~~ shall establish, maintain and administer reasonable supervisory procedures to monitor the compliance of its ~~Supervised Persons~~Authorized Traders with the Rules and any applicable provisions of the CEA or CFTC and such ~~Subject Person Participant~~ may be held accountable for the actions of its ~~Supervised Persons~~Authorized Traders.

**RULE 513. Misuse of the Platform**

It shall be a violation of these Rules to willfully permit unauthorized use of the Platform, to assist any Person in obtaining unauthorized access to the Platform, to trade on the Platform without an agreement and an established account with a Clearing Firm, to alter the equipment associated with the Platform (except with the Exchange's consent), to interfere with the operation of the Platform, to intercept or interfere with information provided thereby, or in any way to use the Platform in a manner contrary to the Rules.

**RULE 514. Errors and Omissions in Handling Orders**

(a) A Participant that inadvertently, through error or omission, fails to execute an Customer Order at the time it should have been executed may, upon discovery of such error or omission, execute such Customer Order at the best obtainable price. Such Customer Order shall be competitively executed and should be executed in the next available trading session for the applicable listed Contract, but in any event must be executed no later than the close of the next trading day and shall be reported to the Customer at the price at which the Customer Order actually executed. Unless otherwise agreed between Participant and the relevant Customer, if such price is to the advantage of the Customer, the Customer shall receive the benefit thereof; if not, the Customer shall receive such monetary adjustment as will afford the Customer the equivalent of the price at which such Order should and could have been executed. Full details of all transactions consummated hereunder shall be promptly provided to the Exchange Regulation Department upon request.

(b) A Participant that makes an error in the execution of an Customer Order ~~from a Customer~~ that is related to the terms of a Contract, including but not limited to, account number, notional amount, tenor, rate/price or other details of the Contract necessary to effect a Transaction on the Platform, shall resolve the error as agreed between the Participant and the relevant Customer or the Participant's error handling policies. If no such agreement or policy exists, Participant shall resolve such error in a manner that is fair and equitable to the Customer and shall include allowing the Customer to retain all or a portion of the executed Transaction, compensating the Customer for such error or some other agreed upon resolution provided it is within the scope of the Participant's error handling policies, if any. If the Customer elects not to retain all or a portion of the executed Transaction, the Participant may transfer the position resulting from the Transaction to a firm error account pursuant to Rule 806. A Participant must



document in writing the circumstances surrounding the nature of the error and promptly provide such documentation to the Exchange Regulation Department upon request.

(c) This Rule 514 shall not be construed to contravene any instructions received from a Customer ~~respecting regarding~~ any Customer Order prior to its execution, but shall be construed to permit execution of Customer Orders under the conditions last prescribed without additional instructions from the Customer.

**RULE 515. ~~[RESERVED] Liquidity Provider Programs~~**

~~The Exchange may from time to time establish programs that provide Participants with financial incentives for meeting trading volume or liquidity thresholds as may be established by the Exchange. All Participants are eligible to become Liquidity Providers, provided the Participant can meet the Liquidity Provider obligations.~~

**RULE 516. Withholding Orders Prohibited**

A Participant shall not withhold or withdraw from the Platform any Order, or any part of an Order, for the benefit or on the instruction of any Person other than for the Customer for whom the Participant is placing the Order.

**RULE 517. Priority of Customers' Orders**

Except as otherwise permitted under the Rules or Applicable Law, no person shall enter an Order into the Platform for its own account, an account in which it has a direct or indirect financial interest or an account over which it has discretionary trading authority, including an Order allowing discretion as to time and price if such person is in possession of any unsubmitted Order from a Customer that the Platform is capable of executing, unless such Customer provides such person with written consent to delay such Order.

**RULE 518. Handling of Customer Orders**

(a) General Prohibition.

(i) DCM Trading System - Except as otherwise permitted under the Rules or Applicable Law, no person in possession of a Customer Order shall knowingly take, directly or indirectly, the opposite side of such Order on the order book of the DCM Trading System for its own account, an account in which it has a direct or indirect financial interest, or an account over which it has discretionary trading authority.

(ii) SEF Trading System - Except as otherwise permitted under the Rules or Applicable Law, no Participant who is an FCM or Introducing Broker, and in possession of a Customer Order, may knowingly take, directly or indirectly, the opposite side of such Customer Order on the order book of the SEF Trading System for its own account, an account in which it has a direct or indirect financial interest, or an account over which it has discretionary trading authority, in each case, following some form of prior arrangement in respect of such Customer Order.

(b) Exceptions - The foregoing restriction shall not apply to the following:

(i) DCM Trading System. A person may knowingly execute an Order of its Customer against an Order for its own account, an account in which it has a direct or indirect financial interest, or an account over which it has discretionary trading authority, in any case, on the order book of the DCM Trading System; provided, that (A) such person has entered the

relevant Order of the Customer into the order book of the DCM Trading System promptly upon receipt of the Order by such person, and (B) no fewer than 5 seconds has passed since entry of such Order in the order book of the DCM Trading System before such person enters the relevant off-setting Order into the order book of the DCM Trading System.

(ii) SEF Trading System. A Participant who is an FCM or Introducing Broker may knowingly execute an Order of its Customer involving a Required Transaction against an Order for its own account, an account in which it has a direct or indirect financial interest, or an account over which it has discretionary trading authority, in any case, on the order book of the SEF Trading System; provided, that (A) such person has entered the relevant Order of the Customer into the order book of the SEF Trading System promptly upon its receipt and (B) no fewer than 15 seconds has passed since entry of such Order in the order book of the SEF Trading System before such person enters the relevant off-setting Order into the order book of the SEF Trading System.

#### **RULE 519. Disclosing Orders Prohibited**

No Participant shall disclose any Customer Order to buy or sell except to a designated Exchange Official or the CFTC, and no ~~Subject~~ Person shall solicit or induce a Participant to disclose any Customer's Order information. No Person shall take action or direct another Person to take action based on non-public Order information, however acquired. ~~The mere statement of opinions or indications of the price at which a market may open or resume trading does not constitute a violation of this Rule.~~

#### **RULE 520. Simultaneous Buy And Sell Orders For Different Beneficial Owners**

(a) DCM Trading System. No Person shall enter through the order book of the DCM Trading System into a pre-arranged transaction prohibited under the Rules or knowingly assume on its own behalf or on behalf of a Customer account the opposite side of its own Order or its Customer's Order (a "Cross Trade"), except (i) in the case of transactions effected pursuant to Rule 542, (ii) where the Person is entering into both sides of a Customer Order on a non-discretionary basis, or (iii) the Person (A) has obtained prior written blanket or transaction specific consent in respect of the relevant Customer(s); and (B) waits for a reasonable period of time, which shall be ~~presumed to be not less than 5~~ a minimum of five (5) seconds, after the initial Order is submitted to the order book of the DCM Trading System before submitting the opposite side Order to the order book of the DCM Trading System.

(b) SEF Trading System. No Person shall enter through the order book of the SEF Trading System into a ~~pre-arranged transaction~~ Cross-Trade in respect of a Required Transaction ~~prohibited under the Rules or knowingly assume on its own behalf or on behalf of a Customer account the opposite side of its own Order or its Customer's Order (a "Cross Trade")~~,<sup>2</sup> except (i) where the Person is entering into both sides of a Customer Order ~~on a non-discretionary basis~~, or (ii) the Person (A) has obtained prior written blanket or transaction specific consent in respect of the relevant Customer(s); and (B) waits for a reasonable period of time, which shall be ~~presumed to be not less than 15~~ a minimum of fifteen (15) seconds, after the initial Order is submitted to the order book of the SEF Trading System before submitting the opposite side Order to the order book of the SEF Trading System.

(c) Notwithstanding the foregoing, a Participant shall not be in violation of this Rule 520 due to Cross Trades executed by two Participants trading for the same account, or for separate accounts of the same beneficial owner, where neither Participant has knowledge of the other's Order and there is no coordination or prearrangement of the Cross Trade, provided that the relevant Participant shall be responsible, upon the request of the Exchange, to demonstrate to the reasonable satisfaction of the Exchange, that neither Participant had knowledge of the other's Order.



**RULE 521. [RESERVED] Wash Sales Prohibited**

~~No Subject Person shall place or accept buy and sell Orders in the same product and expiration month, where the person knows or reasonably should know that the purpose of the orders is to avoid taking a bona fide market position exposed to market risk (transactions commonly known or referred to as wash sales). Buy and sell Orders for different accounts with common beneficial ownership that are entered with the intent to negate market risk or price competition shall also be deemed to violate the prohibition on wash trades. Additionally, no Person shall knowingly execute or accommodate the execution of such Orders by direct or indirect means.~~

**RULE 522. Recordkeeping Requirements for Entering Orders into the Platform**

(a) General Requirements.

(i) Orders must be entered by electronic transmission to the Platform, and the Exchange shall maintain an electronic record of those entries. Each ~~Subject Person~~Authorized Trader entering Orders into the Platform shall input for each Order:

(A) the User ID identifying the individual placing such Order, and an identifier of the Clearing Firm that will clear any resultant contracts;

(B) its type, price or yield, quantity, product, maturity or expiration month or date, customer type indicator (“CTI”) code and account number (except as provided in Section (d)); and

(C) such additional information as may be prescribed from time to time by the Exchange.

(ii) With respect to Orders received by a Participant that are immediately entered into the Platform, no record other than that set forth above need be made. ~~However, if~~ a Participant receives an Order that cannot be immediately entered into the Platform, such Participant must (x) prepare a written Order ticket in non-erasable ink and include the account designation, date, an electronic timestamp reflecting the time of receipt, an indication of whether such Order is a ~~b~~Bunched ~~e~~Order, an order number and other information required pursuant to Rule 522(a)(i), (y) enter such Order into the Platform when such Order becomes executable and (z) if such Order is for a Customer, retain all consents and instructions from such Customer to delay entry of such Order.

(b) Electronic Audit Trail Requirements for Electronic Order Routing/Front-End Systems.

(i) Each Participant is responsible for maintaining or causing to be maintained the Order routing and front-end audit trail for all electronic Orders, including Order entry, modification, cancellation and responses to such messages (referred to as the “Electronic Audit Trail”), entered into the Platform by such Participant.

(ii) The Electronic Audit Trail must be maintained for a minimum of five years, and Participants must have the ability to produce this data in a standard format upon request of the Exchange Regulation Department. This Electronic Audit Trail must contain all Order receipt, Order entry, Order modification, Order cancellation and response/receipt times to the highest level of precision achievable by the operating system, but at least to the hundredth of a second. The times captured must not be able to be modified ~~by the Person entering the Order.~~ The data must also contain all FIX Tag information and fields which should include, ~~but are not limited to~~ the following: a record of all fields relating to Order entry, including transaction date, product, Exchange code, expiration month, quantity, Order Type, Order Qualifier, price, buy/sell indicator,

stop/trigger price, Order number, unique transaction number, account number, session ID, operator ID, host Order number, trader Order number, Clearing Firm, type of action, action status code, customer type indicator, origin, and timestamps. For executed Orders the audit trail must record the execution time of the trade along with all fill information.

(iii) In the case where a Participant has a ~~direct connect~~ Direct Access Customer that is ~~another~~ also a Participant, such Participant may notify such Direct Access Customer in writing that it is the Direct Access Customer's obligation to maintain the Electronic Audit Trail with respect to such Direct Access Customer's Orders. If such Direct Access Customer consents, the Participant's obligations to maintain an Electronic Audit Trail with respect to such Direct Access Customer may be satisfied by such Direct Access Customer; provided, however, that such Participant will remain liable in case such Direct Access Customer fails to maintain the Electronic Audit Trail- for Orders transmitted through the Participant's system.

(iii)(iv) Each Participant providing access to Authorized Traders via a FIX API or to Direct Access Traders shall provide to the Exchange in a form and manner prescribed by the Exchange information requested by the Exchange regarding the natural persons entering Orders and execution Transactions using the Firm ID of the Participant. The information requested may include name, telephone number and email address.

(c) **[RESERVED]**

(d) Customer Type Indicator (CTI) Codes. Each Clearing Firm must identify each transaction executed on the Platform on the record of transactions submitted to the Exchange with the correct CTI code. The CTI codes are as follows:

(i) CTI 1: Transactions initiated and executed by an individual member for his own account, for an account he controls or for an account in which he has ownership or financial interest;

(ii) CTI 2: Transactions executed for the proprietary account of a clearing member or non-clearing member firm;

(iii) CTI 3: Transactions where an individual member or ~~authorized trader~~ Authorized Trader executes for the personal account of another individual member, for an account the other individual member controls or for an account in which the other individual member has ownership or financial interest;

(iv) CTI 4: Any transaction not meeting the definition of CTI 1, 2 or 3. (These should be non-member customer transactions).

#### **RULE 523. Modification and Cancellation of Orders**

(a) Any Order that has been entered into the Platform may be modified or cancelled unless and until it has been executed or has otherwise expired. Any such modification or cancellation requires that a modification order or cancellation order, as the case may be, with respect to the original Order be entered into the Platform. Such modification or cancellation will become effective upon receipt by the Platform of the modification order or cancellation order, as the case may be.

(b) Every Order automatically expires at the end of the Trading Hours on the calendar day such Order is placed, in the event of any suspension or curtailment of trading, or in the case of any failure of the Platform.

**RULE 524. Pre-arranged, Pre-Execution Communications and Non-competitive Trades Prohibited**

(a) No Person shall pre-arrange any purchase or sale, or non-competitively execute, any transaction except in accordance with Rule 524(b) or Rule 524(c).

(b) The foregoing restriction shall not apply to Block Trades affected pursuant to Rule 542.

(c) Pre-arranged Trades and Pre-Execution Communications. A Participant may engage in pre-execution communications or arrange the purchase or sale of a Contract, subject to the following conditions.

(i) Transactions on the DCM Trading System. Parties may communicate, directly or indirectly, with regard to an Order for a Contract listed for trading on the DCM Trading System where one party (the first party) wishes to be assured that a contra party (the second party) will take the opposite side of the Order, and:

(A) the party for whose benefit the trade is being made has previously consented to permit such communications;

(B) parties to, and persons involved in, pre-execution communications do not disclose to a nonparty the details of such communications or enter an Order to take advantage of information conveyed during such communications except in accordance with this Rule 524(c); and

(C) the Order details are entered by one of the parties into the DCM Trading System and displayed in a manner that gives other Participants the opportunity to participate in the Order. The second party's Order will not be matched against the first party's Order on the DCM Trading System until a period of five (5) seconds has elapsed from the time of entry of the contra Order. After the five (5) seconds have elapsed, any portion of the first party's Order that was unfilled during the public session will be matched by the second party's Order.

(ii) Permitted Transactions on the SEF Trading System. A Participant may arrange with another Participant for the execution of a Contract listed on the SEF Trading System, prior to submitting the details of such Contract to the SEF Trading System; provided that:

(A) one party to the arrangement enters into the SEF Trading System, the details of such Contract as required by the SEF Trading System, and the other party to the arrangement verifies such details in the SEF Trading System, in each case, as soon as practicable, but in no event more than 15 minutes following the conclusion of such arrangement;

(B) the relevant Contract is not a Block Trade;

(C) the relevant Contract is a Permitted Transaction; and

(D) both parties intend to clear such Contract at a Clearing House.

(iii) The Exchange shall generate and deliver to each Participant a written record of the details of the Contract that is executed subject to the Rule 524(c)(ii) as soon as technologically practicable after Contract details are verified on the SEF Trading System by the Participant responsible for verifying such details. The written record generated and delivered to the each Participant according to this Rule shall legally supersede any previous agreement between the

parties regarding any of the details contained in such written record and shall serve as a confirmation of such details.

(iv) Each party to a Contract that is subject to this Rule 524(c) shall be responsible for ensuring that the execution of such Contract complies with Applicable Law.

#### **RULE 525. Responsibility For Customer Orders**

(a) Standard of Responsibility.

(i) A Participant shall, at a minimum, exercise due diligence in the handling and execution of Customer Orders. In the case of a dispute as to whether a Participant has exercised due diligence, the appropriate arbitration or disciplinary committee is authorized to determine whether the Participant failed to exercise due diligence, and if so, whether an adjustment is due to the Customer.

(ii) A Participant is prohibited from directly or indirectly guaranteeing the execution of ~~ana~~ Customer Order or any of its terms such as the quantity or price. A Participant may only report an execution that has been effected through the Platform. This Rule 525 shall not be construed to prevent a Participant from assuming or sharing in the losses resulting from an error or the mishandling of ~~ana~~ Customer Order.

(b) Liability for Failure to Exercise Due Diligence. A Participant may not adjust the price at which ~~ana~~ Customer Order was executed or be held responsible for executing or failing to execute ~~ana~~ Order unless such Participant failed to exercise due diligence or is settling a bona-fide dispute regarding failure to exercise due diligence. A Participant, acting on behalf of its Customer, may not compel an adjustment from another Participant in the absence of a bona-fide dispute regarding failure to exercise due diligence. Participants shall document all adjustments. Participants shall make and retain a record which contains the date the adjustment was received, the name of the Participant making the adjustment, the account to which the adjustment was credited, the amount of the adjustment, the Order number and the reason for the adjustment. Such records must be provided to the Exchange Regulation Department upon request.

#### **RULE 526. ~~[RESERVED]~~Discretionary Orders**

~~No Participant shall submit a discretionary order to the Platform for any account of another Person, without the prior specific written consent of such other Person to the exercise of such discretion, provided, however, that the restrictions set forth in this subparagraph shall not apply to a discretionary order for: (i) an account of that Person's spouse, parent, parent of a spouse, brother, sister, child, or spouse of a child; or (ii) a Proprietary Account of the Participant.~~

#### **RULE 527. Priority of Execution**

Non-discretionary Customer Orders received by a Participant or an Authorized Trader shall be entered into the Platform in the sequence received; provided, however, that a Customer may request that a Participant delay submission of its Order in which case such Customer shall provide such Participant with written consent to delay submission of its Order. Non-discretionary Orders that cannot be immediately entered into the Platform must be entered when the Orders become executable in the sequence in which the Orders were received.

#### **RULE 528. Average Price System~~[RESERVED]~~**

~~(a) — Application of Average Prices. A proprietary average price system ("APS") developed by a Participant or Clearing Firm allows a Participant or Clearing Firm to confirm to Customers an average price when multiple execution prices are received on an Order or series of Orders for the same instrument.~~

~~An Order or series of Orders executed for the same instrument during the same trading day at more than one price may be averaged pursuant to the APS only if each Order is for the same account or group of accounts and for the same instrument.~~

~~(b) — Requirements for APS Trades. The requirements enumerated below must be met when applying the APS to transactions:~~

~~(i) — The Customer must have requested average price reporting.~~

~~(ii) — Each individual trade must be submitted to the Exchange at the executed price.~~

~~(iii) — A Participant or Clearing Firm must compute and confirm the weighted mathematical average price, as set forth in Rule 528(e).~~

~~(iv) — A Participant or Clearing Firm must possess the records to support the calculations and allocations to Customer accounts and must maintain these records pursuant to CFTC Regulations.~~

~~(v) — A Participant or Clearing Firm must ensure that its proprietary trades are not averaged with Customer APS trades.~~

~~(e) — Computation of Average Price. Upon receipt of an execution or match at multiple prices for an APS Order, the weighted mathematical average must be computed by:~~

~~(i) — multiplying the number of instruments purchased or sold at each execution price by that price;~~

~~(ii) — adding the products calculated in Rule 528(e)(i) together; and~~

~~(iii) — dividing the sum calculated in Rule 528(e)(ii) by the total number of instruments purchased or sold.~~

~~An average price for a series of Orders will be computed based on the average prices of each Order in that series. The actual average price or the average price rounded to the next price increment may be confirmed to Customers. If a Participant or Clearing Firm confirms the rounded average price, the Participant or Clearing Firm must round the average price up to the next price increment for a buy Order or down to the next price increment for a sell Order. The residual created by the rounding process must be paid to the Customer. APS may produce prices that do not conform to whole cent increments. In such cases, any amounts less than one cent may be retained by the Participant or Clearing Firm.~~

~~(d) — Disclosure. Each Participant or Clearing Firm that confirms an average price to a Customer must indicate on the confirmation and monthly statement that the price represents an average price.~~

## **RULE 529. Position Limits And Exemptions**

(a) The Exchange may establish position limits for any Contract.

(b) Except as otherwise provided by the Exchange Rules, no Person, including a Participant, may hold or control a position in excess of such position limits and a Participant may not maintain a position in excess of such position limits for a Customer or Client if such Participant knows, or with reasonable care should know, that such position will cause such Customer or Client to exceed the applicable position limits.

(c) Position limits shall apply to (i) all positions in accounts for which any Person, by power of attorney or otherwise, directly or indirectly holds positions or controls trading, and (ii) positions held by two or more Persons acting pursuant to an expressed or implied agreement or understanding, as if the positions were held by, or the trading of the positions were done by, a single Person.

(d) Any Person seeking an exemption from the position limits referred to above must file an application with the Exchange ~~in the manner and within the time limits prescribed by the Exchange.~~ The Exchange shall notify the applicant whether the exemption has been approved and whether the Exchange has imposed any limitations or conditions on the exemption. The decision of the Exchange shall be final.

#### **RULE 530. Position Accountability**

(a) The Exchange may establish a position accountability level for any Contract. Any Person, including a Participant, who owns or controls Contracts in excess of the applicable position accountability level shall provide to the Exchange at its request any information regarding the nature of the position, trading strategy or hedging activities, if applicable, and if ordered by the Exchange, shall not increase the size of any such position.

(b) For purposes of this Rule, all positions in accounts for which a Person, by power of attorney or otherwise, directly or indirectly controls trading shall be included with the positions held by such Person. The provisions of this Rule shall apply to positions held by two or more Persons acting pursuant to an expressed or implied agreement or understanding, as if the positions were held by a single Person.

#### **RULE 531. [RESERVED]**

#### **RULE 532. [RESERVED]**

#### **RULE 533. ~~[RESERVED]~~ Margin Requirements**

~~A Participant must comply with all margin requirements established by each relevant Clearing House and by each relevant Clearing Firm, if applicable.~~

#### **RULE 534. Platform Access Restrictions**

(a) All Participants permitted to connect to the Platform, must have clearing arrangements in place with a Clearing Firm pursuant to which Clearing Firm agrees to clear Transactions for such Participant and its Customers and Clients, if applicable, pursuant to Rule 809. If the Participant's Customer or Client clears its Transactions through a Clearing Firm other than the Participant, the Customer or Client must have clearing arrangements in place with a Clearing Firm pursuant to which Clearing Firm agrees to clear all Transactions effected by or through the Participant for that Customer or Client.

(b) ~~All individuals entering Customer Orders in other than a clerical capacity must have appropriate industry registration.~~ Customer Orders may be entered only from the premises of an entity registered to conduct Customer business.

**RULE 535. Policies Governing Use of Firm IDs, User IDs and User Admin IDs**

No Person may use a User ID to place any Order except as permitted by these Rules, nor may any Person knowingly permit or assist the unauthorized use of a User ID. Each Participant on behalf of itself and each of its ~~Supervised Persons~~Authorized Users shall take reasonable measures to ensure that no User ID or Admin ID is used by any Person not authorized by these Rules.

Each Participant ~~that is not an individual,~~ must have in place policies and procedures ~~acceptable to the Exchange,~~ which:

(a) Restrict access through password protection to any system capable of submitting Orders to the Platform or access the administrative functionality of the Platform to individual users authorized by the relevant Participant and having a User ID or Admin ID, respectively;

(b) Require creation, maintenance and retention, as required in Rule 522, of accurate and complete records regarding each individual that is issued, or authorized to use, a User ID;

(c) Require that ~~their Supervised Persons~~sits Authorized Users protect and maintain the security of ~~all his~~ User IDsID or Admin ID; and

(d) Prohibit the use of User IDs or Admin IDs by any Person, including any subsidiary, affiliate, division or business unit of Participant, except as permitted by this Rulebook.

**RULE 536. Responsibilities for Firm IDs ~~and,~~ User IDs and Admin IDs**

(a) Each Participant shall be solely responsible for controlling and monitoring the use of all User IDs and Admin IDs issued to ~~its~~ its Authorized Users by the Exchange.

(b) Each Participant shall ensure that each ~~Supervised Person~~ Authorized User accessing the Platform ~~and issued a User ID~~ is assigned a unique password and that each password is used only by the Person to whom it is assigned.

(c) Each individual must use a unique identifier to access the Platform. In no event may a Person enter an Order or permit the entry of an Order by an individual using a User ID other than the individual's own User ID.

(d) Each Participant shall notify the Exchange promptly upon becoming aware of any unauthorized access to the Platform or any unauthorized disclosure or use of any User ID or Admin ID assigned to ~~it or~~ any of its ~~Supervised Persons~~ Authorized Users and of any other reason for terminating an Authorized User's access or deactivating a User ID. ~~Each Participant shall notify the Exchange of any unauthorized access to the Platform by any Supervised Person of such Participant or by any Person using User ID assigned to any Supervised Person of such Participant as the case may be.~~ Each Participant shall be bound by any actions taken ~~through the use of a Firm ID assigned to such Participant~~ by its Authorized Users (other than any such actions resulting from the fault or negligence of the Exchange), ~~including the submission of Orders and/or execution of transactions,~~ whether or not such actions were taken or authorized by ~~(i) such Participant or (ii) any of the Supervised Persons of~~ such Participant.

(e) Each Participant shall be solely responsible for ensuring that any front-end interface connecting to the Platform that is not provided by the Exchange, and that is used by the Participant and ~~Supervised Persons of such Participant~~ its Authorized Users and Direct Access Traders, is in compliance, in design and operation, with ~~Applicable Law and the Obligations of such Participant.~~ Each Authorized Trader shall be identified to requirements of the Exchange, in the manner prescribed by the Exchange if any, and shall be subject to Rules. with Applicable Law.



~~(f) It is the duty of every Participant to ensure that each registration of a User ID assigned to any Supervised Person of such Participant is current and accurate at all times.~~

~~(g) Each individual must use a unique User ID to access the Platform. In no event may a Person enter an Order or permit the entry of an Order by an individual using a User ID other than the individual's own User ID.~~

~~(h)(f) Each Participant that is not an individual shall ensure that policies required under Rule 535 are developed, authorized and implemented by such Participant and that the Supervised Persons of such Participant's Authorized Users comply with such policies and procedures.~~

#### **RULE 537. Limitation of Liability, No Warranties**

THIS RULE 537 ~~SHALL SETS~~ FORTH THE LIABILITY AND INDEMNIFICATION OBLIGATIONS OF THE EXCHANGE AND ANY TRUEEX PARTY (AS DEFINED IN RULE 537(a)) TO ANY ~~PARTICIPANT, CUSTOMER, SUBJECT PERSON OR ANY OTHER PARTY ACCESSING THE PLATFORM, EXCHANGE SERVICES OR EXCHANGE~~, EXCEPT AS OTHERWISE PROVIDED IN THIS RULEBOOK OR IN ~~ANY WRITTEN AGREEMENT IN EFFECT BETWEEN THE EXCHANGE AND ANY PARTICIPANT, CUSTOMER, SUBJECT PERSON OR OTHER PARTY ACCESSING THE PLATFORM, EXCHANGE SERVICES OR EXCHANGE~~ THE PARTICIPANT DOCUMENTATION, IN WHICH THE PARTIES AGREE TO SUPERSEDE THE TERMS OF THIS RULE 537.

(a) SUBJECT TO CLAUSES (e) AND (f) OF THIS RULE 537, EXCEPT IN INSTANCES WHERE THE EXCHANGE OR A TRUEEX PARTY HAS BEEN FINALLY ADJUDICATED TO HAVE ENGAGED IN GROSS NEGLIGENCE OR WILLFUL MISCONDUCT (IN WHICH CASE THE EXCHANGE OR TRUEEX PARTY FOUND TO HAVE ENGAGED IN SUCH CONDUCT CANNOT AVAIL ITSELF OF THE PROTECTIONS IN THIS RULE 537(a)), NEITHER THE EXCHANGE, ITS SUBSIDIARIES AND AFFILIATES, NOR ANY TECHNOLOGY SERVICE PROVIDER OR CONTRACTOR PROVIDING SERVICES TO THE EXCHANGE, NOR ANY OF THEIR RESPECTIVE SUCCESSORS OR ASSIGNS, NOR ANY OF THEIR RESPECTIVE EMPLOYEES, OFFICERS, DIRECTORS, MEMBERS, PARTNERS, MANAGERS, AGENTS OR SUPPLIERS PROVIDING SERVICES TO THE EXCHANGE (EACH, A "TRUEEX PARTY") SHALL BE LIABLE TO ANY PERSON ~~OR ENTITY~~ FOR:

(i) ANY LOSSES, DAMAGES, COSTS OR EXPENSES ARISING FROM OR IN CONNECTION WITH, IN EACH CASE:

(A) ANY FAILURE, MALFUNCTION, FAULT IN DELIVERY, DELAY, OMISSION, SUSPENSION, INACCURACY, ERROR, TERMINATION, OR ANY OTHER CAUSE, IN CONNECTION WITH THE PROVISION, PERFORMANCE, MAINTENANCE, OR USE OF, THE PLATFORM, ~~WEBSITE~~ WEB SITE, ANY INFORMATION OR SERVICES PROVIDED BY THE EXCHANGE OR ANY TRUEEX PARTY OR ANY FACILITIES OR TECHNOLOGY USED TO SUPPORT THE PLATFORM, ~~WEBSITE~~ WEB SITE, EXCHANGE OR EXCHANGE SERVICES INCLUDING ANY FAILURE TO PROVIDE ALL OR ANY PART OF THE PLATFORM, OR ANY INABILITY OF ANY PERSON TO VIEW, ENTER, EXECUTE OR CANCEL ORDERS OR TRANSACTIONS IN WHOLE OR IN PART;

(B) ANY ERRORS OR INACCURACIES IN INFORMATION PROVIDED BY THE EXCHANGE, A TRUEEX PARTY, THE PLATFORM OR ANY PLATFORM SYSTEMS, SERVICES OR FACILITIES, ANY ELECTRONIC COMMUNICATION OF MARKET DATA OR INFORMATION, PRICE REPORTING SYSTEMS AND ANY AND ALL TERMINALS, COMMUNICATIONS NETWORKS, SERVERS,



SOFTWARE, HARDWARE, AND FIRMWARE, WHETHER SUCH ERRORS OR INACCURACIES ARE A RESULT OF ANY ACTION OR INACTION OF THE EXCHANGE, A TRUEEX PARTY OR AN INDEPENDENT THIRD PARTY;

(C) THE CREDITWORTHINESS OF ANY PARTICIPANT, DIRECT ACCESS CUSTOMER, CUSTOMER OR CLIENT;

(D) ACTS OR OMISSIONS OF ANY SUBJECT PERSON, AUTHORIZED TRADER, AUTHORIZED REPRESENTATIVE, DIRECT ACCESS TRADER, CUSTOMER OR CLIENT THEREOF; OR

(E) ANY UNAUTHORIZED ACCESS TO OR UNAUTHORIZED USE OF ANY EXCHANGE SYSTEMS, SERVICES OR FACILITIES BY ANY PERSON.

THE FOREGOING LIMITATION OF LIABILITY SHALL APPLY REGARDLESS OF WHETHER A CLAIM ARISES IN CONTRACT, TORT, NEGLIGENCE, STRICT LIABILITY OR OTHERWISE AND REGARDLESS OF WHETHER THE EXCHANGE HAS BEEN ADVISED OF, OR OTHERWISE MIGHT HAVE ANTICIPATED, THE POSSIBILITY OF SUCH LOSSES, DAMAGES, COSTS OR EXPENSES.

(b) NEITHER THE EXCHANGE NOR ANY TRUEEX PARTY SHALL BE LIABLE TO ANY PARTYPERSON FOR ANY DAMAGES, COSTS, LOSSES OR EXPENSES AND THE PARTICIPANTSUBJECT PERSON, CUSTOMER, OR CLEARING-FIRMCLIENT (AS THE CASE MAY BE) SHALL INDEMNIFY, PROTECT AND HOLD THE EXCHANGE AND ANY TRUEEX PARTY HARMLESS FROM AND AGAINST ANY AND ALL LOSSES, DAMAGES, COSTS OR EXPENSES BASED UPON, OR IN CONNECTION WITH ANY CLAIM BY A THIRD PARTY BASED UPON THE DELAY, OMISSION, SUSPENSION, INACCURACY, ERRORS OR TIMELINESS OR OTHER ACTS OR OMISSIONS OF SUCH PARTICIPANT, CUSTOMER OR CLEARING-FIRM, SUBJECT PERSON OR ANY OF ITS OR THEIR SUPERVISED PERSONSAUTHORIZED USERS, CUSTOMERS, OR CLIENTS (AS THE CASE MAY BE) IN RESPECT OF TRANSACTIONS OR ANY RELATED DATA, INCLUDING IN CONNECTION WITH QUOTES, BIDS, OFFERS OR OTHER PRICE INFORMATION PROVIDED IN CONNECTION WITH OR RELATING TO ANY TRANSACTION, ANY REQUEST FOR QUOTE OR INDICATION OF INTEREST.

(c) NEITHER THE EXCHANGE NOR ANY TRUEEX PARTY MAKES ANY EXPRESS OR IMPLIED WARRANTIES OR REPRESENTATIONS RELATING TO THE EXCHANGE, THE PLATFORM OR ANY EXCHANGE SERVICES OR FACILITIES USED TO SUPPORT THE PLATFORM, INCLUDING ANY WARRANTIES OF MERCHANTABILITY OR WARRANTIES OF FITNESS FOR A PARTICULAR PURPOSE OR USE. THE EXCHANGE WILL PROVIDE ALL SERVICES ON AN "AS IS" AND "AS AVAILABLE" BASIS AT THE SOLE RISK OF THE PARTICIPANT, CUSTOMER, OR OTHER-SUBJECT PERSON, CUSTOMER, OR CLIENT, AS THE CASE MAY BE. FURTHERMORE, NEITHER THE EXCHANGE NOR ANY TRUEEX PARTY GUARANTEES OR MAKES ANY REPRESENTATION OR WARRANTY, EITHER EXPRESS OR IMPLIED, AS TO THE VALIDITY, SEQUENCE, TIMELINESS, COMPLETENESS, ACCURACY OR CONTINUED AVAILABILITY OF ANY INFORMATION OR DATA MADE AVAILABLE ON OR THROUGH THE EXCHANGE. NEITHER THE EXCHANGE NOR ANY TRUEEX PARTY SHALL HAVE A DUTY OR OBLIGATION TO VERIFY ANY INFORMATION DISPLAYED ON THE PLATFORM SYSTEM OR OTHERWISE. EACH PARTICIPANTSUBJECT PERSON, CUSTOMER, OR OTHER-SUBJECT PERSONCLIENT ACKNOWLEDGES AND AGREES THAT NEITHER THE EXCHANGE NOR ANY TRUEEX PARTY SERVES OR SHALL SERVE AS THE PRIMARY BASIS FOR ANY DECISIONS MADE BY SUCH PARTICIPANTSUBJECT PERSON, CUSTOMER, OR OTHER-SUBJECT PERSONCLIENT, AS THE CASE MAY BE, NOR SHALL THE EXCHANGE OR ANY TRUEEX PARTY BE DEEMED TO ACT AS AN ADVISOR OR FIDUCIARY OF ANY

~~PARTICIPANT~~SUBJECT PERSON, CUSTOMER, OR ~~OTHER SUBJECT PERSON~~CLIENT, AS THE CASE MAY BE.

(d) ANY DISPUTE ARISING OUT OF THE USE OF THE PLATFORM OR EXCHANGE SERVICES OR FACILITIES USED TO SUPPORT THE PLATFORM TO WHICH THE EXCHANGE OR ANY TRUEEX PARTY IS A PARTY SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK-, WITHOUT REGARD TO ITS CONFLICT OF LAW PRINCIPLES. ANY ACTIONS, ARBITRATIONS, SUITS OR PROCEEDINGS SHALL BE BROUGHT WITHIN TWO YEARS FROM THE TIME THEY FIRST ARISE. ANY SUCH ACTION, SUIT OR PROCEEDING MUST BE BROUGHT IN ANY FEDERAL OR STATE COURTS LOCATED IN THE BOROUGH OF MANHATTAN, THE CITY OF NEW YORK. THIS PROVISION SHALL IN NO WAY CREATE A CAUSE OF ACTION AND SHALL NOT AUTHORIZE ANY ACTION THAT WOULD OTHERWISE BE PROHIBITED BY THE RULES OF THE EXCHANGE.

(e) UNDER NO CIRCUMSTANCES WILL THE EXCHANGE OR ANY TRUEEX PARTY BE LIABLE TO ANY PERSON FOR ANY INDIRECT, INCIDENTAL, PUNITIVE, SPECIAL OR CONSEQUENTIAL DAMAGES, INCLUDING LOSS OF PROFITS, LOSS OF USE, BUSINESS INTERRUPTION, THE COST OF PROCUREMENT OF SUBSTITUTE GOODS, SERVICES OR TECHNOLOGY, OR CORRUPTION OR LOSS OF DATA.

(f) NOTWITHSTANDING ANY OF THE FOREGOING PROVISIONS, THIS RULE 537 SHALL IN NO WAY LIMIT THE LIABILITY OF ANY PERSON ARISING FROM ANY VIOLATION BY SUCH PERSON OF THE CEA OR CFTC REGULATIONS THEREUNDER.

**RULE 538. Control Desk**

(a) ~~Customer~~-Support.

(i) The control center of the Exchange (the “Control Desk”) provides ~~customer~~ support and problem management only to Clearing Firms and Participants and their Authorized Users.

(ii) In order to be eligible for Control Desk support, a ~~Supervised Person~~natural person must first be identified to the Exchange by the relevant Participant or Clearing Firm, as the case may be, as an authorized contact (“Authorized Contact”) ~~with the Control Desk~~or must be an Authorized User. The Control Desk provides ~~customer~~ support via a specified telephone number and during specified hours.

(iii) Control Desk employees may not always be available to assist Authorized Contacts or Authorized Users.

(iv) Individuals other than Authorized Contacts and ~~Persons with a User ID~~Authorized Users must contact a Participant’s or a Clearing Firm’s Authorized Contact to make support requests.

(b) Control Desk Communications.

(i) As provided in Rule 537, the Exchange shall not be liable for any loss resulting from any inability to communicate with the Control Desk.

(ii) The liability of the Exchange for the negligent acts of Control Desk staff shall be subject to the limitations and conditions of Rule 537.

(iii) In no event shall the Exchange be liable for the negligence of the Control Desk if the Person claiming to have suffered a loss could have secured the support it sought from the Control Desk through its own administrative terminal, a terminal of its Clearing Firm or a terminal of an ISV.

(iv) For purposes of this Rule, a Person is deemed able to take action through its own administrative terminal, a Clearing Firm's terminal or an ISV's terminal unless such terminal was inoperative or such terminal service was interrupted at the time the Control Desk took action.

(c) Order Status.

(i) A Person who believes it has received an incorrect Order status or does not receive an appropriate status shall immediately notify the Control Desk. Additionally, such Person shall take any necessary and appropriate market action to mitigate any potential losses arising from the incorrect Order status or lack of appropriate Order status immediately after the Person knew or should have known that the Order status information was incorrect or should have been received. Any liability of the Exchange for incorrect Order status shall be subject to the limitations and conditions of Rule 537.

(ii) Notwithstanding the above, the Exchange shall not be liable for losses related to incorrect Order status information if the Exchange provides prior notification that an Exchange system, service or facility may produce such incorrect information and also provides notification of a means to obtain correct Order status information from such system, service or facility. In the event that the Control Desk and an Exchange system, service or facility provide conflicting information relating to an Order status, a Person may only reasonably rely on the information received from the Control Desk. Any liability of the Exchange shall be subject to ~~the liability caps and conditions of~~ Rule 537.

#### **RULE 539. Execution of Orders**

(a) Transactions on the DCM Trading System: This Rule 539(a) applies to the DCM Trading System.

(i) Orders to buy or sell any Contract are subject to the minimum trading requirements specified in the relevant Contract rules. For each trade matched on the DCM Trading System, the DCM Trading System shall promptly notify each Participant party to such trade that the trade has been executed.

Except as expressly provided for by the Rules, all Orders are matched with each other and executed electronically through the order book of the DCM Trading System in accordance with an algorithm that gives first priority to Orders at the best price and priority among Orders entered at the same price based on the length of time such Order has been resting. Without limiting the generality of the foregoing, the algorithm to match Orders entered in the order book of the DCM Trading System is based upon the following principles:

(ii) An Order at a better price will always have priority over Orders at inferior prices, except as provided in Rule 539(a)(vii).

(iii) A Limit Order will be executed when entered to the extent that there are resting contra-Orders, with any balance of such Limit Order to remain as a resting Order until such Limit Order is executed or is cancelled. Limit Orders must be entered with a user-defined limit price. All Limit Orders shall be cancelled by the DCM Trading System at the conclusion of Trading Hours on each Business Day.

(iv) “Immediate or Cancel”, in reference to an Order, means that such Order is executed against all resting contra-Orders at the stated price or better, up to the volume designated by the Order. Any residual volume of the Order is cancelled by the DCM Trading System.

(v) Except as provided in Rule 539(a)(vii), as among resting Orders at the same price, the algorithm will identify the resting Order to be matched against by length of time such Order has been resting. For the first two years following the date of the Exchange’s designation as a DCM, any decrease or increase to the size of a resting Order will not affect the priority of such Order.

(vi) An Iceberg Order will not be treated as a resting Order eligible to be matched, except to the extent of its displayable portion. Only the displayed portion of an Iceberg Order shall be visible. When a displayed portion is fully matched, any remaining reserve portion shall be re-divided into a displayed portion and reserve portion. The reserve portion of an Iceberg Order shall not be displayed nor will any indicator be contained in the market data stream to expose its presence.

(vii) TRADEON Sessions: A TRADEON Session will start for a Contract if an Order and a contra-Order are matched for that Contract (a “Matched Session”). Each Matched Session shall, if any Order for the relevant Contract remains unmatched at the end of such session, be followed by a new session (a “Continuing Session” and together with a Matched Session, a “TRADEON Session”). Each TRADEON Session lasts for typically ten seconds. Orders in the Contract subject to a TRADEON Session will only be matched at the “Market Equilibrium Price”, which is the price at which a trade was executed in the Matched Session. In the event that a trade executed in the Matched Session is a sweep of the order book in which a trade is executed at multiple prices, the Market Equilibrium Price shall be the worst price from the perspective of the aggressor.

(A) Initial Session: At the start of a Matched Session, a TRADEON window appears on the platform screen, indicating that a TRADEON session has begun. The initial session is a limited time window (typically 10 seconds) during which any participant on the DCM Trading System may submit an order to buy or sell specified sizes of the product at the indicated Market Equilibrium Price. Orders place during this time window are not visible to the market. Users can submit their Orders beginning immediately at the start of a TRADEON Session and for the duration of the session, and any Orders submitted for a TRADEON Session will be queued in priority order. During an initial TRADEON Session, priorities are as follows:

(B) In a Matched Session, any unfilled portion of the original Orders that initiated the trade is moved into the TRADEON Session, and the original parties may add to their Orders during the session and retain top priority.

(C) Users with resting Orders in the DCM Trading System order book at the Market Equilibrium Price will automatically be moved into the TRADEON Session and have the same priority in the initial session as they do in the order book.

(D) For all other users, any Orders entered during the initial session are lower priority than any of the Orders described in paragraphs (B) and (C) of this Rule 539(a)(vii). Such Orders are prioritized among themselves by the time of submission. For Iceberg Orders, the notional visibility (i.e., the displayed notional amount of an Iceberg Order) has priority over the reserve portion of an Iceberg Order.

(E) Orders in the initial TRADEON session are matched at the end of the session and based on the priority order set forth above. If both of the original parties to the trade (for trade-initiated TRADEON Session) enter an Order, the Orders will match immediately as they have the highest priority and are guaranteed to match.

(viii) Continuing Session: If any Orders remain unmatched at the end of a TRADEON Session and a trade occurred during such TRADEON Session, a Continuing Session will begin. Additional Orders may be submitted at any time during the Continuing Session. During a Continuing Session, Orders are prioritized solely by notional visibility and time. All Orders are matched at the Market Equilibrium Price and are matched immediately if there is a contra Order in the Continuing Session. If, at the end of the Continuing Session, a trade has occurred, and there are unmatched TRADEON Orders remaining, another Continuing Session will begin.

(ix) Termination: At the conclusion of a TRADEON Session, if no Continuing Session will follow pursuant to Rule 539(a)(viii) above, the session shall terminate and any Orders that have not matched during such session shall be placed in the order book based on their price.

(b) Transactions on the SEF Trading System: This Rule 539(b) applies to the SEF Trading System.

(i) Request for Quote Functionality. The Request for Quote (“RFQ”) functionality of the SEF Trading System allows a Participant (the “Requesting Participant”) to send an RFQ to buy or sell a Contract to other Participants specifically selected by the Requesting Participant, or to all Participants that are eligible to receive an RFQ from Requesting Participant. RFQ functionality will operate in conjunction with an order book for Required Transactions.

(ii) RFQ for Required Transactions. An RFQ for a Contract that is a Required Transaction must be sent to no fewer than the Required Number of Recipient Participants.

“Recipient Participant” means, with respect to any Requesting Participant sending any RFQ via the Request for Quote functionality of the SEF Trading System, a Participant, other than the Requesting Participant, that (x) is not an Affiliate of or Controlled by the Requesting Participant, and (y) is not an Affiliate of or Controlled by any other Person that responds to the same RFQ of the Requesting Participant.

“Required Number” means (x) prior to October 2, 2014, two, and (y) on or after October 2, 2014, three.

(iii) RFQ for Permitted Transactions. An RFQ for a Contract that is a Permitted Transaction must be sent to at least one other Participant.

(iv) Order Book. The SEF Trading System shall make an order book available as an execution method for all Required Transactions in accordance with the following.

(A) The Exchange will list for trading certain Required Transactions on the order book of the DCM Trading System as determined by the Exchange in its sole discretion. The order book of the DCM Trading System shall serve as the minimum trading functionality for the SEF Trading System pursuant to CFTC Regulation 37.3 with respect to those Required Transactions listed by the Exchange on DCM Trading System. Upon submission of an RFQ by a Requesting Participant, the SEF Trading System shall communicate to the Requesting Participant any bid or offer for the relevant Required Transaction which is resting on the order book of the DCM Trading System.

(B) The Exchange shall offer a customized order book on the SEF Trading System for Required Transactions that are not listed for trading on the order book of the DCM Trading System.

(C) Requesting Participants may execute against the bid or offer, as applicable, communicated to them from the order book of the DCM Trading System, the customized order book of the SEF Trading System, or any responsive quotes to the RFQ of Requesting Participants.

(c) Execution on the Platform of a Required Transaction shall occur through one of the following methods:

(i) a RFQ on the SEF Trading System in accordance with Rule 539(b)(ii);

(ii) matching of an Order on the order book of the DCM Trading System or a customized order book on the SEF Trading System; or

(iii) as otherwise permitted by Applicable Law and adopted as an acceptable execution method by the Exchange.

**RULE 540. [RESERVED]**

**RULE 541. Trade Cancellations and Price Adjustments**

(a) Authority Over Trade Cancellations and Price Adjustments.

(i) The Board or a designee of the Board has authority to adjust trade prices or cancel (“bust”) trades when such action is necessary to mitigate market disrupting events caused by the improper or erroneous use of the Platform, by system defects, or for any reason deemed necessary by the Exchange in order to comply with Applicable Law.

(ii) Notwithstanding any other provisions of this Rule 541, the Board or a designee of the Board may adjust trade prices or bust any trade if it determines that allowing the trade to stand as executed may have a material, adverse effect on the integrity of the market.

(iii) All decisions of the Board or a designee of the Board under this Rule 541 shall be final.

(b) Review of Trades.

(i) The Board or a designee of the Board may determine to review a trade based on its independent analysis of market activity or upon request for review by an Authorized Trader. A request for review must be made within 15 minutes of the execution of the trade.

(ii) The Board or a designee of the Board shall determine whether or not a trade will be subject to review. In the absence of a timely request for review, during volatile market conditions, upon the release of significant news, or in any other circumstance in which the Board or a designee of the Board deems it to be appropriate, the Board or a designee of the Board may determine, in its sole discretion, that a trade shall not be subject to review.

(c) Price Adjustments and Cancellations.

(i) In reviewing a trade, the Board or a designee of the Board will first determine whether the trade price is within the No Bust Range for the Contract.

(ii) In applying the No Bust Range, the Board or a designee of the Board shall determine the fair value market price for that Contract at the time the trade under review occurred (the "Market Price"). The Board or a designee of the Board may consider any relevant information, including, but not limited to, the last trade price in the contract or a better bid or offer price on the Platform, a more recent price for a different maturity date, the price of the same or related contract established in another venue or another market and the market conditions at the time of the trade.

(iii) Trade Price Inside the No Bust Range. If the Board or a designee of the Board determines that the price of the trade is inside the No Bust Range, then it will issue an alert indicating that the trade shall stand.

(iv) Trade Price Outside the No Bust Range.

(A) If the Board or a designee of the Board determines that a trade price is outside the No Bust Range for a swap, the trade price shall be adjusted to the Market Price, plus or minus the No Bust Range. In the event there are multiple parties, prices or contracts involved in the transactions at issue, the Board or a designee of the Board has the authority, but not the obligation, to bust rather than price adjust such transactions. The Board or a designee of the Board will issue an alert regarding its decision.

(B) Busted trade prices and any prices that have been adjusted shall be cancelled in the Exchange's official record of time and sales. Trades that are price adjusted shall be inserted in the time and sales record at the adjusted trade price.

(d) Alternative Resolution by Agreement of Parties.

(i) With the approval of the Board or a designee of the Board, parties to a trade that is price adjusted may instead mutually agree to cancel the trade.

(ii) With the approval of the Board or a designee of the Board, parties to a trade that is busted may instead mutually agree to price adjust the trade to a price consistent with the adjustment provisions of Rule 541(c).

(iii) Subject to Rule 541(d)(i) and Rule 541(d)(ii), parties to a trade that is cancelled or price adjusted may mutually agree to a cash adjustment provided that such adjustments are reported to the Board or a designee of the Board and the parties maintain a record of the adjustment.

(iv) An executed trade may not be reversed via transfer except where such trade is determined by the Board or a designee of the Board to be outside of the No Bust Range but not reported timely, subject to agreement of the parties and approval of the Board or a designee of the Board. Any such transfer must occur at the original trade price and quantity, however, the parties may mutually agree to a cash adjustment.

(e) Liability for Losses Resulting from Price Adjustments or Cancellations.

(i) A party entering an order that results in a price adjustment or trade bust shall be responsible for demonstrated claims of realized losses incurred by persons whose trade prices were adjusted or busted; provided, however, that a claimant shall not be entitled to compensation for losses incurred as a result of the claimant's failure to take reasonable actions to mitigate the loss.

(ii) A claim for a loss pursuant to this section must be submitted to the Exchange on an Exchange claim form within one business day of the event giving rise to the claim. The Exchange will reject any claim that is not filed in a timely manner and such decisions shall be final. Eligible claims shall be forwarded by the Exchange to the party responsible for the order(s) that resulted in a trade bust or a price adjustment and to the Participant through which the trade was submitted for clearing. Such party shall, within ten business days of receipt of the claim, admit or deny responsibility in whole or in part. Failure to respond to the claim within ten business days shall be considered a denial of liability.

(iii) To the extent that liability is admitted, payment shall be made within ten business days. Unless otherwise agreed upon in writing by the parties, failure to make the payment within ten business days shall be considered a denial of liability for purposes of this Rule 541. A copy of any such written agreement must be provided to the Exchange.

(iv) To the extent that liability is denied, the party making the claim may submit the claim for arbitration pursuant to Chapter 7 of the Rules. Such claims must be submitted to the Board or a designee of the Board within ten business days of the date the party was issued notification that liability was denied.

(f) **Schedule of Administrative Fees.** When the Board or a designee of the Board busts or price adjusts a trade, the party responsible for entering the order into the Platform that gave rise to the trade bust or price adjustment shall pay an administrative fee to the Exchange in the amount of \$500 for each such occurrence.

(g) **Exchange No Bust Ranges.**

<b>Contract</b>	<b>No Bust Range</b>
Interest Rate Swap	The price equivalent of five (5) basis points from the determination of fair market value by the Board or a designee of the Board.

(h) **Transfer Trades.** Positions that result from a trade determined by the Board or a designee of the Board to be outside the No Bust Range that cannot be busted because the trade was not reported within five minutes of the execution of the trade may be transferred between the parties using a transfer trade upon agreement of the parties (a “Transfer Trade”). Such Transfer Trades must comply with the trading requirements in these Rules. The Transfer Trade must use the original trade price and quantity. Any party may, but is not required to, include a cash adjustment to another party to the trade. Trades determined by the Board or a designee of the Board to be inside the No Bust Range may not be reversed using a Transfer Trade.

(i) **Voluntary Adjustment of Trade Price.** When a trade outside of the No Bust Range is busted in accordance with this Rule 541, the parties to the trade may agree voluntarily to reestablish the trade but to adjust its price and make a cash adjustment provided that all of the following conditions are met:

(i) The Board or a designee of the Board approves the adjustment.

(ii) The quantity of the position being reestablished is the same as the quantity of the trade that was busted.

(iii) In the case of a trade below the Market Price, the adjusted price must be the lowest price that traded at or about the time of the trade without being busted. In the case of a



trade above the Market Price, the adjusted price must be the highest price that traded at or about the time of the trade without being busted.

(iv) The parties to the adjusted trade must report it to the Exchange using a Transfer Trade not later than the close of business on the Business Day after the trade occurred.

(j) **Busting Trades After System Malfunction.** In the event that the matching engine malfunctions with live Orders in the queue waiting to be matched, such Orders may be matched when the system is restored before the Board or a designee of the Board halts the matching engine. The Board or a designee of the Board is authorized to bust trades resulting from such matches if the price of such trades is outside of the No Bust Range at the time that a confirmation of the trades was sent.

(k) **Busting Trades That Have Not Been Accepted for Clearing.**

(i) The Board or a designee of the Board has the authority to bust any trade that is not accepted for clearing by either the relevant Clearing Firm or Clearing House after application of the Exchange's policies and procedures on clearing certainty.

(ii) Notwithstanding anything to the contrary in this Rule 541, the Exchange's policies and procedures on clearing certainty shall govern resolution of all issues involving trades that have been busted pursuant to Rule 541(k)(i). In the event of any conflict or inconsistency between these Rules and the Exchange policies and procedures on clearing certainty, the policies and procedures on clearing certainty shall prevail solely with respect to trades that have been busted pursuant to Rule 541(k)(i).

## **RULE 542. Block Trades**

(a) The Exchange shall designate the Contracts that are eligible for treatment as a Block Trade and whether the details of a Block Trade may be submitted to the DCM Trading System or the SEF Trading System.

(b) Each Person that is a party to a Block Trade must be an Eligible Contract Participant.

(c) A Participant shall not execute any order on behalf of its Customer or Client by means of a Block Trade unless such Participant has received prior written instruction or consent from its Customer or Client to execute "block trades", as that term is defined in Part 43.6(i)(2) of CFTC Regulation, on behalf of that Customer-or Client. Such instruction or consent may be provided in the power of attorney or similar document by which the Client provides the Participant with discretionary trading authority or the authority to direct the trading in its account. A Participant shall not aggregate the orders of different ~~Customers~~Clients to satisfy the minimum threshold size unless such Participant is one of the persons for which aggregation is permissible pursuant to CFTC Regulation 43.6(h).

(d) The price at which a Block Trade is executed must be fair and reasonable in light of (i) the size of the Block Trade, (ii) the prices and sizes of other transactions in the same ~~e~~CContract at the relevant time, (iii) the prices and sizes of transactions in other relevant markets, including the related swap markets, at the relevant time, and (iv) the circumstances of the markets or the principal counterparties to the Block Trade.

(e) Block Trades may only be executed and reported on the same day to the DCM Trading System or the SEF Trading System during Trading Hours of the relevant Contract. Parties to a Block Trade must ensure that its details are reported to the DCM Trading System or the SEF Trading System, as applicable, as soon as technologically practicable after execution. For the purposes of this ~~R~~Rule, a Block Trade is reported to the Exchange upon: (1) the entry of the trade details of the Block Trade by one party

into ~~(x) the Block Trade reporting module of the DCM Trading System, or (y) the RFQ functionality of the SEF Trading System;~~ and (2) an affirmation of the terms of the Block Trade by the other party through the DCM Trading System or SEF Trading System, as applicable. The trade details reported to the DCM Trading System or the SEF Trading System, as applicable, must include the execution time, which is the time at which the parties agreed to the terms of the Block Trade prior to entry of the trade details into the ~~Block Trade reporting module of the DCM Trading System or the RFQ functionality of the SEF Trading System.~~ Block Trades will not set off conditional orders (e.g., Limit Orders) or otherwise affect orders on the DCM Trading System or SEF Trading System.

(f) The Platform will transmit Swap Data of all Block Trades reported to the Exchange in accordance with this Rule 542 to the SDR as soon as technologically practicable after their details are submitted to the DCM Trading System or SEF Trading System. The SDR will be responsible for delaying the public dissemination of swap transaction and pricing data relating to ~~the any~~ Block Trade in accordance with the timeframe set forth in Part 43 of CFTC Regulation and Applicable Law.

(g) All Persons involved in the execution of Block Trades must maintain a record of the transaction as required by Applicable Law.

**RULE 543. [RESERVED]**

**RULE 544. Recordkeeping Requirements for Privately Negotiated Trades**

(a) All transactions executed pursuant to Rule 542, unless otherwise exempted by Rule, are subject to the following recordation requirements (in addition to any other recordation requirements applicable under the Rules and Applicable Law):

(i) At the time of execution, every Order received from a Customer must be in the form of a written or electronic record and include an electronic timestamp reflecting the date and time such Order was received and must identify the specific account(s) for which the Order was placed. Such record shall also include an electronic timestamp reflecting the date and time such Order was executed or cancelled.

**RULE 545. SDR Reporting**

(a) Transmitting and Reporting Data. The Platform shall transmit Real-Time Data and report all Swap Data to an SDR, as soon as technologically practicable after execution of such swap on or subject to the rules of the Exchange.

(b) Non-Disclosure. The Exchange shall not disclose Real-Time Data of any swap executed on or pursuant to the rules of the Platform prior to public dissemination of such Real-Time Data by an SDR in accordance with CFTC Regulations.

(c) Correcting Real-Time Data.

(i) If a Reporting Party becomes aware, whether through the initiative of the Reporting Party or through notice by the other party to the swap, of an error or omission in Real-Time Data that was transmitted by the Platform to an SDR, the Reporting Party shall promptly submit to the Exchange, Real-Time Data correcting such error or omission and notify the Exchange of the need to correct the original Real-Time Data transmitted to the relevant SDR.

(ii) If the Exchange becomes aware of an error or omission in Real-Time Data transmitted by it to an SDR, or receives notification from the Reporting Party pursuant to

sub-paragraph (i), the Exchange shall promptly transmit Real-Time Data correcting such error or omission to the same SDR to which incorrect Real-Time Data was transmitted.

(d) Correcting Swap Data. The Exchange shall report corrections to any errors and omissions in Swap Data that were transmitted by the Exchange to the SDR. Corrections of errors or omissions in Swap Data shall be reported to the relevant SDR as soon as technologically practicable after discovery of any such errors or omissions.

(e) Improper Cancellation or Correction. The Exchange shall not transmit or agree to transmit to an SDR a cancellation or correction to Real-Time Data with knowledge that the purpose of re-reporting such Real-Time Data is to gain or extend a delay in public dissemination of accurate Real-Time Data or to otherwise evade the reporting requirements in this part.

(f) Reporting Party Determination. For purposes of these rules, the term “Reporting Party” means, in respect of a swap executed on or pursuant to the Rules of the Exchange, the Participant that is the “reporting counterparty” after application of CFTC Regulation 45.8. If both principal counterparties to a swap executed on or pursuant to the rules of the Exchange are Swap Dealers; or both are Major Swap Participants; or neither are Swap Dealers nor Major Swap Participants but both are financial entities as defined in CEA § 2(h)(7)(C); or neither are a financial entity as defined in CEA § 2(h)(7)(C), the Reporting Party shall be the Participant that is the fixed rate payer on the swap, and in respect of switches, the Reporting Party shall be the party that is the purchaser of the switch.

**RULE 546. Written Record of the Terms of Transactions Executed on the Platform.**

The Exchange will provide each Participant that is a counterparty to a Transaction on the Platform a written record of all of the terms of the Transaction. Such terms shall legally supersede any previous agreement and serve as a confirmation of the Transaction. The Exchange will not include specific account identifiers for accounts included in Bunched Orders if the applicable requirements of CFTC Regulation 1.35(b)(5) are met.

**RULE 547. Orders Eligible for Post-Execution Allocation**

(a) No Participant shall enter a Bunched Order on the Platform unless at the time of entering such Bunched Order, such Participant:

(i) is within at least one of the categories of entities enumerated in CFTC Regulation 1.35(b)(5)(i); and

(ii) has been granted written investment discretion with regard to the Client accounts to which Participant will allocate the Transaction that results from such Bunched Order.

(b) All Bunched Orders and Transactions resulting from Bunched Orders must be allocated and recorded in accordance with CFTC Regulation 1.35 and consistent with the principles of NFA’s Interpretative Notice 9029 related to Compliance Rule 2-10 as amended from time to time, and as if its terms applied to swaps.

(c) The provisions of ~~(a) and~~ (b) above shall also apply to Block Trades in which orders have been aggregated pursuant to [Rule 542-CFTC Regulation 43.6](#) to meet the minimum transaction size

**RULE 548. Legal Certainty of Transactions**

~~(a)~~ A Transaction entered into on or pursuant to the Exchange Rules shall not be void, voidable, subject to rescission, otherwise invalidated, or rendered unenforceable as a result of: either (a) a violation by the Exchange of the provisions of section 5h of the CEA or CFTC Regulations; or (b) any action taken by the CFTC that has the effect of amending, altering or supplementing these Rules or any of the terms or conditions of a Contract listed for trading on the Exchange.

~~(i) — a violation by the Exchange of the provisions of section 5h of the CEA or CFTC Regulations;~~

~~(ii) — any CFTC proceeding to alter or supplement a Rule, term or condition under section 8a(7) of the CEA or to declare an emergency under section 8a(9) of the CEA; or~~

~~(iii) — any other proceeding the effect of which is to:~~

~~(A) — alter or supplement a specific term or condition or trading rule or procedure; or~~

~~(B) — require the Exchange to adopt a specific term or condition, trading rule or procedure, or to take or refrain from taking a specific action.~~

## CHAPTER 6 DISCIPLINARY RULES

### RULE 601. General

(a) All ~~Subject Persons shall be~~ subject to the jurisdiction of the Exchange.—~~All Subject Persons~~ are subject to this Chapter 6 if they, ~~or with respect to a Participant, any other Person (including any Supervised Person of such Participant)~~, are alleged to have violated, to have aided and abetted a violation or to be violating, any Rule of the Exchange or any provision of Applicable Law for which the Exchange possesses disciplinary jurisdiction.

(b) The Exchange, through the Exchange Regulation Department and the Disciplinary Panel, will conduct inquiries, Investigations, disciplinary proceedings and appeals from disciplinary proceedings, summary impositions of fines, summary suspensions or other summary actions in accordance with this Chapter 6.

(c) No Exchange Official, Director, or Officer will interfere with or attempt to influence the process or resolution of any inquiry, Investigation, disciplinary proceeding, appeal from a disciplinary proceeding, summary imposition of fines, summary suspension or other summary action (each, a “Disciplinary Action”), except to the extent provided under the Rules with respect to a proceeding in which the Director is a member of the relevant Appeal Panel; provided, however, that a Director may participate in the proceedings of an Appeal Panel if such Director is a member of such Appeal Panel to the extent otherwise authorized.

(d) Any Subject Person may be represented by legal counsel or any other representative of its choosing during any Disciplinary Action; provided, however, that no such legal counsel may be an employee of the Exchange or any person ~~substantially~~ related to the underlying investigation ~~(such as a material witness or respondent)~~.

(e) Liability for ~~Supervised Persons~~ Authorized Users.

(+) The Exchange may hold a Participant or Clearing Firm liable for, and impose sanctions against such Participant or Clearing Firm for ~~any of the following~~:

(A) (i) the acts and omissions of such Participant or ~~such~~ Clearing Firm or any of their Authorized Users that constitutes a violation of the Rules of the Exchange or any provision of Applicable Law; or

~~(B) the acts and omissions of any Supervised Person~~ (ii) any Person’s use of a User ID or Admin ID that has been assigned to an Authorized User of such Participant or such Clearing Firm that constitutes a violation of ~~the Rules of the Exchange or any provision of Applicable Law; or~~

~~(ii) any Person’s use of a User ID that has been assigned to a Supervised Person of such Participant or such Clearing Firm, and that constitutes a violation of Rule 536.~~

(f) Ex Parte Communications.

(i) A Person subject to a disciplinary proceeding or an appeal from a disciplinary proceeding (and any counsel or other representative of such Person) and the Exchange Regulation Department (and any counsel or other representative of the Exchange Regulation Department) shall not knowingly make or cause to be made an ex parte communication relevant to the merits of a disciplinary proceeding or an appeal from a disciplinary proceeding to any member of the Disciplinary Panel or the Appeal Panel hearing such proceeding.

(ii) Members of a Disciplinary Panel or Appeal Panel shall not knowingly make or cause to be made an ex parte communication relevant to the merits of a disciplinary proceeding or an appeal from a disciplinary proceeding to any Person subject to such proceeding (and any counsel or representative of such Person) and the Exchange Regulation Department (and any counsel or representative of the Exchange Regulation Department).

(iii) Any Person who receives, makes or learns of any communication that is prohibited by this rule shall promptly give notice of such communication and any response thereto to the Exchange Regulation Department and all parties to the proceeding to which the communication relates.

(iv) A Person shall not be deemed to have violated this rule if the Person refuses an attempted communication concerning the merits of a proceeding as soon as it becomes apparent the communication concerns the merits.

## **RULE 602. Inquiries and Investigation**

(a) The Exchange Regulation Department will investigate any matter within the Exchange's jurisdiction of which it becomes aware. Pursuant to this Chapter 6, the Exchange Regulation Department will commence an investigation upon the receipt of a request from Commission staff or upon the discovery or receipt of information by the Exchange that, in the judgment of the Exchange Regulation Department indicates a possible basis for finding that a violation may have occurred or will occur. The Exchange Regulation Department will determine the nature and scope of its inquiries and investigations in its sole discretion and will function independently of any commercial interests of the Exchange.

(b) The Exchange Regulation Department has the authority to:

(i) initiate and conduct inquiries and investigations;

(ii) prepare investigative reports and make recommendations concerning initiating disciplinary proceedings;

(iii) prosecute alleged violations within the Exchange's disciplinary jurisdiction; and

(iv) represent the Exchange on appeal from any disciplinary proceeding, summary imposition of fines, summary suspension or other summary action.

(c) Each Subject Person:

(i) is obligated to appear and testify and respond in writing to interrogatories within the time period required by the Exchange Regulation Department in connection with:

~~(A)~~—any Obligation;

~~(B)~~(A) any inquiry or Investigation; or

~~(C)~~(B) any preparation by and presentation during a Disciplinary Action.

(ii) is obligated to produce all books, records, papers, documents or other tangible evidence in its, his or her possession, custody or control within the time period required by the Exchange Regulation Department in connection with:

~~(A)~~—any Obligation;

~~(B)~~(A) any inquiry or Investigation; or

~~(C)~~(B) any preparation by and presentation during a Disciplinary Action; and

(iii) may not impede or delay any Disciplinary Action.

### **RULE 603. Reports of Investigations**

(a) The Exchange Regulation Department will maintain a log of each Investigation and its disposition. The Exchange Regulation Department will prepare a written report of each Investigation, regardless of whether the evidence gathered during such Investigation forms a reasonable basis to believe that a violation within the Exchange's jurisdiction has occurred or is about to occur or whether the evidence gathered results in closing the matter without further action or through summary action.

(b) Any written report of Investigation ("Investigative Report") will include the reasons for initiating the Investigation (including a summary of the complaint, if any), all relevant facts and evidence gathered, Exchange Regulation Department staff's analysis and conclusions and the recommendation of the Exchange Regulation Department including as to whether a warning letter should be issued or any other disciplinary action should be pursued. For each potential respondent, the Exchange Regulation Department will recommend either:

(i) closing the Investigation without further action;

(ii) settlement;

(iii) summary action;

(iv) the preparation and service of a Notice of Charges for instituting a disciplinary proceeding; or

(v) resolving the Investigation through an informal disposition, including the issuance of a warning letter. An informal disposition (including the issuance of a warning letter) will not constitute a finding of a violation or a sanction, however, the investigative report must include a copy of any warning letter.

(c) The Investigative Report will be provided to the Chief Compliance Officer or the Chief Regulatory Officer for a determination as to whether the Investigative Report is complete. The Chief Compliance Officer or the Chief Regulatory Officer will then provide the completed Investigative Report to the Review Panel of the Disciplinary Panel.

### **RULE 604. Opportunity to Respond**

(a) After completing its Investigative Report, the Exchange Regulation Department may, upon approval of the Chief Compliance Officer or the Chief Regulatory Officer, notify each potential respondent that the Exchange Regulation Department has recommended formal disciplinary charges against the potential respondent.

(b) The Exchange Regulation Department may allow a potential respondent to propose a settlement of the matter or to submit a written statement explaining why a disciplinary proceeding should not be instituted or one or more of the potential charges should not be brought. The potential respondent shall submit such written statement within the time limit established by the Exchange Regulation Department.

**RULE 605. Review of Investigative Reports**

(a) Review of Investigative Reports by the Chief Compliance Officer or the Chief Regulatory Officer.

(i) The Chief Compliance Officer or the Chief Regulatory Officer will review the Investigative Report provided pursuant to Rule 603(c) to determine whether a reasonable basis exists to believe that a violation within the Exchange's jurisdiction has occurred or is about to occur.

(ii) If after receiving an Investigative Report pursuant to Rule 605(a)(i) or any additional information pursuant to this Rule 605(a)(ii), the Chief Compliance Officer or the Chief Regulatory Officer determines that additional investigation or evidence is needed to decide whether a reasonable basis exists to believe that a violation within the Exchange's jurisdiction has occurred or is about to occur, the Chief Compliance Officer or the Chief Regulatory Officer will direct the Exchange Regulation Department to conduct further investigation.

(iii) Upon receiving the Investigative Report pursuant to Rule 605(a)(i) and all additional information requested pursuant to Rule 605(a)(ii), the Chief Compliance Officer or the Chief Regulatory Officer will determine for each potential respondent whether to authorize:

(A) the informal disposition of the Investigation (by issuing a warning letter or otherwise) because disciplinary proceedings are unwarranted; or

(B) the closing of the Investigation without any action because no reasonable basis exists to believe that a violation within the Exchange's jurisdiction has occurred or is about to occur; or

(C) the commencement of disciplinary proceedings because a reasonable basis exists to believe that a violation within the Exchange's jurisdiction has occurred or is about to occur.

(b) Review of Investigative Reports by the Review Panel of the Disciplinary Panel.

(i) After receiving a completed Investigative Report pursuant to Rule 605(a), a Review Panel must promptly review the report and, within 30 days of such receipt, must take one of the following actions:

(A) If the Review Panel determines that additional investigation or evidence is needed, it must promptly direct the Exchange Regulation Department to conduct further investigation.

(B) If the Review Panel determines that no reasonable basis exists for finding a violation or that prosecution is otherwise unwarranted, it may direct that no further action be taken. Such determination must be in writing, and must include a written statement setting forth the facts and analysis supporting the decision.

(C) If the Review Panel determines that a reasonable basis exists for finding a violation and adjudication is warranted, it must direct that the person or entity alleged to have committed the violation be served with a Notice of Charges and proceed in accordance with the rules of this Chapter 6.



(ii) A failure of the Disciplinary Panel to act within the time prescribed in Rule 605(b)(i) shall not prevent the Chief Compliance Officer or the Chief Regulatory Officer from acting pursuant to Rule 605(a). The Chief Compliance Officer or the Chief Regulatory Officer shall inform the Regulatory Oversight Committee of any such failure of the Disciplinary Panel to act.

(iii) Any conflict between the actions of the Chief Compliance Officer or the Chief Regulatory Officer pursuant to Rule 605(a) and the Disciplinary Panel pursuant to Rule 605(b) shall be resolved by the Regulatory Oversight Committee.

(c) Each Investigation shall be completed in a timely manner. Absent mitigating circumstances (it being understood that the complexity of the Investigation, the number of firms or individuals involved as potential wrongdoers, the number of potential violations to be investigated, and the volume of documents and data to be examined may constitute such mitigating circumstances), an Investigation shall be complete within 12 months of such Investigation being initiated pursuant to Rule 602(a).

#### **RULE 606. Notice of Charges**

(a) If the Chief Compliance Officer, the Chief Regulatory Officer or Review Panel authorizes disciplinary proceedings pursuant to Rule 605(a)(iii)(C) or Rule 603(b)(iv), the Exchange Regulation Department will prepare, and serve in accordance with Rule 608, a Notice of Charges (“Notice of Charges”).

(b) A Notice of Charges will:

(i) state the acts, conduct or practices that the respondent is alleged to have engaged in;

(ii) state the ~~Obligation~~Rule or provision of Applicable Law alleged to have been violated or about to be violated;

(iii) state the proposed sanctions;

(iv) advise the respondent of its right to a hearing;

(v) advise the respondent of the right to be represented by legal counsel pursuant to Rule 601(d) in all succeeding stages of the disciplinary process;

(vi) state the period of time within which the respondent may file an answer to the Notice of Charges, which will not be less than 20 days after service of the Notice of Charges;

(vii) advise the respondent that any failure to answer the Notice of Charges pursuant to Rule 607 within the period stated pursuant to Rule 606(b)(vi) except for good cause, will be deemed to constitute a waiver of the right to participate in a hearing; and

(viii) advise the respondent that any allegation in the Notice of Charges that is not expressly denied will be deemed to be admitted.

#### **RULE 607. Answer to Notice of Charges**

(a) If the respondent determines to answer a Notice of Charges, the respondent must file answers within the period indicated in the Notice of Charges pursuant to Rule 606(b)(vi), which period may be extended by written consent of the Chief Compliance Officer or the Chief Regulatory Officer.

- (b) To answer a Notice of Charges, the respondent must in writing:
  - (i) specify the allegations that the respondent denies or admits;
  - (ii) specify the allegations that the respondent does not have sufficient information to either deny or admit;
  - (iii) specify any specific facts that contradict the Notice of Charges;
  - (iv) specify any affirmative defenses to the Notice of Charges; and
  - (v) sign and serve the answer on the Chief Compliance Officer or the Chief Regulatory Officer, who shall forward a copy of the answer to the relevant Review Panel.

(c) Any failure by the respondent to timely serve an answer to a Notice of Charges will be deemed to be an admission to the allegations in such notice. Any failure by the respondent to specifically answer any allegation shall be deemed to be an admission of such allegation. Any allegation in a Notice of Charges that the respondent fails to expressly deny shall be deemed to be admitted. A general denial by the respondent will constitute an admission of all allegations in a Notice of Charges.

(d) If the respondent timely files an answer to a Notice of Charges, the respondent shall be entitled to attend and participate in a hearing pursuant to Rule 613.

#### **RULE 608. Service of Notice of Charges**

Documents (including a Notice of Charges) contemplated by this Chapter 6 may be served on any respondent (a) in person to the respondent or an Authorized Representative of the respondent, (b) by delivery to the place of business of the respondent or an Authorized Representative of the respondent, by United States mail, postage prepaid, via registered or certified mail addressed to the respondent at the address as it appears on the books and records of the Exchange, (c) via electronic mail to the electronic mail address of the respondent or an Authorized Representative of the respondent as it appears on the books and records of the Exchange.

#### **RULE 609. Settlements**

(a) A respondent at any time after an Investigative Report is completed pursuant to Rule 603 may propose in writing an offer of settlement related to anticipated or instituted disciplinary proceedings.

(b) A respondent or potential respondent may offer to settle disciplinary proceedings without admitting or denying the findings contained in the order of the disciplinary proceedings but must accept the jurisdiction of the Exchange over it and over the subject matter of the proceedings and consent to the entry of the findings and sanctions imposed.

(c) Any offer of settlement should contain proposed findings and sanctions and be signed by the respondent or potential respondent and submitted to the Exchange Regulation Department. The Exchange Regulation Department shall provide a copy of any offer of settlement and its recommendation on whether to accept or reject such offer to the Chief Compliance Officer, the Chief Regulatory Officer and/or the Review Panel considering the matter at issue, or if no Review Panel is considering the matter, then the Hearing Panel convened to consider such matter.

(d) Any preliminary determination by the Chief Compliance Officer or the Chief Regulatory Officer to accept the offer shall be submitted for review by the relevant Disciplinary Panel. If the relevant Disciplinary Panel agrees, then the Chief Compliance Officer or the Chief Regulatory Officer shall conditionally accept an offer of settlement, and that the settlement will become final upon the expiration of

20 days after an order of the disciplinary proceedings consistent with the terms of the offer of settlement is served on the respondent.

(e) If an offer of settlement is accepted by the relevant Disciplinary Panel, the panel accepting the offer must issue a written decision specifying the rule violations it has reason to believe were committed, including the basis or reasons for the panel's conclusions, and any sanction to be imposed, which must take into account the respondent's disciplinary history and include full customer restitution where harm to a customer and the customer's identity can be reasonably determined. If an offer of settlement is accepted without the agreement of the Exchange Regulation Department, Chief Compliance Officer or the Chief Regulatory Officer, the decision must adequately support the Disciplinary Panel's acceptance of the settlement. If applicable, the decision must also include a statement that the respondent has accepted the sanctions imposed without either admitting or denying the rule violations.

(f) If an offer of settlement is accepted and the related order of disciplinary proceedings becomes final, the respondent's submission of the offer will be deemed to constitute a waiver of the right to notice, opportunity for a hearing and review and appeal under the Rules.

(g) If the offer of settlement of a respondent or potential respondent is not accepted by agreement between the Chief Compliance Officer or the Chief Regulatory Officer and the relevant Disciplinary Panel, fails to become final or is withdrawn by the respondent or potential respondent, the matter will proceed as if the offer had not been made and the offer and all documents relating to it will not become part of the record. Neither a respondent or potential respondent nor the Exchange Regulation Department may use an unaccepted offer of settlement as an admission or in any other manner at a hearing of, or appeal from, disciplinary proceedings.

#### **RULE 610. Disciplinary Panels**

(a) Review Panel. The Review Panel shall review completed Investigative Reports in order to determine whether a reasonable basis exists for finding of a violation of a respondent's Obligations by the respondent and for authorizing the issuance of a Notice of Charges against such respondent.

(b) Hearing Panel. The Hearing Panel shall conduct hearings in connection with any disciplinary proceedings (except for summary impositions of fines pursuant to Rule 617), to make findings, render decisions, and impose sanctions pursuant to this Chapter 6.

(c) Panel Members. The Board shall appoint individuals at the recommendation of the Chief Compliance Officer or the Chief Regulatory Officer, each to serve for a term of one-year, subject to reappointment by the Board, as potential participants on the Disciplinary Panels. The Chief Compliance Officer or the Chief Regulatory Officer shall recommend at least three individuals who would satisfy the conditions for being deemed a Public Director and at least three individuals who represent the views of Participants. The term of an individual that has been selected as a member of a Disciplinary Panel will not expire until the related proceedings are completed.

(d) Chairperson. The chairperson of any Review Panel or Hearing Panel shall be a Public Participant.

(e) Disciplinary Panel Selection. The Chief Compliance Officer or the Chief Regulatory Officer shall randomly select a Review Panel and Hearing Panel prior to the commencement of any investigative or disciplinary matter from the potential members of Disciplinary Panels appointed by the Board pursuant to Rule 610(c). Each Disciplinary Panel shall be selected by randomly choosing at least one Public Participant and the remaining individuals from those representing the views of the Participants, with the latter being chosen in a manner that prevents any group or class of industry participants from dominating or exercising disproportionate influence on the Disciplinary Panel being formed.

(f) If an individual selected is an Interested Person or if a member of the Disciplinary Panel later becomes an Interested Person, a replacement for such individual shall be randomly selected by the Chief Compliance Officer or the Chief Regulatory Officer.

(g) Within 10 days of being notified of the appointment of the Disciplinary Panel, a respondent may seek to disqualify any individual named to the Disciplinary Panel for the reasons identified in Rule 215 or for any other reasonable grounds, including that such individual has a financial interest in the matter, by serving written notice on the Chief Compliance Officer or the Chief Regulatory Officer. By not timely filing a request for disqualification, the respondent will be deemed to have waived any objection to the composition of a Disciplinary Panel. The general counsel of the Exchange will decide the merits of any request for disqualification within his or her sole discretion. Any such decision will be final and not subject to appeal.

(h) No person shall serve on a Disciplinary Panel unless such person has agreed in writing that he or she will not publish, divulge, or make known in any manner, any facts or information regarding the business of any person or any other information which may come to his attention in his official capacity as a member of the Disciplinary Panel, except when reporting to the Board or to a committee concerned with such information or to the Exchange Regulation Department, when requested by any Government Agency or Self-Regulatory Organization, or when compelled to testify in any judicial or administrative proceeding.

(i) All information, records, materials and documents provided to the Disciplinary Panel and all deliberations, testimony, information, records, materials and documents related thereto shall be treated as non-public and confidential and shall not be disclosed, except as necessary to further an Investigation or as required by law.

#### **RULE 611. Convening Hearings of Disciplinary Proceedings**

(a) A hearing will be conducted privately and confidentially. Notwithstanding the confidentiality of hearings, the Hearing Panel may appoint an expert to attend any hearing and assist in deliberations if such expert agrees to be subject to an appropriate confidentiality agreement.

(b) After reasonable notice to each respondent, the Hearing Panel will promptly convene a hearing to conduct the disciplinary proceedings with respect to such respondent. Parties to a disciplinary proceeding include each respondent and the Exchange Regulation Department.

(c) The chair of the Hearing Panel may continue, adjourn or otherwise conduct the hearing, as he or she may deem appropriate. The chair of the Hearing Panel will determine all procedural and evidentiary matters, including the admissibility and relevance of any evidence proffered. In determining procedural and evidentiary matters, the chair of the Hearing Panel will not be bound by any evidentiary or procedural rules or law. Once admitted during the hearing, the Hearing Panel may consider, and attach the weight it believes appropriate to, evidence or other materials. The general counsel of the Exchange, or its designee, will provide guidance to the chair of the Hearing Panel on the conduct of the hearing.

(d) Except for procedural and evidentiary matters decided by the chair of the Hearing Panel pursuant to Rule 611(c) and Rule 612, unless each respondent otherwise consents, the entire Hearing Panel must be present during the entire hearing and any related deliberations.

#### **RULE 612. Respondent Review of Evidence**

(a) Prior to the commencement of a hearing, each respondent will be given the opportunity to review all books, records, documents, papers, transcripts of testimony and other tangible evidence in the possession or under the control of the Exchange that the Exchange Regulation Department will use to support the allegations and proposed sanctions in the Notice of Charges or which the chair of the Hearing Panel deems relevant to the disciplinary proceedings. Notwithstanding the first sentence in this Rule

612(a), no respondent will have the right to review, and the Exchange will have no obligation to disclose, any documents that are privileged or constitute attorney work product, documents that were prepared by an employee of the Exchange but will not be offered in evidence at the hearing, documents that may disclose a technique or guideline used in examinations, investigations or enforcement proceedings, or documents that disclose the identity of a confidential source.

(b) If any books, records, documents, papers, transcripts of testimony, or other tangible evidence contain information that could adversely affect the competitive position of the Person providing the information or if such information might compromise other Investigations being conducted by the Exchange Regulation Department, the Exchange Regulation Department may redact, edit or code such information before furnishing it to the respondent.

(c) Notwithstanding anything in paragraph (b) above to the contrary, the Exchange Regulation Department:

(i) will not redact, edit or code competitive or investigative information contained in documents in a manner that would impair the respondent's ability to defend against the allegations or proposed sanctions in the notices of charges, and

(ii) will provide the respondent with access to the information and portions of the documents that the Exchange Regulation Department intends to rely on to support the allegations or proposed sanctions in the Notice of Charges.

(d) For purposes of this Rule 612, information that could adversely affect competitive positions include positions in Contracts currently held, trading strategies employed in establishing or liquidating positions, the identity of any Participant, ~~or other Subject Person~~ Direct Access Customer, and the personal finances of any Person.

### **RULE 613. Conducting Hearings of Disciplinary Proceedings**

(a) At a hearing conducted in connection with any disciplinary proceedings, the Exchange Regulation Department will present its case supporting the allegations and proposed sanctions in the Notice of Charges to the Hearing Panel. If a respondent has timely filed an answer to the Notice of Charges in accordance with Rule 607, the respondent is entitled to attend and participate in the hearing.

(b) At a hearing conducted in connection with any disciplinary proceedings, the Hearing Panel or the Exchange Regulation Department and each respondent may:

(i) present evidence and facts unless determined irrelevant or inadmissible by the chair of the Hearing Panel;

(ii) call and examine witnesses; and

(iii) cross-examine witnesses called by other parties.

(c) If the respondent has failed to file an answer, has filed a general denial, or otherwise has failed to expressly deny any allegation in the Notice of Charges, the chair of the Hearing Panel may limit evidence concerning any allegations not expressly denied in determining the sanctions to impose. If a respondent fails to file an answer but appears at the hearing, the respondent may not participate in the hearing (by calling or cross-examining witnesses, testifying in defense, presenting evidence concerning the Notice of Charges, or otherwise) unless the Hearing Panel determines that the respondent had a compelling reason for failing to timely file an answer. If the Hearing Panel determines that the respondent had a compelling reason for failing to timely file an answer, the Hearing Panel will adjourn the hearing and direct the respondent to promptly file a written answer in accordance with Rule 607.

(d) Any Person entitled, or required or called upon, to attend a hearing before a Hearing Panel pursuant to Rule 613(b)(ii) will be given reasonable notice, confirmed in writing, specifying the date, time and place of the hearing, and the caption of the disciplinary proceedings. Any ~~Subject~~ Person that is called as a witness is required to appear at the hearing him- or herself if such ~~Subject~~ Person is an individual or by a duly authorized officer or another appropriate representative if such ~~Subject~~ Person is a juridical entity, and where applicable, produce evidence. The Exchange will make reasonable efforts to secure the presence of ~~all other Persons~~ any Person called as witnesses whose testimony would be relevant.

(e) If during any disciplinary proceedings the Hearing Panel determines that a reasonable basis exists to believe that the respondent violated or is about to violate a Rule of the Exchange or a provision of Applicable Law other than the violations alleged in the Notice of Charges, the Hearing Panel may consider those apparent violations after providing the respondent with an opportunity to answer the additional allegations in accordance with Rule 607. In connection with considering apparent violations pursuant to this Rule 613(e), the Hearing Panel may request that the Exchange Regulation Department provide the Hearing Panel with any additional information related to the violations at issue.

(f) The Hearing Panel may summarily impose sanctions on any ~~Subject~~ Person that impedes or delays the progress of a hearing (including by failing to comply with the ~~Obligations~~ obligations of such ~~Subject~~ Person under Rule 613(d)).

(g) The Exchange will arrange for any hearing conducted in connection with disciplinary proceedings to be recorded verbatim, or substantially verbatim, in a manner capable of accurate transcription. If a transcript of the hearing is requested by the CFTC staff or the respondent, the decision of the Hearing Panel is appealed pursuant to Rule 616, or is reviewed by the CFTC pursuant to Section 8c of the CEA or part 9 of Chapter 38 of the CFTC Regulations, the Exchange shall produce a transcript of the hearing; provided, however, that the costs of transcribing the hearing shall be borne by the respondent if the respondent requests the transcript, appeals the decision of the Hearing Panel pursuant to Rule 616, or submits an application for the decision of the Hearing Panel to be reviewed by the CFTC and such application is granted.

(h) No interlocutory appeals of any rulings made by a Hearing Panel or a chair of a Hearing Panel are permitted.

#### **RULE 614. Decision of Hearing Panel**

(a) As promptly as reasonable following a hearing, the Hearing Panel will issue a written order rendering its decision based on the weight of the evidence contained in the record of the disciplinary proceedings. A decision by a majority of the Hearing Panel will constitute the decision of the Hearing Panel.

(b) The Exchange will serve each of the respondent and the Exchange Regulation Department with a copy of the order of the Hearing Panel. The order will include:

(i) the Notice of Charges or summary of the charges;

(ii) the answer, if any, or a summary of the answer;

(iii) a brief summary of the evidence introduced at the hearing or, where appropriate, incorporation by reference of the Investigative Report;

(iv) a statement of findings and conclusions concerning each charge, including a complete explanation of the evidentiary and other basis for such findings and conclusions with respect to each charge;

(v) a reference to each -specific ~~Obligation~~Rule or provision of Applicable Law that the respondent is found to have violated;

(vi) a declaration of all sanctions imposed against the respondent, if any, including the basis for such sanctions and the effective date of each sanction; and

(vii) notice of the respondent's right to appeal pursuant to Rule 616.

(c) Unless a timely notice of appeal is filed pursuant to Rule 616, the order of the disciplinary proceedings will become final upon the expiration of 20 days after the order is served on the respondent and provided to the Exchange Regulation Department.

#### **RULE 615. Sanctions**

(a) After notice and opportunity to be heard in accordance with the Rules, the Exchange shall impose sanctions on a Participant or ~~an Supervised Person of a Participant's~~ Authorized Trader, or a Direct Access Customer or its Direct Access Trader if it is found to have violated or to have attempted to violate any Rule or provision of Applicable Law for which the Exchange possesses disciplinary jurisdiction. All sanctions must take into account the respondent's disciplinary history and shall be commensurate with the violations committed. In the event of demonstrated customer harm, any sanction must also include full customer restitution, except where the amount of restitution, or to whom restitution should be provided, cannot be reasonably determined.

The Exchange may impose one or more of the following sanctions or remedies:

(i) a warning letter, provided that no more than one warning letter may be issued to the same person found to have committed the same rule violation within a rolling twelve month period;

(ii) censure;

(iii) termination, suspension or restriction of Trading Privileges, ability to otherwise access the Platform, or the imposition of other limitations on any activity on or through the Exchange ~~Activity~~;

(iv) subject to Rule 615(b), a fine;

(v) restitution;

(vi) disgorgement; or

(vii) any other sanction or remedy deemed to be appropriate.

(b) The Exchange may impose a fine of up to \$25,000 for each Rule violation. If a fine or other amount is not paid within 30 days of the date that it becomes payable, then interest will accrue on the sum from the date that it became payable at the quoted prime rate plus three percent. The Exchange has sole discretion to select the bank on whose quotations to base the prime rate.

#### **RULE 616. Appeal from Hearing Panel Decision, Summary Impositions of Fines and Other Summary Actions**

(a) A Subject Person found by the Hearing Panel to have violated (or whose ~~Supervised Person~~ Authorized Trader or Direct Access Trader was found to have violated, or whose ~~Firm ID or User ID, as applicable,~~ was used by another Person that was found to have violated) any of ~~its~~ Obligation ~~the~~



Rules or a provision of Applicable Law or who is subject to any summary fine imposed pursuant to Rule 617 or any summary action imposed pursuant to Rule 618 may appeal the decision within 20 days of receiving the order of the disciplinary proceedings or the notice of summary action, as the case may be, by filing a notice of appeal with the Chief Compliance Officer or the Chief Regulatory Officer. While an appeal is pending, the effect of the order of disciplinary proceedings or the summary action (including any sanctions, remedies or costs imposed thereby) shall be suspended, except as provided in Rule 613(f) with respect to any denial or limit on Trading Privileges or ability to otherwise access the Platform.

(b) The notice of appeal must state in writing the grounds for appeal, identifying each finding of fact, conclusion and sanctions to which the appellant objects. An appellant may appeal the order of disciplinary proceedings or any summary decision on the grounds that:

(i) the order or decision was arbitrary, capricious, an abuse of discretion, or not in accordance with the Rules;

(ii) the order or decision exceeded the authority or jurisdiction of the Hearing Panel, the Chief Compliance Officer, or the Chief Regulatory Officer or the Exchange;

(iii) the order or decision failed to observe required procedures;

(iv) the order or decision was unsupported by the facts or evidence; or

(v) the imposed sanctions, remedies or costs are inappropriate or unsupported by the record.

(c) The Chief Compliance Officer or the Chief Regulatory Officer will forward copies of any notice of appeal received by it to all parties to the disciplinary proceeding or summary action, as the case may be, except the appellant. On or before the 20th day after filing a notice of appeal, the appellant must file with the Chief Compliance Officer or the Chief Regulatory Officer and serve on the Exchange Regulation Department a brief supporting the notice of appeal and documents supporting the brief. On or before the 20th day after the date on which the appellant serves supporting brief, the appellee must file and serve its brief in opposition with the Exchange Regulation Department. On or before the 10th day after the date on which the appellee serves its brief in opposition, the appellant must file and serve a brief in reply with the Exchange Regulation Department.

(d) In connection with any appeal, the Exchange Regulation Department will furnish to the Chief Compliance Officer or the Chief Regulatory Officer and to the respondent a transcript of the hearing, any exhibits introduced at the hearing, the notice of appeal and briefs filed to support and oppose the appeal.

(e) Within 30 days after the last submission filed pursuant to Rule 616(c), the Board will appoint an Appeal Panel to consider and determine the appeal. The Board shall appoint individuals at the recommendation of the Chief Compliance Officer or the Chief Regulatory Officer to serve on the Appeal Panel for a term of one year, subject to reappointment by the Board, as potential participants on Appeal Panels. The Chief Compliance Officer or the Chief Regulatory Officer's recommendation shall include Public Participants. The term of an individual that has been selected as a member of an Appeal Panel will not expire until the related proceedings are completed. No individual appointed to an Appeal Panel shall be a member of the Exchange Regulation Department or have been a member of any Disciplinary Panel involved in the matters on appeal.

(f) The chair of the Appeal Panel shall be a Public Participant.

(g) Within 10 days of being notified of the appointment of the Appeal Panel, an appellant may seek to disqualify any individual named to the Appeal Panel for the reasons identified in Rule 215 or for



any other reasonable grounds, by serving written notice on the Chief Compliance Officer or the Chief Regulatory Officer. By not timely filing a request for disqualification, the appellant will be deemed to have waived any objection to the composition of an Appeal Panel. The general counsel of the Exchange will decide the merits of any request for disqualification within his or her sole discretion.

(h) The Appeal Panel will hold a hearing to allow parties to present oral arguments. Any hearing will be conducted privately and confidentially. Notwithstanding the confidentiality of hearings, the Appeal Panel may appoint an expert to attend any hearing and assist in the deliberations if such individuals agree to be subject to appropriate confidentiality agreements. In determining procedural and evidentiary matters, the Appeal Panel will not be bound by evidentiary or procedural rules or law.

(i) The Appeal Panel will only consider on appeal the record before the Hearing Panel or, in the case of a summary action, the record considered by the Chief Compliance Officer or the Chief Regulatory Officer, the notice of appeal, the briefs filed in support and opposition of the appeal, and any oral arguments of the parties. The Appeal Panel may only consider new evidence when the Appeal Panel determines that good cause exists as to why the evidence was not introduced during the disciplinary proceeding or when imposing the summary action.

(j) After completing its review, the Appeal Panel may affirm, modify or reverse any order of the disciplinary proceedings or summary action under appeal, in whole or in part, including increasing, decreasing or eliminating any sanction or remedy imposed, imposing any other sanction or remedy authorized by the Rules, remanding the matter to the same or a different Hearing Panel for further disciplinary proceedings, or ordering a new hearing.

(k) As promptly as reasonably possible following its review, the Appeal Panel will issue a written decision based on the weight of the evidence before the Appeal Panel. The decision of the Appeal Panel will include a determination for each finding, conclusion and sanction reviewed on appeal; provided, however, that the Appeal Panel need not make any determination with respect to a finding, conclusion or sanction if making such finding or reaching such conclusion would have no effect on the sanctions, remedies or costs imposed on the parties to the appeal.

(l) The Appeal Panel's written order will be the final action of the Exchange and will not be subject to appeal within the Exchange.

#### **RULE 617. Summary Imposition of Fines**

(a) The Chief Compliance Officer or the Chief Regulatory Officer may summarily impose a fine against a ~~Subject Person on account of conduct by such Subject Person, any of the Supervised Persons of such Subject Person or any Person using any Firm ID or User ID assigned to such Subject Person~~ Participant or Direct Access Customer for failing:

(i) to make timely payments of original or variation margin, fees, cost, charges or fines to the Exchange or any Clearing House;

(ii) to make timely and accurate submissions to the Exchange of notices, reports or other information required by the Rules; and

(iii) to keep any books and records required by the Rules.

(b) The Exchange Regulation Department, acting on behalf of the Chief Compliance Officer or the Chief Regulatory Officer, will give notice of any fine imposed pursuant to this Rule 617 to each Subject Person Participant or Direct Access Customer subject thereto. The notice will specify:

(i) the violations of the Rules for which the fine is being imposed;

- (ii) the date of the violation for which the fine is being imposed; and
- (iii) the amount of the fine.

Within 20 days of serving the notice of fine, the relevant Subject Person must either pay or cause the payment of the fine or file notice of an appeal pursuant to Rule 616. Unless timely notice of appeal is filed pursuant to Rule 616, the fine will become final upon the expiration of 20 days after the notice of fine is served on the Subject Person.

(c) The Exchange will set the amount of any fines imposed pursuant to this Rule 617, with the maximum fine for each violation not to exceed \$5,000. Summary imposition of fines pursuant to this Rule 617 will not preclude the Exchange from bringing any other action against the Participant~~s~~, or any of its ~~Supervised Persons~~ or Authorized ~~Trader~~Users, as the case may be.

#### **RULE 618. Emergency Suspensions and Other Disciplinary Actions**

(a) Notwithstanding anything in the Rules to the contrary, the Chief Compliance Officer or the Chief Regulatory Officer, after consultation with the Regulatory Oversight Committee, if practicable, may summarily suspend, revoke, limit, condition, restrict or qualify any ~~Subject Person's~~Participant's Trading Privileges or Direct Access Customer's or Sponsored Access Customer's Trading Access or, in each instance, the ability to otherwise access the Platform, and may take other summary action against any Subject Person in accordance with the Rules (any such action, an "Emergency Disciplinary Action"); provided, however, that the Chief Regulatory Officer must reasonably believe that such Emergency Disciplinary Action is necessary to protect the best interest of the marketplace served by the Exchange.

(b) Whenever practicable, the Exchange shall provide prior written notice to the party against whom any Emergency Disciplinary Action will be taken. If prior notice is not practicable, the Exchange will give notice at the earliest possible opportunity to the respondent against whom the Emergency Disciplinary Action is brought. The notice shall state the Emergency Disciplinary Action taken or to be taken, as applicable, briefly state the reasons for the Emergency Disciplinary Action, and state the effective time and date, and duration of the Emergency Disciplinary Action.

(c) As soon as is reasonably practicable following provision of a written notice pursuant to Rule 618(b), there shall be a hearing pursuant to Rule 611, Rule 612, Rule 613, and Rule 614; provided, however, that the notice served pursuant to Rule 618(b) shall be used instead of a Notice of Charges; provided, further, that the decision of the Hearing Panel shall specify a description of the Emergency Disciplinary Action, the reasons for the Emergency Disciplinary Action, a summary of the evidence produced at the hearing, a statement of findings and conclusions, a determination that the Emergency Disciplinary Action should be affirmed, modified or reversed, and a declaration of any action to be taken pursuant to such determination as well as the effective time, date and duration of such action (rather than the information required by Rule 614(b)).

(d) The decision of the Hearing Panel convened to dispose of an Emergency Disciplinary Action shall be appealable pursuant to Rule 616. A respondent may offer to settle the Emergency Disciplinary Action pursuant to Rule 609 without regard to whether an Investigation has been completed.

(e) At the request of the Exchange, a respondent against whom an Emergency Disciplinary Action is brought must provide books and records over which the respondent has access or control and must furnish information to, or appear or testify before, the Exchange in connection with the enforcement of any of ~~its Obligations~~the Rules or provision of Applicable Law.

## **RULE 619. Rights and Responsibilities after Suspension or Termination**

(a) When a ~~Subject Person's~~ Participant's Trading Privileges or a ~~Direct Access Customer's or Sponsored Access Customer's~~ Trading Access or, in each instance, the ability to otherwise access the Platform ~~are~~ is suspended for a period of 12 months or less, none of its rights (including the right to hold oneself out to the public as a ~~Subject Person of the relevant type~~ Participant, ~~Direct Access Customer or Sponsored Access Customer~~, enter Orders into the Platform and receive rates for fees, costs, and charges and deposit margin that are conditional on its status as a ~~Subject Person of the relevant type~~ Participant, ~~Direct Access Customer or Sponsored Access Customer, if applicable.~~) will apply during the period of the suspension, except for the right such ~~Subject Person~~ Participant, ~~Direct Access Customer or Sponsored Access Customer~~ to assert claims against others as provided in the Rules. Any suspension does not affect the rights of creditors of the ~~Subject Person~~ Participant, ~~Direct Access Customer or Sponsored Access Customer~~ under the Rules or relieve the ~~Subject Person~~ Participant, ~~Direct Access Customer or Sponsored Access Customer~~ of its, ~~his or her~~ Obligations obligations (including ~~Obligations~~ obligations to perform under any Contract to which such ~~Subject Person~~ is a party, or ~~Obligations~~ obligations to pay any Exchange fees, costs, or charges incurred during the suspension). The Exchange may discipline a suspended ~~Subject Person~~ Participant, ~~Direct Access Customer or Sponsored Access Customer~~ under this Chapter 6 for any violation by such ~~Subject Person~~ of ~~its~~ Obligations the Rules or any provision of Applicable Law committed by such ~~Subject Person~~ before, during or after the suspension.

(b) When a Subject Person's status as a Clearing Firm, Participant, or Authorized Trader ~~or other Supervised Person~~ has been terminated, or when the Trading Privileges or the ability to otherwise access the Platform of a Subject Person have been terminated, (i) all of such Subject Person's related rights will terminate, except for the right of such Subject Person to assert claims against others, as provided in the Rules, and (ii) the status, Trading Privileges or ability to otherwise access the Exchange of such Subject Person may only be reinstated by such Subject Person applying for such status, Trading Privileges or ability to otherwise access the Exchange pursuant to ~~Rule 306~~ the Rules. Any such termination will not affect the rights of creditors of such Subject Person under the Rules.

(c) The Exchange will not consider the application of a terminated Subject Person if such Subject Person continues to fail to appear at disciplinary proceedings without good cause or continues to impede the progress of disciplinary proceedings.

(d) In the event of the suspension or revocation of a Participant's Trading Privileges or the ability to otherwise access the Platform, the Exchange ~~shall seek to facilitate~~ may postpone the ~~transfer~~ effective date of ~~any Customer accounts held by~~ such suspension or revocation if it is in the best interest of Customers or Clients serviced by the Participant ~~to other Participants with Trading Privileges or ability to otherwise access the Platform (as applicable).~~.

## **RULE 620. Notice to the Respondent and the Public**

The Exchange will provide written notice of disciplinary proceedings to each of the parties consistent with applicable CFTC Regulations. Whenever the Exchange suspends, expels, fines or otherwise disciplines, or denies any Person access to the Exchange, the Exchange will make the public disclosures required by CFTC Regulations.

**CHAPTER 7**  
**ARBITRATION RULES and GOVERNING LAW**

**RULE 701. Arbitration Forum and Applicable Rules**

~~The National Futures Association arbitration program (the “NFA Arbitration Program”) will conduct any and all arbitrations of a type described in Rule 702 and Rule 703, and such arbitrations will be conducted pursuant to NFA’s Member Arbitration Rules as if each party to the arbitration is an “NFA Member,” and references in the arbitration rules applicable to members Member Arbitration Rules to an “Associate” of a “NFA Member” shall mean and customers include any Authorized Trader. The decision of the NFA pursuant to NFA’s Member Arbitration Rules shall be final and binding on all parties, and there shall be no appeal to a Hearing Panel of the Exchange.~~

**RULE 702. Disputes Subject to Arbitration**

Except as otherwise provided in the Rules and to the fullest extent permitted under Applicable Law, ~~(a) Subject Persons~~Participants, Sponsored Access Customers, Direct Access Customers, Authorized Traders, Customers or Clients must arbitrate all ~~controversies~~disputes between and among one or more of the parties arising out of or in connection with ~~their Exchange business between or among themselves through the NFA Arbitration Program and~~ (b) all ~~claims~~any transaction on the DCM Trading System. Any such claim against ~~Disclaiming Parties permissible under Rule 537a~~ a party shall be arbitrated under the NFA Arbitration Program. ~~Notwithstanding brought within two (2) years from the foregoing, this time that a cause of action has accrued. This Rule 702 does~~shall in no way be construed to create a cause of action and shall not require arbitration of claims alleging employment discrimination (including sexual harassment) in violation of ~~authorize~~ an action that is otherwise prohibited by these Rules or Applicable Law.

**RULE 703. Customer Arbitration**

(a) Except as otherwise provided in Rule 703(b), any dispute between a Participant, ~~a Sponsored Access Customer~~ or any of ~~its Supervised Persons~~their respective Authorized Traders, on the one hand, and a Customer or Client of such Participant or Sponsored Access Customer, on the other hand, arising out of or in connection with ~~the solicitation or acceptance of any order for execution of any Contract~~any transaction on the DCM Trading System shall be ~~subject~~submitted to arbitration by ~~the NFA Arbitration Program in accordance with its customer arbitration rules.~~ Except as otherwise provided in Rule 703(b), any dispute between two or more Customers, or between a Participant and a Customer that is not a Customer of such Participant, arising out of or in connection with the solicitation or acceptance of any order for execution of any Contract shall be subject to arbitration by the NFA Arbitration Program in accordance with its member arbitration rules.

(b) Notwithstanding Rule 703(a), the submission of any dispute involving a Customer or Client trading on the DCM Trading System, who is not an Eligible Contract Participant, to arbitration shall be voluntary on the part of such Customer or Client.

**RULE 704. Claims Relating to Trade Cancellations or Price Adjustments**

All claims relating to trade cancellations or price adjustments pursuant to Rule 541 shall be ~~resolved~~arbitrated in accordance with this Chapter 7.

**RULE 705. Arbitration Costs**

Each party to the dispute will bear its own costs and expenses in connection with any arbitration hereunder, as well as an equal share of the administrative fees and the fees of the arbitrator; provided, however, that the arbitrator will be entitled to include in any award a full reimbursement for the prevailing

party's costs and expenses, such party's share of the administrative fees and the fees of the arbitrator, or any combination of any or all of the above.

**RULE 706. Governing Law**

The laws of the State of New York, without regard to its conflict of laws principles, will govern this Rulebook and all disputes arising out of or related to the Exchange or any transaction on or through the Platform.

**RULE 707. [RESERVED]**

**~~Rule 705. Notice~~**

~~The Exchange will ensure that Persons subject to arbitration under this Chapter will be provided with adequate notice of the claims presented against such Person, as well as any fees and costs that may be assessed against such Person.~~

**~~Rule 706. Right to Counsel~~**

~~Every Person is entitled to represent her own interests, be represented by counsel of her choosing and at her own expense who is admitted to practice before the highest court in any State, by a family member, or be represented by any other non-compensated representative. An entity must be represented by an officer or owner of the entity or by counsel.~~

**~~Rule 707. Awards~~**

~~(a) Any award by the NFA Arbitration Program shall be limited to the lesser of the actual loss or the loss that would have been incurred if the claimant had used its best efforts to mitigate the loss. Punitive damages, loss of profits, loss of use, and indirect, incidental or consequential damages shall not be awarded.~~

~~(b) The decision of the National Futures Association Arbitration Program shall be final and binding, and there shall be no appeal to a Hearing Panel of the Exchange. A party may move, within three Business Days of the award, that the award be corrected to remedy any miscalculation or misdescription or where the award is otherwise imperfect in a matter of form not affecting the merits of the award.~~

**RULE 708. Penalties**

(a) Any failure on the part of any ~~Subject~~ Person referenced in Rule 702 to arbitrate a easedispute subject to arbitration, or the commencement by any such Person of a suit in any court prior to arbitrating a easedispute subject to arbitration, violates the Rules of the Exchange and subjects such ~~Subject~~ Person (and its Participant or Clearing Firm, if applicable) to disciplinary proceedings pursuant to Chapter 6.

(b) The Exchange may summarily suspend, pursuant to Chapter 6, ~~a Subject~~any such Person (and its Participant or Clearing Firm, if applicable) that fails to satisfy an arbitration award rendered in any arbitration pursuant to this Chapter 7.

## CHAPTER 8 CLEARING

### RULE 801. Clearing Firms

(a) In order to operate as a Clearing Firm, an applicant must:

Rule 801.(i) demonstrate to the satisfaction of the Exchange that it meets the requirements of, and is approved for, clearing membership at one or more Clearing House and is authorized pursuant to the applicable Clearing House Rules to clear trades in any or all of the Contracts;

(i)(ii) submit to the Exchange a complete application form in the manner prescribed by the Exchange;

(ii)(iii) enter into a user license agreement with each relevant Clearing House, if applicable;

(iii)(iv) agree in writing to abide by the Rules of the Exchange and Applicable Law;

(iv)(v) agree in writing that it shall fulfill its clearing obligations in accordance with Rule 809;

(vi) agree to assist the Exchange in any investigation into potential violations of the Rules or Applicable Law which occur through or with respect to any Transaction cleared by such Clearing Firm; provided that such assistance must be timely and may include the Clearing Firm being required to produce documents, to answer questions from the Exchange, or to appear in connection with an investigation;

(vii) maintain all required and necessary regulatory approvals or licenses to operate as a Clearing Firm;

(viii) employ practices to monitor and enforce compliance with risk limits for Participants, Sponsored Access Customers, Direct Access Customers, Customers and Clients;

(ix) provide such information and documentation, in each case, in connection with its application to become a Clearing Firm, as may be requested by the Exchange, and follow the procedures established by the Exchange;

(x) notify the Exchange upon becoming aware of any material changes to the information or documentation provided to the Exchange; and

(xi) for any Clearing Firm organized or located outside of the United States shall enter into a written agreement acceptable to the Exchange appointing a third party as its U.S. agent for service of process for purposes of CFTC Regulation § 15.05, and shall provide the Exchange with a copy of the agreement and any change to such appointment.

(b) A Clearing Firm that seeks to execute Transactions on or through the Exchange for its own account or the account of any Customer or Client must be a Participant.

(b)(c) All Contracts ~~transacted~~executed on the DCM Trading System must be cleared. All Contracts executed on the SEF Trading System ~~that are subject to mandatory clearing must be cleared.~~for which a determination has been made by the CFTC pursuant to Section 2(h) of the CEA that the clearing requirement applies to such Transaction and for which no clearing exemption may be claimed shall be



cleared. Any other Contracts executed on the SEF Trading System may be cleared at the discretion of the parties to such Transaction. Transaction that are required to be cleared or voluntarily cleared by the parties shall be cleared through a Clearing House in accordance with applicable Clearing House Rules and in conformity with the Rules specifically provided in this Chapter 8.

(d) The Exchange may share information with any Clearing House that would assist such Clearing House in evaluating and monitoring a Clearing Firm's compliance with these ~~the SEF Trading System may be cleared at the discretion of the parties to such Transaction. Such~~Rules. By becoming a Clearing Firm, a Clearing Firm and its Authorized Users, agents and employees agree to cooperate with the Exchange and each relevant Clearing House in any such monitoring.

(e) Clearing Firms shall have the right to clear Contracts ~~to be cleared shall be cleared through a Clearing House~~ in accordance with all applicable ~~Clearing House~~Rules and ~~in conformity with the Clearing House Rules specifically.~~

(f) A Clearing Firm that is an FCM which has agreed to accept for clearing Transactions that are executed by a Participant or Sponsored Access Customer trading on the DCM Trading System for its own account, or on behalf of Customers, must use the risk controls provided by the Exchange to set risk limits for each such Participant, Sponsored Access Customer or Customer, as applicable.~~in this Chapter 8~~ A Clearing Firm shall not be required to use the risk controls provided by the Exchange to set risk limits on the DCM Trading System if Orders are screened on a pre-trade basis provided by the FCM or through a credit limit screening service that provides pre-trade credit checks for the FCM.

(g) A Clearing Firm that has agreed to accept for clearing Transactions that are executed on the SEF Trading System by a Participant or a Customer of Participant, as applicable, shall establish risk-based limits for the account(s) of such Participant or Customer of Participant, and use automated means to screen Orders of such Participant or Customer of Participant using such risk-based limits in accordance with Applicable Law. The Exchange shall provide Clearing Firm means to facilitate such screening.

#### **RULE 802. Clearing House Rules**

(a) The clearing services provided by a Clearing House with respect to any Contract, and the rights and obligations of purchasers and sellers under cleared Contracts (including rights and obligations in respect of clearing and settlement, variation payments and performance at maturity) shall be governed by the Clearing House Rules of such Clearing House.

(b) The Clearing House Rules shall prevail in the event of any conflict or inconsistency between these Rules and such Clearing House Rules with respect to any responsibilities or obligations of a Clearing Firm under such Clearing House Rules. Each Clearing Firm is bound by the Clearing House Rules of any Clearing House in which such Clearing Firm has a clearing membership.

#### **RULE 803. Other Clearing Organizations**

Each Clearing Firm must be a member of at least one Clearing House at all times. The Exchange may designate an additional clearing organization as a Clearing House from time to time. Whenever the Exchange designates a new Clearing House, a Clearing Firm may become a member of such Clearing House and clear Contracts through the Clearing House.

#### **RULE 804. Settlement Prices; Publication of Trade Information**

Each Clearing House will determine the Settlement Price for Contracts. For each Contract, the Exchange shall provide the appropriate Clearing House with the information necessary to enable the Clearing House to determine such Settlement Prices. The Settlement Price of each Contract shall be determined by the relevant Clearing House in accordance with its Clearing House Rules; provided that, if more than one

Clearing House is designated for the same Contract, the Exchange shall publish the Settlement Price for that Contract as determined by each Clearing House.

The Exchange shall daily publish information regarding volume, price ranges (based on non-cancelled bids, non-cancelled offers, and trades) subject to such prices accurately reflecting market conditions within the discretion of the Exchange, and opening and closing prices. The Exchange shall also publish, on a daily basis, the total quantity of Block Trades that are included in the total volume of trading. Information on Settlement Prices and open interest, if applicable, shall be provided by the relevant Clearing House.

**RULE 805. [RESERVED]**

**RULE 806. Transfers of Trades**

(a) Subject to the limitations of Rule 807, or as otherwise permitted by the rules of the relevant Derivatives Clearing Organization, existing trades may be transferred either on the books of a Clearing Firm or from one Clearing Firm to another Clearing Firm provided:

(i) the transfer merely constitutes a change from one account to another account, provided the underlying beneficial ownership in said accounts remains the same;

(ii) an error has been made in the clearing of a trade and the error is discovered and the transfer is completed within two Business Days after the trade date; or

(iii) the transfer constitutes a transfer of positions from a Customer to the Clearing Firm's house account in the event of a Customer default.

(b) Subject to the limitations of Rule 807, Exchange Officials may, upon request by the Clearing Firm(s), approve a transfer of existing trades either on the books of the same Clearing Firm, or from the books of one Clearing Firm to the books of another Clearing Firm if the transfer is in connection with, or as a result of, a merger, asset purchase, consolidation or similar non-recurring transaction between two or more entities where one or more entities become the successor in interest to one or more other entities.

(c) Provided that the transfer is permitted pursuant to Sections (a) or (b) above, the transactions must be recorded and carried on the books of the receiving Clearing Firm at the original trade dates. Trades may be transferred using either the original trade price or the most recent settlement price.

(d) All transfers shall be reported to each relevant Clearing House in a form acceptable to the Exchange for the type of transactions involved. The proper indicator must be included in the transfer such that the transactions, including the transaction(s) to reverse an error, clear as transfers. The Clearing Firms involved shall maintain a full and complete record of all transactions together with all pertinent memoranda.

**RULE 807. Concurrent Long and Short Transactions**

Set forth below are the procedures that must be followed for concurrent long and short positions and hold-open accounts.

(a) Concurrent long and short positions in the same commodity and month may be held by a Clearing Firm at the direction of a Customer or on behalf of an omnibus account, however, it shall be the duty of the Clearing Firm to ascertain whether such positions are intended for offset or to be held open prior to final transmission of position data to the relevant Clearing House.

(b) Clearing Firms, which pursuant to this Rule carry concurrent long and short positions, must report to the Exchange both sides as open positions.



(c) The Exchange takes no position regarding the internal bookkeeping procedures of its Clearing Firms, which for the convenience of a Participant or Customer may “hold open” a position only on their books. However, the Clearing Firm must accurately report to the Exchange and the relevant Clearing House, as appropriate, large trader positions, long positions eligible for delivery and open interest.

**RULE 808. [RESERVED]**

**RULE 809. Clearing Acceptance**

(a) Any Person initiating or executing a Transaction on or subject to the Rules of the Exchange directly or through an intermediary, as the case may be, must have clearing arrangements in place with a Clearing Firm that apply to such Transactions.

(b) Until such time as Clearing Firm or Exchange suspends or terminates the ability of a Person to enter into Transactions on the Platform as described in paragraph (c) below, each Clearing Firm that has been designated by such Person, as applicable, on the Platform as the Clearing Firm through which a Transaction is intended to be cleared shall accept for clearing all Transactions that satisfy the risk limits set by the Clearing Firm pursuant to the clearing arrangements between Clearing Firm and such Person, as of the time such Transaction is executed.

(c) A Clearing Firm or the Exchange may at any time amend, adjust or suspend risk limits of any Person set on the Platform by utilizing the risk controls in the Platform interface to amend, adjust or suspend the applicable risk limits within the Platform. Such amendment, adjustment or suspension will be effective upon receipt by the Exchange’s server of the electronic message generated by such change and the Exchange will send an electronic message to Clearing Firm, confirming that such amendment, adjustment or suspension is effective, as soon as technologically practicable.

## CHAPTER 9 MISCELLANEOUS

### **RULE 901. Contract Specifications**

The Exchange will permit trading in Contracts that will be listed by the Exchange and submitted to the CFTC for self-certification from time to time.

### **RULE 902. Post-Trade Processing**

Subject Persons shall permit the Exchange to share with certain third-party post-transactional processing providers, including SDRs, Clearing House routing services, or post-trade allocation systems used by the Exchange, all market data and information that is necessary to support the post-trade processing and confirmation of Transactions.

### **RULE 903. Gifts and Gratuities**

Except as permitted in writing by the Chief Compliance Officer or the Chief Regulatory Officer, no ~~Subject~~ Person shall, directly or indirectly, give or permit to be given anything of value, including gifts and gratuities, in excess of one hundred dollars (\$100) per individual per year to a ~~person~~ Person publicly known, or known by such ~~Subject~~ Person, to be an Exchange Official.

### **RULE 904. Market Data**

(a) All Participants and all employees, agents, vendors, and other Persons affiliated with the foregoing ~~understand and~~ acknowledge and agree that subject to each Participant's rights in Participant's own data, the Exchange has a proprietary interest in and to all data and other information contained in, displayed on, generated by or derived from the Platform ("Market Data") including:

(i) the price and quantity data from each and every Transaction, including the time at which the Transaction was executed by, or submitted to, the Platform and the Firm ID and User ID under which it was entered (as well as other information identifying persons involved in the Transaction);

(ii) the price and quantity data of each bid and offer submitted to the Platform, including the time at which such bid or offer was submitted to the Platform;

(iii) the yield curves prepared by the Exchange;

(iv) any data and information derived from (i), (ii) and (iii) and the format and presentation thereof; and

(v) the ~~transmission~~ transmission and dissemination of the data and information to Participants, any publisher of the data or information with whom the Exchange has a written agreement, and any other Persons.

(b) Notwithstanding anything in this Rule 904, Participant shall maintain a proprietary interest in any bid, offer or other information that has been entered on the Platform or otherwise provided to the Exchange by Participant or any of its Authorized Traders in connection with any bid, offer or Transaction.

(c) The Exchange may at any time restrict or establish utilization fees in respect of ~~data described in Rule 904(a).~~ Market Data, with respect to all or any Participants, in order to safeguard the security or operations of the Platform, or to preserve market<sub>7</sub> integrity, fair and orderly trading, or if otherwise in the public interest.

(d) Participants may not distribute, sell or retransmit information displayed on the Platform to any third party.

(e) The Exchange 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, unless consented to, in writing, by such person. Market Data is not information collected for the purpose of fulfilling the Exchange's regulatory obligations.

(e)(f) Notwithstanding Rule 904(b), Rule 904(c) or Rule 904(d), and pursuant to Part 43 and Part 45 of the CFTC Regulations, the Exchange will report certain of the ~~data described in Rule 904(a)~~Market Data to the SDR, which shall publicly report such data in a manner that does not disclose the business transactions or market positions of any Participant. Data that is publicly disseminated by the SDR shall be available from an internet website in a format that is freely available and readily accessible to the public.

Notwithstanding Rule 904(e) and Rule 904(d), and (g) The CFTC will have access to the Market Data pursuant to Part 43 and Part 45 of the CFTC Regulations, ~~the CFTC will have access to the data described in Rule 904(a).~~

#### **RULE 905. Extension or Waiver of Rules**

The Exchange may, in its sole discretion, waive, or extend the time period for performing, any act or acts designated by the Rules, but only to the extent such waiver or extension is not inconsistent with the CEA or the CFTC Regulations.

#### **~~Rule 906. Governing Law, Jurisdiction and Dispute Resolution~~**

~~(a) The law of the State of New York governs the Rules.~~

~~(b) Any dispute between the Exchange and a Subject Person arising from or in connection with the Rules must be brought to arbitration through the NFA Arbitration Program or another arbitration program permitted by the CFTC Regulations within two (2) years from the occurrence of the event giving rise to the dispute. This Rule shall in no way create a cause of action nor authorize an action that would otherwise be prohibited by the Rules.~~

**RULE 906. Any dispute between the Exchange and a Subject Person arising from or in connection with the Rules will be settled by arbitration administered through the NFA Arbitration Program or another arbitration program permitted by the CFTC Regulations. [RESERVED]**

~~(c) Each party to the dispute will bear its own costs and expenses in connection with any arbitration hereunder, as well as an equal share of the administrative fees and the fees of the arbitrator; provided, however, that the arbitrator will be entitled to include in any award a full reimbursement for the prevailing party's costs and expenses, such party's share of the administrative fees and the fees of the arbitrator, or any combination of any or all of the above. In the event that this Rule 906(c) is held to be unenforceable in connection with any dispute, (i) exclusive jurisdiction for any such dispute will reside in any state or federal court sitting in the New York, NY metropolitan area, (ii) the Exchange and the Subject Person involved in the dispute will be presumed to have submitted to the personal jurisdiction of any such court, and (iii) an action to enforce any judgment or decision of such court may be brought in the same court or in any other court with jurisdiction or venue. Finally, all Subject Persons unconditionally and irrevocably waive any and all right to trial by jury in connection with any such dispute.~~

## CHAPTER 10 INTEREST RATE SWAP CONTRACTS

### **RULE 1001. Fixed for Floating Interest Rate Swap Contracts**

(a) **Contract Description.** Fixed for Floating Interest Rate Swap. This is an Interest Rate Swap for which settlement is in the form of periodic fixed interest payments and a stream of periodic floating interest payments based on floating rate index over a term to maturity. The interest rate payments are exchanged for a specified period based on a notional amount. This Rule 1001 contains general information about the Contract terms and conditions. Contracts eligible for trading on the DCM Trading System and SEF Trading System, as well as the attributes related to each Currency can be found on Schedule 1001 on the Web Site ([www.trueex.com](http://www.trueex.com)).

(b) **Trading Hours.**

(i) **DCM Trading Hours.** The Trading Hours of the DCM Trading System that are applicable to the Contract described in this Rule 1001 will commence each Business Day at 7:30 a.m. New York time and end each Business Day at 5:00 p.m. New York time.

(ii) **SEF Trading Hours.** The Trading Hours of the SEF Trading System that are applicable to the Contract described in this Rule 1001 will be as follows:

- The RFQ Trading Hours will commence each Business Day at 7:30 a.m. New York time and end each Business Day at 5:00 p.m. New York time.
- The PTC Trading Hours will commence each Business Day at 7:30 a.m. New York time and end each Business Day at 6:00 p.m. New York time.

(c) **Currency.**

(i) **Super-Major Currencies**

- United States dollar (USD)
- European Union Euro Area euro (EUR)
- Japan yen (JPY)
- United Kingdom pound sterling (GBP)

(ii) **Major Currencies**

- Australia dollar (AUD),
- Canada dollar (CAD)
- Denmark krone (DKK),
- Kingdom of Norway krone (NOK),
- Kingdom of Sweden krona (SEK)
- New Zealand dollar (NZD)
- Republic of South Africa rand (ZAR)
- Switzerland franc (CHF)

(iii) **Non-Major Currencies**

- Czech Koruna (CZK)

- Hong Kong dollar (HKD)
- Hungarian Forint (HUF)
- Polish Zloty (PLN)
- Singapore dollar (SGD)

(d) Trading Conventions.

- (i) Buyer (Payer) pays fixed interest rate and receives floating interest rate.
- (ii) Seller (Receiver) receives fixed interest rate and pays floating interest rate.

(e) Swap Leg Conventions. The terms of Fixed vs. Floating Interest Rate Swaps are based on a number of combinations of the criteria below. Approved contracts available for trading on the Exchange can be found on the Web Site ([www.trueex.com](http://www.trueex.com)).

(i) Fixed Leg

(A) Payment Frequency. Monthly (1M), Quarterly (3 M), Semi-Annually (6 M), Annually (12 M), One Time (1T)

(B) Day Count Convention.

- 30/360
- 30E/360
- ACT/360
- ACT/365.Fixed
- ACT/365.ISDA
- ACT/ACT.ISMA
- ACT/ACT.ISDA
- 30E/360.ISDA
- ACT/ACT.ICMA

(C) Holiday Calendar. Dependent on Currency

- US – New York (USNY)
- Europe – Target (EUTA)
- Great Britain – London (GBLO)
- Japan – Tokyo (JPTO)
- Australia – Sydney (AUSY)
- Canada – Toronto (CATO)
- Denmark – Copenhagen (DKCO)
- New Zealand – Wellington (NZWE)
- New Zealand – Auckland (NZAU)
- Norway – Oslo (NOOS)
- South Africa – Johannesburg (ZAJO)
- Sweden – Stockholm (SEST)
- Switzerland – Zurich (CHZU)
- Czech Republic – Prague (CZPR)
- Hong Kong – (HKHK)
- Hungary – Budapest (HUBU) Singapore – (SGSI)
- Poland – Warsaw (PLWA)

(D) Business Day Convention. Modified Following with adjustment to period end dates. Business days in this convention must be valid business days in respect to Holiday Calendar associated with Currency for effective and payment dates. If not, it will be the next day that is a business day. If the adjusted end dates fall at the end of the month, the day rolls to the preceding day.

(E) Fixed Rate. The traded interest rate yield or basis points on Trade Date.

(ii) Floating Leg

(A) Reset Frequency. Monthly (1M), Quarterly (3 M), Semi-Annually (6 M), or Annually (12 M).

(B) Day Count Convention.

- 30/360
- 30E/360
- ACT/360
- ACT/365.Fixed
- ACT/ACT.ISDA
- 30E/360.ISDA

(C) Holiday Calendar. Dependent on Currency

- US – New York (USNY)
- Europe – Target (EUTA)
- Great Britain – London (GBLO)
- Japan – Tokyo (JPTO)
- Australia – Sydney (AUSY)
- Canada – Toronto (CATO)
- Denmark – Copenhagen (DKCO)
- New Zealand – Wellington (NZWE)
- New Zealand – Auckland (NZAU)
- Norway – Oslo (NOOS)
- South Africa – Johannesburg (ZAJO)
- Sweden – Stockholm (SEST)
- Switzerland – Zurich (CHZU)
- Czech Republic – Prague (CZPR)
- Hong Kong –(HKHK)
- Hungary – Budapest (HUBU) Singapore – (SGSI)
- Poland – Warsaw (PLWA)

(D) Business Day Convention. Modified Following with adjustment to period end dates. Business days in this convention must be valid business days in respect to Holiday Calendar associated with Currency for effective and payment dates. If not, it will be the next day that is a business day. If the adjusted end dates fall at the end of the month, the day rolls to the preceding day.

(E) Payment Frequency. Monthly (1M), Quarterly (3 M), Semi-Annually (6 M), Annually (12 M), One Time (1T)

(F) Float Rate Index.

- USD-LIBOR-BBA
- EUR-EURIBOR-REUTERS
- EUR-EURIBOR-Telerate
- EUR-LIBOR
- JPY-LIBOR-BBA
- GBP-LIBOR-BBA
- AUD-BBR-BBSW
- CAD-BA-CDOR
- DKK-CIBOR-DKNA13
- DKK-CIBOR2-DKNA13
- NOK-NIBOR-NIBR
- SEK-STIBOR-SIDE
- NZD-BBR-FRA
- ZAR-JIBAR-SAFEX
- CHF-LIBOR-BBA
- CZK-PRIBOR-PRBO
- HKD-HIBOR-HKAB
- HUF-BUBOR-REUTERS
- PLN-WIBOR-WIBO
- SGD-DOR-REUTERS

(f) Effective Date. The first date from which fixed and floating interest amounts accrue. It is also referred to as the Start Date. The Effective Date of the Swap must be a business day subject to the appropriate Business Day Convention.

(g) Trade Start Type

(i) Spot Starting. A swap with an Effective Date that follows market convention per each Currency, ranging from T+0 to T+2. For example USD is 2 business days from the Trade Date (T+2).

(ii) Forward Starting. A swap whose Effective Date is anything after than the Effective Date for a Spot Starting swap.

(h) Maturity Date. The final date until which Fixed and Floating amounts accrue. The Maturity Date may also be referred to as the Termination Date or End Date.

(i) Tenor. The duration of time from the Effective Date to the Maturity Date. The Exchange will support Tenors of any duration greater than 0 years up to 50 years.

(i) Listed Tenors, with respect to the DCM Trading System, also referred to as On-the-Run, means whole year Spot Starting Contracts with a Tenor of 2 through 10, 12, 15, 20, 25 and 30 years.

(ii) Other Tenors, also referred to as Off-the-Run, means any whole year Tenors other than the Listed Tenors and any partial year Tenor. Transactions in Other Tenors, (with the exception of Block Trades) are executed through the System's Off-the-Run trading functionality. All such trades will be subject to the requirements of Exchange Rule 524(c).

(A) Standard Off-the-Run means any whole year Other Tenor that is Spot Starting.

(B) Non-Standard (or Custom) Off-the-Run means any partial year Tenor that is Spot Starting and all Forward Starting Contracts (whole and partial year Tenors).

(j) Roll Day Convention. The date used for determining all fixed and floating Reset Dates. Roll Days define the beginning and end of Fixed and Floating interest accrual periods. For On-the-Run Contracts, the Roll Day is the same date of the month as the Effective Date. For Off-the-Run Contracts, it can be any date of the month, subject to the provisions of the Business Day Convention. Roll Day marks the start of a new interest accrual period, and is the date on which a Reset Rate takes effect. The Exchange supports the following roll types:

(i) Standard. Standard roll will be the same day of the month accordingly aligned to the roll frequency. For example, Effective date January, 10th, 2013 and Maturity Date January, 10th, 2015 with a 3M payment, roll frequency will settle on the 10th day every three months.

(ii) End of Month (EOM). For EOM convention, if the roll date falls at the end of the month the date moves back to the preceding business day based on the applicable Business Day Convention employed.

(iii) International Money Market (IMM). IMM roll dates are the 3rd Wednesday of March, June, September and December.

(k) Floating Reset Dates. Dates utilized to determine the Floating Rate amounts for each interest accrual period during the Tenor of the contract. Except in the case of a Stub Period, the Reset Date is 2 business days prior to the Roll Date for that interest accrual period.

(l) First Period Fixing Date. (Based on Holiday Calendar of the Currency)

(i) For Spot Starting swaps, the Interest Rate for the first interest period is fixed on the Trade Date, for both Floating and Fixed Rates.

(ii) For Forward Starting swaps, the Fixed Rate for the first interest period is fixed on the Trade Date, and the Floating Rate for the first interest period is fixed 2 business days prior to the Effective Date

(m) Stub Period Rate. For swaps with partial year Tenors, a first interest period that is shorter than the standard underlying Floating index interest periods may occur between the Effective Date and the first Roll Date (known as a Stub Period). In these cases, the Interest Rate for such Stub Period is determined using linear interpolation based on the two index rates that surround the Stub Period.

(i) Stub Index Frequency. 1 Week (1W), 2 Week (2W), 1 Month (1M), 2 Month (2M), 3 Month (3M), 6 Month (6M), 9 Month (9M), 12 Month (12M)

(n) Trade Types. The Platform may support the following trade types:

(i) Outrights. An Outright swap is where one party is the payer of the fixed rate and receiver of the floating rate and the other party is the receiver of the fixed rate and payer of the floating rate.

(ii) Switches. Switches are the simultaneous purchase and sale of two different Tenors of the yield curve (e.g. 2 year by 10 year).



(iii) Butterflies. Butterflies are the simultaneous purchase(s) and sale(s) of three different tenors of the yield curve (e.g. 2 year by 5 year by 10 year).

(iv) Spreads. A Spread trade consists of a transaction where the payer and receiver of the fixed rate on the Interest Rate Swap simultaneously enter into a transaction for a treasury security of an equivalent Tenor. For the treasury transaction, the payer of the fixed rate on the swap buys and the receiver of the fixed rate on the swap sells either a single treasury security or two treasury securities using a simple weighted average to match the risk,

(v) Invoice Spreads. An Invoice Spread trade consists of a transaction where two parties enter into a treasury futures contract and simultaneously enter into an interest rate swap transaction. The buyer of the futures contract is the payer of the fixed rate on the interest rate swap transaction and the seller of the futures contract is the receiver of the fixed rate on the interest rate swap transaction. The interest rate swap is of an equivalent Tenor to match the risk.

(vi) Block Trades has the meaning as defined in Chapter 1 of this Rulebook.

(o) Contract Size.

(i) On-the-Run. Minimum notional size of \$1 million USD or multiple thereof and increments of \$1 million USD depending on Tenor.

(ii) Off-the-Run. Minimum notional size of \$1 million USD and increments of \$1,000 USD.

(iii) Block Trades. Minimum notional size as indicated in Rule 1001(t) and increments of \$1,000 USD.

(p) Quoting Convention

(i) Outrights. Outrights are quoted in interest rate yield.

(A) On-the-Run. The interest rate yield is quoted to 3 decimal places.

(B) Off-the-Run. The interest rate yield is quoted to 5 decimal places.

(C) Block Trades. The interest rate yield, regardless of Tenor, is quoted to 5 decimal places.

(ii) Switches, Butterflies. These trade types are quoted in basis points. The basis points are quoted to 1 decimal place.

(iii) Spreads, Invoice Spreads. These trade types are quoted in basis points. The basis points are quoted to 1 decimal place.

(q) Minimum Price Fluctuation.

(i) Outrights. The interest rate yield is quoted in increments of .001 (1/10<sup>th</sup> of a basis point).

(ii) Switches, Butterflies. The basis points are quoted in increments of .1 (1/10<sup>th</sup> of a basis point).

(iii) Spreads, Invoice Spreads. The basis points are quoted in increments of .1 (1/10<sup>th</sup> of a basis point).

(r) Last Trading Day.

(i) Spot Starting. Close of business on Trade Date.

(ii) Forward Starting. Close of business three business days prior to the Effective Date of the swap.

(s) Final Settlement Price. Multiple payments take place during the term of the swap. Settlement price used for the periodic exchange of fixed and floating payments is based on the following factors:

(i) Fixed Leg. Payment amount on the fixed leg is based on the trade price of the swap on Trade Date. Payment timing on the fixed leg is based on the Payment Frequency, Day Count Convention, Business Day Convention, and Roll Day.

(ii) Floating Leg. Payment on the floating leg is based on the Interest Rate Benchmark of the swap. Payments on the floating leg are based on the Payment Frequency, Day Count Convention, Business Day Convention, Roll Day Convention and Floating Reset Dates.

(t) Block Trades.

(i) Minimum Notional Sizes. The Exchange has established the following Block Trade Sizes: as required by Appendix F to Part 43 of the CFTC Regulations:

Initial Maturity greater than	Initial Maturity less than or equal to	Minimum Block Size (\$ Notional)		
		Super Major Currencies	Major Currencies	Non-Major Currencies
0 days	46 days	\$6.4 billion	\$2.2 billion	\$230 million
46 days	3 months (107 days)	\$2.1 billion	\$580 million	\$230 million
3 months (107 days)	6 months (198 days)	\$1.2 billion	\$440 million	\$150 million
6 months (198 days)	1 year (381 days)	\$1.1 billion	\$220 million	\$110 million
1 year (381 days)	2 years (746 days)	\$460 million	\$130 million	\$54 million
2 years (746 days)	5 years (1,842 days)	\$240 million	\$88 million	\$27 million
5 years (1,842 days)	10 years (3,668 days)	\$170 million	\$49 million	\$15 million
10 years (3,668 days)	30 years (10,973 days)	\$120 million	\$37 million	\$16 million
30 years (10,973 days)		\$67 million	\$15 million	\$15 million

(ii) For non-US dollar denominated swaps, the minimum block sizes will be based on a currency exchange rate that is widely published within the preceding two business days from the date of execution of the swap transaction.

(iii) Reporting. All Block Trades must be reported to the Exchange as soon as technologically practicable.

(u) Clearing House. CME or LCH. Choice of Clearing House is determined at the time of order entry.

## **RULE 1002. Standard Coupon & Standard Maturity (SCSM™) Interest Rate Swap Contracts**

(a) **Contract Description.** This Contract is a forward starting Fixed for Floating Interest Rate Swap that exchanges periodic fixed interest payments at a rate equal to the Standard Coupon Fixed Rate set by the Exchange for periodic interest rate benchmark. This Rule 1002 contains general information about the Contract terms and conditions. Contracts eligible for trading on the DCM Trading System, as well as the attributes related to each Currency can be found on Schedule 1002 on the Web Site ([www.trueex.com](http://www.trueex.com)).

(b) **Trading Hours.**

(i) **DCM Trading Hours.** The Trading Hours of the DCM Trading System that are applicable to the Contract described in this Rule 1002 will commence each Business Day at 7:30 a.m. New York time and end each Business Day at 5:00 p.m. New York time.

(ii) **SEF Trading Hours.** The Trading Hours of the SEF Trading System that are applicable to the Contract described in this Rule 1002 will be as follows:

- The RFQ Trading Hours will commence each Business Day at 7:30 a.m. New York time and end each Business Day at 5:00 p.m. New York time.
- The PTC Trading Hours will commence each Business Day at 7:30 a.m. New York time and end each Business Day at 6:00 p.m. New York time

(c) **Currency.** US Dollar, British Pound, Euro, Japanese Yen

(d) **Listing/Trading Conventions.** The terms of a SCSM™ Swap are based on the criteria below.

(i) **Series.** The Exchange will list four SCSM™ Swap Series each year on a quarterly cycle, in connection with quarterly International Monetary Market (IMM) dates, in March, June, September and December.

(A) **On-the-Run.** The two most current Series will be listed concurrently for trading at any one time.

(B) **Off-the-Run.** After the Last Trading Day of an On-the-Run SCSM™ Swap Series, the Series will be listed as Off-the-Run for one year after its Last Trading Day as an On-the-Run Swap. Transactions in Other Tenors, (with the exception of Block Trades) are executed through the System's Off-the-Run trading functionality. All such trades will be subject to the requirements of Exchange Rule 524(c).

(ii) **Tenor.** The duration of time from the Effective Date of the SCSM™ Swap to the Maturity Date. The Exchange may list Tenors of 1, 2, 3, 5, 7, 10, 15, 20 and 30 years for each Series.

(iii) **Holiday Calendar.** New York and London

(iv) **Business Day Convention.** Modified Following with adjustment to period end dates. Business days in this convention must be valid business days on both the New York and London calendar. If not, it will be the next day that is a business day on both the New York and London calendar.

(v) **First Trading Day.**

(A) On-the-Run. Six months and two business days prior to the IMM date for the Series. IMM dates are the third Wednesday in March, June, September and December. For example, the first trading day for the September Series will be two business days prior to the March IMM date.

(B) Off-the-Run. One business day after the Last Trading Day as an On-the-Run SCSM™ Swap.

(vi) Last Trading Day

(A) On-the-Run. Three business days prior to the IMM date for the Series.

(B) Off-the-Run. One year after the Last Trading Day as an On-the-Run SCSM™ Swap.

(vii) Standard Coupon Fixed Rate. By 4 p.m. Eastern time one business day prior to the First Trading Day for an On-the-Run SCSM™ Swap, the Exchange will announce the Standard Coupon Fixed Rate for each Tenor of the new Series.

(A) Methodology. The Exchange will set the Standard Coupon Fixed Rate for each Tenor of a Series as the at-the-money forward rounded up or down to the nearest 25 basis points on the date the Standard Coupon Fixed Rate is announced.

(B) Adjustments. The Exchange reserves the right to adjust Standard Coupon Fixed Rates in the event forward rates move more than 50 basis points from the Standard Coupon Rate for any Tenor in a Series. The Exchange will list the adjusted Series (referred to as Version) on the first business day following the rate adjustment. The original Series and any subsequent Versions will be available On-the-Run until the Last Trading Day for the Series.

(viii) Trade Types. The Platform may support the following trade types:

(A) Outrights.

(B) Switches.

(1) Calendar Switches. Calendar switches are simultaneous trades of two different Series of the same Tenor (for example, June 5 year vs. September 5 year) Calendar Switch prices will be quoted as the difference between the later start date and the earlier start date.

(2) Tenor Switches. Tenor switches are simultaneous trades of two Tenors in the same Series (e.g. June 5 year vs. June 10 year). Tenor Switch prices will be quoted as the difference between the longer Tenor and the shorter Tenor.

(C) Block Trades has the meaning as defined in Chapter 1 of this Rulebook.

(ix) Contract size

(A) On-the-Run and Off-the-Run. Minimum notional size of \$1 Million USD and increments of \$1 Million USD.

(B) Block Trades. Minimum notional size as indicated in Rule 1002(e) and increments of \$1 Million USD.

(x) Quoting convention.

(A) Outrights. An SCSM™ Swap will be quoted based on price, not yield, where 100 points equals par.

(B) Switches.

(1) Calendar Switch prices will be quoted as the difference between the later start date and the earlier start date.

(2) Tenor Switches. Tenor Switch prices will be quoted as the difference between the longer Tenor and the shorter Tenor.

(C) Minimum Price Increments.

<b>Tenor</b>	<b>Minimum Price Increment (Outrights)</b>
1 year	.001 of a point
2 year	.002 of a point
3 year	.002 of a point
5 year	.005 of a point
7 year	.005 of a point
10 year	.01 of a point
15 year	.01 of a point
20 year	.02 of a point
30 year	.02 of a point

Minimum price increments for Switches will be the Outright minimum price increment of the shorter tenor of the Switch as indicated in the table above.

(xi) Upfront Payment. An upfront payment will be exchanged between the payer and the receiver of an SCSM™ Swap. The direction and amount of the payment is dependent on the price at which the SCSM™ Swap was transacted on.

(A) Payment Direction.

(1) If Price < 100, the Fixed Rate Payer makes payment to the Fixed Rate Receiver.

(2) If Price > 100, the Fixed Rate Payer receives payment from the Fixed Rate Receiver.

(B) Payment Calculation. Upfront Payment is calculated using the following formula:

$$\text{Notional Amount} * (100 - \text{Price}) / 100$$

(C) Final Settlement Date and Price. Settlement of the upfront payment will occur on T+2 and is calculated as described in (B) above.

(e) Block Trades.

(i) Minimum Notional Sizes. An SCSM™ Swap, as a forward starting Fixed for Floating Interest Rate Swap, is deemed to be Off-the-Run as that term is defined in Rule 1001(i)(ii)(B). As such, each Tenor within a Series or Version will be subject to the same minimum block size for Off-the-Run Fixed for Floating Interest Rate Swaps as indicated in Rule 1001(t)(i).

(ii) Reporting. All Block Trades must be reported to the Exchange as soon as technologically practicable.

(f) Clearing House. CME or LCH. Choice of Clearing House is determined at the time of order entry. See Schedule 1002 for Clearing House availability on the Platform

(g) Terms of the Forward Starting Swap

(i) Payer pays fixed interest rate and receives floating interest rate.

(ii) Receiver receives fixed interest rate and pays floating interest rate.

(iii) Fixed Leg

(A) Payment Frequency. Semi-Annually, Annually

(B) Day Count Convention. 30/360, actual/365

(C) Holiday Calendar. New York and London

(D) Business Day Convention. Modified Following with adjustment to period end dates. Business days in this convention must be valid business days on both the New York and London calendar. If not, it will be the next day that is a business day on both the New York and London calendar.

(E) Fixed Rate. The Standard Coupon Fixed Rate set by the Exchange

(iv) Floating Leg

(A) Reset Frequency. Quarterly, Semi-Annually

(B) Day Count Convention. actual/360, actual/365

(C) Holiday Calendar. New York and London

(D) Business Day Convention. Modified Following with adjustment to period end dates. Business days in this convention must be valid business days on both the New York and London calendar. If not, it will be the next day that is a business day on both the New York and London calendar.

(E) Interest Rate Benchmark. LIBOR, Euribor, TIBOR

(v) Effective Date (also referred to as Start Date). The Effective date is the IMM date of the Series (i.e. the effective date of a June 2013 SCSM™ Swap is the June 2013 IMM date). This is the first date from which fixed and floating interest amounts accrue.

(vi) **Maturity Date.** The final date until which Fixed and Floating amounts accrue. The Maturity Date may also be referred to as the Termination Date or End Date. For a SCSM<sup>TM</sup> Swap, the Maturity Date will be the same calendar month and date as the Effective Date.

(vii) **Roll Day Convention.** The date used for determining all fixed and floating Reset Dates for the life of the swap after its Effective Date. Roll Days define the beginning and end of Fixed and Floating interest accrual periods. Roll Day marks the start of a new interest accrual period, and is the day on which a Reset Rate takes effect. For a SCSM<sup>TM</sup> Swap, Roll Day is the same date of the month as the Effective Date.

(viii) **Floating Reset Dates.** Dates utilized to determine the Floating Rate amounts for each interest accrual period during the life of the swap after its Effective Date. The Reset Date is 2 London business days prior to the Roll Date that begin each interest accrual period.

(ix) **First Period Fixing Date.** The Fixed Rate is equal to Standard Coupon Fixed Rate set by the Exchange. The Floating Rate for the first interest period is fixed 2 business days prior to the Effective Date.

EXHIBIT B  
trueEX LLC Rulebook  
August 22, 2014  
Clean



**TRUEEX LLC**

**RULEBOOK**

**AUGUST 22, 2014**

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## CHAPTER 1 DEFINITIONS

### **RULE 101. Definitions**

When used in this Rulebook the following terms shall have the respective meanings as follows:

“Admin ID” means a unique identifier assigned by the Exchange to an Admin User, which enables the Exchange to identify the natural person accessing the administrative functionality of the Platform.

“Administrative User” or “Admin User” means a natural person of the Participant, Sponsored Access Customer or Clearing Firm designated by the Participant, Sponsored Access Customer or Clearing Firm to access and use the Platform for administrative purposes only.

“Affiliate” means, with respect to any juridical entity, any Person that directly or indirectly through one or more intermediaries, controls such entity, is controlled by such entity, or is under common control with such entity.

“Appeal Panel” means a panel comprised of a chair and two individuals appointed by the Board to consider appeals under Chapter 6.

“Applicable Law” means, with respect to any Person, any statute, law, regulation, rule or ordinance of any governmental or self-regulatory authority applicable to such Person, including the CEA and CFTC Regulations.

“Authorized Contact” has the meaning set forth in Rule 538(a)(ii).

“Authorized Representative” has the meaning set forth in Rule 310.

“Authorized Trader” means (a) with respect to a Participant, a natural person who is either an employee of, or is an agent of, such Participant and who is duly authorized to exercise Trading Privileges of such Participant, and (b) with respect to a Sponsored Access Customer, a natural person who is either an employee of, or is an agent of, such Sponsored Access Customer and who is duly authorized to exercise Trading Access of such Sponsored Access Customer granted by the Sponsoring Participant.

“Authorized User” means a natural person that is assigned a User ID or Admin ID.

“Block Trade” means a “publicly reportable swap transaction”, as that term is defined in CFTC Regulation 43.2, involving a Contract that is a swap which:

- (i) is not executed on the Platform but is executed pursuant to the rules and procedures of the Exchange;
- (ii) has a notional or principal amount at or above the minimum threshold applicable to the Contract as set forth in Chapter 10; and
- (iii) is reported to the Exchange pursuant to Rule 542.

“Board” means the board of managers of the Exchange, which manages the Exchange and is constituted from time to time in accordance with the Operating Agreement.

“Bunched Order” is a single Order entered on the Platform on behalf of multiple Clients.

“Business Day” means a day on which the Exchange is open for trading as shall be established, and may be revised from time to time, by the Exchange pursuant to Rule 503.

“CFTC” or “Commission” means the U.S. Commodity Futures Trading Commission.

“CFTC Regulations” means the rules and regulations promulgated by the CFTC, as amended.

“Chief Compliance Officer” means the individual appointed by the Board as the Exchange’s chief compliance officer for the SEF Trading System.

“Chief Executive Officer” means the individual appointed by the Board as the Exchange’s chief executive officer.

“Chief Regulatory Officer” means the individual appointed by the Board as the Exchange’s chief regulatory officer for the DCM Trading System.

“Clearing Firm” means a Person that is a member of a Clearing House that has been approved by such Clearing House to clear trades in any or all of the Contracts and has been admitted as a Clearing Firm by the Exchange.

“Clearing House” means a Derivatives Clearing Organization that has an agreement with the Exchange to provide clearing services with respect to any or all Contracts.

“Clearing House Rules” means the certificate of incorporation or equivalent constitutive document, the by-laws and any rule, interpretation, stated policy, or instrument corresponding to any of the foregoing, in each case as adopted or amended from time to time by a Clearing House.

“Client” means a person that has granted investment discretion to a Participant, Sponsored Access Customer or Direct Access Customer to enter Orders, execute Transactions and provide pre-execution and post-execution allocation services on, or through the Platform, in the name of and on behalf of such person.

“CME” means the Chicago Mercantile Exchange, Inc., or its successor.

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

“Contract” means any contract, agreement, or transaction approved for trading on the Exchange and pursuant to the Rules.

“Contract Market” has the meaning set forth in CFTC Regulation § 1.3(h).

“Contract Specifications” means, with respect to any Contract, the rules or other trading protocols containing specifications for such Contract, as adopted, amended, supplemented or otherwise modified from time to time by the Exchange.

“Control” means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of securities, by contract, or otherwise. The terms “controlling” or “controlled” shall have meanings correlative to the foregoing.

“Control Desk” has the meaning set forth in Rule 538.

“Continuing Session” has the meaning set forth in Rule 539.

“Cross Trade” has the meaning set forth in Rule 520.

“CTI” means the customer type indicator set forth in Rule 522(d).

“Customer” means any person for whom a Participant transacts on behalf of, on or through the Platform, on a non-discretionary basis.

“DCM Trading System” means the electronic trading system of the DCM established and operated by the Exchange for the purpose of entering into certain Required Transactions and certain Permitted Transactions.

“De-registration Basis” means, with respect to a Person, any basis upon which the CFTC could, subject to applicable procedural requirements, refuse to register, register conditionally, or suspend or place restrictions upon the registration of such Person under Section 8a(2) of the CEA.

“Direct Access Customer” means a person for whom a Participant has agreed to provide Trading Access using the Firm ID of the Participant. A Direct Access Customer may trade for its own account or for Clients.

“Direct Access Trader” means a natural person who is either an employee of, or an agent of, a Direct Access Customer and who is duly authorized to exercise Trading Access granted to a Direct Access Customer.

“Derivatives Clearing Organization” or “DCO” has the meaning set forth in Section 1a(15) of the CEA.

“Designated Contract Market” or “DCM” has the meaning set forth in CFTC Regulation § 1.3(h).

“Designated Self-Regulatory Organization” or “DSRO” shall, unless otherwise provided, have the meaning attributed to such term in CFTC Regulation § 1.3(ff).

“Director” means any member of the Board.

“Disciplinary Action” has the meaning set forth in Rule 601(c).

“Disciplinary Offense” has the meaning set forth in CFTC Regulation § 1.63(a)(6).

“Disciplinary Panel” means a Review Panel or a Hearing Panel appointed by the Board at the recommendation of the Chief Compliance Officer or the Chief Regulatory Officer to act in an adjudicative role and fulfill various adjudicative responsibilities and duties described in Chapter 6.

“DOJ” means the United States Department of Justice.

“Electronic Audit Trail” has the meaning set forth in Rule 522(b)(i).

“Eligible Contract Participant” or “ECP” has the meaning set forth in Section 1a(18) of the CEA and CFTC Regulation 1.3(m).

“Emergency” means any occurrence or circumstance which, in the opinion of the Board, or a designee duly authorized by the Board to issue such an opinion, requires immediate action, and which threatens, or may threaten, such things as the fair and orderly trading in, or the liquidation of or delivery pursuant to, any Contract, or the timely collection and payment of funds in connection with clearing and settlement by a Clearing House, including:

(i) any circumstance that may materially affect the performance of any Contract or Contracts, including failure of the payment system or the bankruptcy or insolvency of any Participant or Clearing Firm;

(ii) any action taken by any governmental body (whether national, state or municipal), including the United States or foreign regulatory, self-regulatory, judicial, arbitral, 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 board of trade, market or facility which, in any such case, may have a direct impact on trading on the Exchange or clearing and settlement of any Contract;

(iii) any actual, attempted or threatened corner, squeeze, congestion, or undue concentration of positions in any Contract or Contracts;

(iv) any other circumstance that may have a severe, adverse effect upon the functioning of the Exchange; or

(v) any manipulative or attempted manipulative activity in connection with a Contract.

“Emergency Action” has the meaning set forth in Rule 214(a).

“Emergency Rules” has the meaning set forth in Rule 214(a).

“Emergency Disciplinary Action” has the meaning set forth in Rule 618(a).

“End-User Clearing Exception” means the exemption from the clearing requirement set forth in Section 2(h)(7) of the CEA.



“End-User Transaction” shall mean a Transaction exempt from the clearing requirement of Section 2(h)(1) of the CEA because one of the counterparties to the Transaction is entitled to and has elected to use the End-User Clearing Exception.

“Exchange” means trueEX LLC.

“Exchange Access Committee” means the committee of the Board constituted in accordance with Rule 207.

“Exchange Official” means any Director or Officer of, or individual employed directly by, the Exchange or any individual rendering similar services to the Exchange under an administrative or similar agreement.

“Exchange Panel” has the meaning set forth in Rule 212(b).

“Exchange Proceeding” has the meaning set forth in Rule 215(a).

“Exchange Regulation Department” means all Exchange Officials or agents of the Exchange that assist the Exchange in the implementation, surveillance and enforcement of the Rules and Applicable Law.

“Final Decision” has the meaning set forth in CFTC Regulation § 1.63(a)(5).

“Firm ID” means a unique ID assigned by the Exchange to a Participant or to a Sponsored Access Customer, which is used to identify such Participant or such Sponsored Access Customer accessing the Platform.

“Futures Commission Merchant” or “FCM” has the meaning set forth in Section 1a(28) of the CEA.

“Hearing Panel” means a panel selected in accordance with Rule 610 that is authorized to perform such roles and subject to such obligations as Chapter 6 contemplates.

“Government Agency” means any governmental entity, body or agency of any government (including the United States, a State, or a foreign government).

“Iceberg Order” means an Order that shall be divided into a displayed portion and a reserve portion in accordance with a fixed display size designated in such Order.

“Immediate Relation” means, with respect to a natural person, a spouse, parent, child, or sibling of such natural person, in each case, whether by blood, marriage, or adoption, or any person residing in the home of such natural person or an Immediate Relation of such natural person.

“Interested Person” has the meaning set forth in Rule 215(a).

“Interest Rate Swap” means a Contract for an interest rate swap of the form provided for in Chapter 10.

“Introducing Broker” or “IB” has the meaning set forth in Section 1a(31) of the CEA.

“Investigation” means an investigation conducted by the Exchange Regulation Department pursuant to Chapter 6.

“Investigative Report” has the meaning set forth in Rule 603(b).

“ISV” means independent software vendor.

“LCH” means LCH.Clearnet Limited.

“Limit Order” means an Order to purchase or sell a Contract at a specified price or better.

“Liquidity Provider” means a Participant authorized by the Exchange to participate in a Liquidity Provider program under Rule 317.

“Major Swap Participant” has the meaning set forth in CFTC Regulation § 1.3(qqq).

“Market Data” has the meaning set forth in Rule 904.

“Market Equilibrium Price” has the meaning set forth in Rule 539.

“Market Notice” means a notice published by the Exchange on its Web Site.

“Market Price” has the meaning set forth in Rule 541(c)(ii).

“Matched Session” has the meaning set forth in Rule 539.

“Material Relationship”, with respect to a Director, has the meaning set forth in Appendix B to CFTC Part 38, Core Principle 16 of section 5(d) of the CEA, §(b)(2).

“NFA” means the National Futures Association.

“No Bust Range” means the price range specified with respect to each Contract traded on the Platform, as such range is published by the Exchange from time to time, within which trades that are reviewed pursuant to Rule 541 will not be busted or adjusted, except as set forth in the Rules.

“Nominating Committee” means the committee of the Board constituted in accordance with Rule 206.

“Non-Public Information” means any information that the Exchange owns or otherwise deems confidential, including intellectual property belonging to: (i) the Exchange; or (ii) a third party, which property the Exchange receives on a confidential basis.

“Notice of Charges” shall have the meaning set forth in Rule 606(a).

“Officer” has the meaning attributed to such term in Rule 203.

“Operating Agreement” means the Limited Liability Company Agreement of trueEX LLC as the same may be amended from time to time.

“Order” means either a bid or an offer for a Contract.

“Participant” means a person that is granted Trading Privileges by the Exchange to access or utilize the Platform.

“Participant Documentation” means the agreements (together with any applicable schedules, exhibits or appendices thereto required by the Exchange) in form and substance acceptable to the Exchange, which are required to be executed and delivered to the Exchange.

“Permitted Transaction” means any transaction involving a Contract that is not a Required Transaction.

“Person” or “person” has the meaning set forth in Section 1a(38) of the CEA.

“Platform” means the Exchange electronic trade execution system that is used for trading Contracts on the DCM Trading System and/or the SEF Trading System, including any licensed software that is a part thereof from time to time, and any successor electronic trading system thereto.

“Proprietary Account” has the meaning set forth in CFTC Regulation § 1.3(y).

“Public Director” means a Director who has been found by the Board, on the record, to have no Material Relationships with the Exchange in accordance with Rule 202(e).

“Public Participant” [means a person who would not be disqualified from serving as a Public Director by CFTC Regulation § 40.9(c)(2)][has the meaning set forth in CFTC Regulation § 40.9(c)(3)].<sup>1</sup>

“Real-Time Data” means swap transaction and pricing data described in Part 43 of CFTC Regulation and Appendix A to Part 43.

“Regulatory Oversight Committee” means the committee of the Board constituted in accordance with Rule 208.

“Reporting Party” has the meaning set forth in Rule 545.

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<sup>1</sup> [NTD: Pending final version of Conflicts of Interest Notice of Proposed Rulemaking.]

“Required Transaction” means any transaction involving a swap that is required by Section 2(h)(8) of the CEA to be executed on, or pursuant to the rules of, a SEF or a DCM and that is not a Block Trade or an End-User Transaction.

“Review Panel” means a panel selected in accordance with Rule 610 that is authorized to perform such roles and subject to such obligations as Chapter 6 contemplates.

“Rule” means any term or provision of the Participant Documentation, Rulebook, interpretations, orders, resolutions, advisories, notices, statements of policy, decisions, manuals and directives of the Exchange in part or in whole.

“Rulebook” means this trueEX LLC Rulebook.

“SEC” means the U.S. Securities and Exchange Commission.

“SEF Trading System” means the electronic trading system of the SEF established and operated by the Exchange for the purpose of entering into Permitted Transactions and certain Required Transactions.

“Self-Regulatory Action” has the meaning set forth in Rule 215(a).

“Self-Regulatory Organization” or “SRO” shall, unless otherwise provided, have the meaning set forth in CFTC Regulation § 1.3(ee) and, in addition, shall include a Derivatives Clearing Organization.

“Settlement Agreement” has the meaning set forth in CFTC Regulation § 1.63(a)(7).

“Settlement Price” means the official daily closing price for a Contract calculated each Business Day, as determined by the relevant Clearing Houses in accordance with Rule 804, and used for all open positions at the close of the daily settlement cycle.

“Serious Disciplinary Offense” means, with respect to a natural person, that such person committed any serious disciplinary offense, such as: (1) was found within the prior three years by a Final Decision of a Self-Regulatory Organization, an administrative law judge, a court of competent jurisdiction, or the CFTC to have committed a Disciplinary Offense; (2) entered into a Settlement Agreement within the prior three years in which any of the findings, or in the absence of such findings, any of the acts charged, included a Disciplinary Offense; (3) currently is suspended from trading on any Designated Contract Market, is suspended or expelled from membership with any Self-Regulatory Organization, is serving any sentence or probation or owes any portion of a fine imposed pursuant to either: (a) a finding by a Final Decision of a Self-Regulatory Organization, an administrative law judge, a court of competent jurisdiction or the CFTC that such person committed a Disciplinary Offense, or (b) a Settlement Agreement in which any of the findings or, in the absence 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; (4) currently is 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) currently is subject to or has had imposed on him within the prior three years a CFTC 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) currently is subject to a denial, suspension or disqualification from serving on the disciplinary committee, arbitration panel or governing board of any “self-regulatory organization” as that term is defined in section 3(a)(26) of the Securities Exchange Act of 1934.

“Sponsored Access Customer” means a Person (other than a natural person or an ISV) in respect of which Sponsored Designation has occurred and is continuing.

“Sponsored Designation” has the meaning set forth in Rule 316.

“Sponsoring Participant” means a Participant that is an FCM and in respect of which Sponsored Designation has occurred and is continuing.

“Subject Person” means any Clearing Firm, Participant, Sponsored Access Customer or Direct Access Customer.

“Swap Data” means all of the terms of a swap matched and agreed by the counterparties to the swap on the Platform, or, in the case of swaps transacted away from but pursuant to the Rules of the Exchange, all of the terms of a swap verified by the counterparties to the swap on the Platform, including at a minimum, in any case, each of the terms included in the most recent Federal Register released by the CFTC listing minimum primary economic terms for swaps in the relevant swap asset class.

“Swap Data Repository” or “SDR” has the meaning set forth in Section 1a(48) of the CEA.

“Swap Dealer” has the meaning set forth in CFTC Regulation 1.3(ppp).

“Swap Execution Facility” or “SEF” has the meaning set forth in CFTC Regulation Section 1.3(rrrr).

“Technology Services Agreement” means the agreement(s) between the Exchange and the Technology Services Provider whereby technology services are provided to the Exchange.

“Technology Services Provider” means the organization, if any, which provides technology services to the Exchange.

“TRADEON Session” has the meaning set forth in Rule 539.

“Trading Access” shall mean the ability of (a) a Direct Access Customer to transmit Orders and execute Transactions electronically on the Exchange via access to a system provided by a Participant and (b) a Sponsored Access Customer to access the Platform directly by means of the Trading Privileges of a Sponsoring Participant, including the ability to enter Orders and execute Transactions.

“Trading Hours” means, for any Business Day, (a) with respect to the DCM Trading System, the hours during which Orders may be placed on the DCM Trading System, and (b) with respect to the SEF Trading System, the hours during which requests for quotes to enter into a Contract may be made, or Orders may be placed, on the SEF Trading System, in each case, as shall be established, and may be revised from time to time, by the Exchange pursuant to Rule 503.

“Trading Privilege” means any right granted to a Participant to transmit Orders and execute Transactions for Contracts on or through the Platform.

“Trading Protocol Committee” means the committee of the Board constituted in accordance with Rule 211.

“Transaction” means any purchase or sale of any Contract made on the Exchange.

“Transfer Trade” has the meaning set forth in Rule 541(h).

“trueEX Group” means trueEX Group LLC.

“trueEX Party” has the meaning set forth in Rule 537(a).

“User ID” means a unique identifier assigned by the Exchange to an Authorized Trader, which enables the Exchange to identify the natural person accessing the trading functionality of the Platform.

“Web Site” means the web site maintained by the Exchange at [www.trueEX.com](http://www.trueEX.com).

**RULE 102. Rules of Construction** The following rules of construction shall apply to the Rules:

(a) References to any juridical person or Government Agency include any successor to such juridical person or Government Agency.

(b) References to any agreement, policy, statute or regulation refer to such agreement, policy, statute or regulation as amended, modified, supplemented, replaced or renumbered from time to time (and, in the case of statutes, include any rules and regulations promulgated under the statute) and references to any section of any agreement, policy, statute or regulation include any successor to such section.

(c) Words denoting a singular number include the plural number where the context permits and vice versa.

(d) References to any gender include each other gender.

(e) All references to time are to local time in New York, New York except where expressly provided otherwise.

(f) The headings are for convenience only and do not affect the construction of the Rules.

(g) Wherever the word “include”, “includes”, or “including” is used, it shall be deemed to be followed by the words “without limitation”.

(h) For purposes of constructing the rules in Chapters 4, 5, 6 and 9 of the Rulebook, references to the term "Participant" refer to both of the terms, "Participant" and "Sponsored Access Customer", and references to the term "Trading Privileges", if any, refer to both of the terms, "Trading Privileges" and "Trading Access".

**RULE 103. Amendment of Rules**

New Rules of the Exchange may be adopted, and existing Rules of the Exchange may be amended or repealed, in each instance in the Exchange’s discretion, and at any time. All such new Rules of the Exchange, amendments or repeals will be published on the Web Site in a Market Notice and shall become effective on and from the date specified in the relevant Market Notice.

**CHAPTER 2**  
**EXCHANGE OWNERSHIP AND GOVERNANCE**

**RULE 201. Management**

The Exchange is a Delaware limited liability company. The management and operation of the Exchange are governed by the Operating Agreement.

**RULE 202. Board**

(a) The Board shall manage the day to day business operations of the Exchange. The Board has the power and authority to call for review, and to affirm, modify, suspend or overrule, any and all decisions and actions of standing committees or special committees of the Board or any panel of the Officers related to the day to day business operations of the Exchange.

(b) The Board may act only by the decision of an absolute majority in number of the Directors by vote at a meeting, by unanimous written consent without a meeting, or as otherwise set forth in the Operating Agreement.

(c) At all times, at least 35% of the Directors shall be Public Directors. Each Director (including Public Directors) 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.

(d) Each Director is entitled to indemnification pursuant to the Operating Agreement with respect to matters relating to the Exchange.

(e) To qualify as a Public Director, an individual must be found, by action of the Board, to have no Material Relationship with the Exchange. The Board must make such finding upon the nomination or appointment of the Public Director and as often as necessary in light of all circumstances relevant to such Public Director, but in no case less than annually.

(f) The members of the Board, including the Public Directors, shall be of good repute and, where applicable, have sufficient expertise in financial services and risk management.

(g) Each Director shall satisfy all fitness standards and otherwise meet all the requirements under the CEA and CFTC Regulations for serving as a director of a DCM and SEF.

(h) The compensation of the Public Directors and other non-executive members of the Board shall not be linked to the business performance of the Exchange.

(i) The Board shall review its performance and that of its individual members annually and shall consider periodically using external facilitators for such review.

(j) The Board shall have procedures, as may be further set forth in policies that the Exchange may adopt, to remove a member from the Board where the conduct of such member is likely to be prejudicial to the sound and prudent management of the Exchange.

**RULE 203. Officers**

(a) The Board shall appoint a Chief Compliance Officer, a Chief Executive Officer, a Chief Regulatory Officer, and such other officers of the Exchange (each, an "Officer") as it may deem necessary or appropriate from time to time, in accordance with the Operating Agreement.

(i) The Board shall approve the compensation of the Chief Compliance Officer and the vote of the majority of the Board is required to remove the Chief Compliance Officer.

(ii) The Exchange shall notify the CFTC of the appointment or removal of the Chief Compliance Officer within two Business Days of such appointment or removal.

(b) Any Officer may also be a director, officer, partner or employee of the Exchange or any of its Affiliates.

(c) The Officers shall have such powers and duties in the management of the Exchange as the Board may prescribe from time to time, subject to the terms of the Operating Agreement.

(d) Each Officer is entitled to indemnification pursuant to the Operating Agreement with respect to matters relating to the Exchange.

**RULE 204. Qualifications of Directors, Disciplinary Panel Members, Appeal Panel Members, Committee Members, Owners and Officers**

(a) A Director or Officer must meet the qualifications set forth in the Operating Agreement.

(b) An individual may not serve as a Director, or serve on a committee established by the Board, a Disciplinary Panel or an Appeal Panel, if the individual has committed any Serious Disciplinary Offense in the preceding three years.

(c) An individual may not serve as a Director or an Officer, or serve on a committee established by the Board, a Disciplinary Panel or an Appeal Panel, or, directly or indirectly, own greater than 10% of any one class of equity interest in the Exchange if a De-registration Basis exists with respect to such individual.

(d) Any Director, Officer, member of a committee established by the Board, any member of a Disciplinary Panel, or Appeal Panel, any individual nominated to serve in any such role, any individual who, directly or indirectly, owns greater than 10% of any one class of equity interest in the Exchange and any individual authorized by the Exchange Regulation Department to take summary action shall immediately notify the Chief Executive Officer if such individual meets one or more applicable criteria in Rule 204(b) or Rule 204(c).

**RULE 205. Standing Committees**

(a) The Board shall initially have four standing committees: the “Nominating Committee”, the “Exchange Access Committee”, the “Regulatory Oversight Committee” and the “Trading Protocol Committee”. The Board may from time to time constitute and appoint in accordance with the Operating Agreement, such additional standing committees of the Board as it may from time to time deem necessary or advisable.

(b) Each member of such standing committees must be a Director. Each standing committee shall have a chairperson who shall be designated by the Board.

(c) Each standing committee may supervise, manage or control the affairs of the Exchange to the extent it is duly authorized to do so by the Board.

(d) Subject to the authority of the Board, each standing committee shall determine the manner and form in which its proceedings shall be conducted. Each standing committee may act only by the decision of an absolute majority in number of the members of such committee, by vote at a meeting or by

unanimous written consent without a meeting. The Board has the authority to overrule the decisions of any standing committee.

**RULE 206. Nominating Committee**

(a) The Nominating Committee of the Board shall consist of three Directors appointed from time to time by the Board, two of which shall be Public Directors. The Nominating Committee shall be chaired by a Public Director.

(b) The Nominating Committee shall have authority and responsibility to:

(i) Identify individuals qualified to serve on the Board, consistent with the criteria that the Board requires and any composition requirement that the Commission promulgates; and

(ii) Administer a process for the nomination of individuals to the Board.

(c) The Nominating Committee shall report to the Board.

**RULE 207. Exchange Access Committee**

(a) The Exchange Access Committee of the Board shall consist of three Directors appointed from time to time by the Board, two of which shall be Public Directors.

(b) The Exchange Access Committee shall have authority and responsibility to:

(i) Determine the standards and requirements for initial and continuing Participant, Sponsored Access Customer and Clearing Firm eligibility;

(ii) Review any determination that a Person (1) fails to satisfy the criteria to qualify as a Participant, Sponsored Access Customer or Clearing Firm or (2) is denied Trading Privileges pursuant to Rule 305(a); and

(iii) Approve rules that would result in different categories or classes of Participants receiving disparate access to the Exchange.

(c) In reviewing appeals of staff denials of Participant applications, the Exchange Access Committee shall not uphold any staff denial if the relevant application meets the standards and requirements that such committee sets forth.

(d) The Exchange Access Committee shall not, and shall not permit the Exchange to, restrict access or impose burdens on access in a discriminatory manner, within each category or class of Participants or between similarly-situated categories or classes of Participants.

(e) The Exchange Access Committee reports to the Board. In the event that the Board rejects a recommendation or supersedes an action of the Exchange Access Committee, the Exchange shall submit a written report to the CFTC detailing: (1) the recommendation or action of the Exchange Access Committee; (2) the rationale for such recommendation or action; (3) the rationale of the Board for rejecting such recommendation or superseding such action; and (4) the course of action that the Board decided to take contrary to such recommendation or action.

**RULE 208. Regulatory Oversight Committee**

(a) The Regulatory Oversight Committee of the Board shall consist of at least two Public Directors appointed from time to time by the Board.



(b) Each member of the Regulatory Oversight Committee shall serve for a term of two calendar years from the date of her appointment or for the remainder of her term as a Public Director, and until the due appointment of her successor, or until her earlier resignation or removal, with or without cause, as a member of the Regulatory Oversight Committee or as a Public Director. A member of the Regulatory Oversight Committee may serve for multiple terms.

(c) The Regulatory Oversight Committee shall oversee the Exchange's regulatory program on behalf of the Board. The Board shall delegate sufficient authority, dedicate sufficient resources, and allow sufficient time for the Regulatory Oversight Committee to fulfill its mandate. It shall make such recommendations to the Board as will, in its judgment, best promote the interests of the Exchange. The Regulatory Oversight Committee shall also have such other powers and perform such other duties as set forth in the Rules and as the Board may delegate to it from time to time or as required under CFTC rules.

(d) Without limiting the generality of the foregoing, the Regulatory Oversight Committee shall have authority and responsibility to:

(i) Monitor the regulatory program of the Exchange for sufficiency, effectiveness, and independence;

(ii) Oversee all facets of the regulatory program, including:

(A) Trade practice and market surveillance; audits, examinations, and other regulatory responsibilities with respect to Subject Persons (including ensuring compliance with, if applicable, financial integrity, financial reporting, sales practice, recordkeeping, and other requirements); and the conduct of Investigations;

(B) Reviewing the size and allocation of the regulatory budget and resources, and the number, hiring, termination, and compensation of regulatory personnel;

(C) Supervising the Chief Regulatory Officer of the Exchange, who will report directly to the Regulatory Oversight Committee;

(D) Recommending changes that would ensure fair, vigorous, and effective regulation; and

(E) Reviewing all regulatory proposals prior to implementation and advising the Board as to whether and how such changes may impact regulation.

(iii) Prepare an annual report assessing, for the Board and CFTC, the regulatory program of the DCM Trading System. Such report shall: (1) describe the self-regulatory program; (2) set forth the expenses of the regulatory program; (3) describe the staffing and structure of the same; (4) catalogue Investigations and disciplinary actions taken during the year; and (5) review the performance of disciplinary committees and panels.

(e) The Regulatory Oversight Committee reports to the Board. In the event that the Board rejects a recommendation or supersedes an action of the Regulatory Oversight Committee, the Exchange shall submit a written report to the CFTC detailing: (1) the recommendation or action of the Regulatory Oversight Committee; (2) the rationale for such recommendation or action; (3) the rationale of the Board for rejecting such recommendation or superseding such action; and (4) the course of action that the Board decided to take contrary to such recommendation or action.

**RULE 209. Chief Compliance Officer**

(a) The Chief Compliance Officer shall have the background and skills appropriate for fulfilling the responsibilities of the position. No individual disqualified from registration pursuant to Sections 8a(2) or 8a(3) of the CEA may serve as a Chief Compliance Officer.

(b) The Chief Compliance Officer shall report to and shall be supervised by the Board. The Chief Compliance Officer shall meet with the Board at least annually and with the Regulatory Oversight Committee at least quarterly. The Chief Compliance Officer shall provide any information regarding the Exchange's regulatory program that is requested by the Board or the Regulatory Oversight Committee.

(c) The Chief Compliance Officer shall have the authority and resources to develop and enforce policies and procedures necessary to fulfill the duties set forth for Chief Compliance Officers under the applicable CFTC Regulations. The Chief Compliance Officer shall have supervisory authority over all staff acting in furtherance of the Chief Compliance Officer's obligations.

(d) The Chief Compliance Officer's duties shall include:

(i) In consultation with the Board or the senior officer of the Exchange, resolving any conflicts of interest that may arise, and

(ii) Preparing and filing the annual compliance report of the SEF Trading System. Such report shall: (i) describe written policies and procedures, including the code of ethics and conflict of interest policies for the SEF Trading System; (ii) review the applicable CFTC Regulations and core principles of section 5h of the CEA, and with respect to each, identify the policies and procedures that are designed to ensure compliance with such CFTC Regulations and core principles, assess the effectiveness of such policy and/or procedure, and discuss any areas of improvement; (iii) list any material changes to such policies and procedures since the last annual report; (iv) describe the financial, managerial, and operational resources set aside for compliance; and (v) describe any material non-compliance issues.

**RULE 210. Chief Regulatory Officer**

(a) It shall be the duty of the Chief Regulatory Officer to enforce the Rules.

(b) The Chief Regulatory Officer shall have available to it at all times the resources of the Exchange Regulation Department and such other Exchange resources as may be necessary to conduct Investigations of alleged rule violations and market conditions.

(c) The Chief Regulatory Officer shall report to, and shall be supervised by, the Regulatory Oversight Committee.

(d) The Chief Regulatory Officer shall have the authority to inspect the books and records of all Participants in connection with their Trading Privileges, and Direct Access Customers and Sponsored Access Customers in connection with their Trading Access and the authority to require any such entity to appear before him or her and produce its books and records and answer questions regarding alleged violations of Rules, at the time, place and in the manner it designates. The Chief Regulatory Officer may also delegate such authority to staff of the Exchange Regulation Department.

(e) The Chief Regulatory Officer shall, in consultation with the Regulatory Oversight Committee or a senior compliance officer, resolve any conflict of interest pursuant to Rule 215.

**RULE 211. Trading Protocol Committee**

(a) The Trading Protocol Committee of the Board shall consist of three Directors appointed from time to time by the Board, two of whom shall be Public Directors.

(b) The Trading Protocol Committee shall have authority and responsibility to:

(i) Establish and modify from time to time Contract specifications and trading protocols and conventions for the Exchange;

(ii) Establish and modify position limits; and

(iii) Designate and modify from time to time products eligible for listing on the Exchange.

(c) The Trading Protocol Committee shall have such other powers and perform such other duties as set forth in the Rules and as the Board may delegate to it from time to time.

**RULE 212. Additional Board Committees and Exchange Panels**

(a) In addition to the standing committees, subject to the Operating Agreement, the Board may from time to time constitute and appoint special committees of the Board and designate their composition, responsibilities and powers. If any standing committee constituted by the Board exercises executive functions, then at least 35% and no fewer than two of such committee's members shall be Public Directors.

(b) The Exchange may create panels of the Exchange, for such purposes as may from time to time be necessary or advisable (each, an "Exchange Panel"). Members of each such panel may be Directors, natural persons of a Participant and such other natural persons, in each instance, as may be qualified to serve on such panel.

(c) Except as otherwise specifically provided in the Rules or the Operating Agreement, the members of any special committee or panel shall be appointed as determined by the Board. Each special committee and panel shall have a chairperson who shall be designated by the Board.

(d) Each additional committee established pursuant to Rule 212(a) or panel established pursuant to Rule 212(b) may supervise, manage or control the affairs of the Exchange to the extent it is duly authorized to do so by the Board.

(e) Subject to the authority of the Board, each additional committee or panel shall determine the manner and form in which its proceedings shall be conducted. Each additional committee or panel may act only by the decision of an absolute majority in number of the members of such committee or panel, either by vote at a meeting or by unanimous written consent without a meeting.

**RULE 213. Regulatory Changes to the Composition Requirements**

Should any of the Applicable Laws establishing minimum thresholds relating to the number or percentage of Public Directors that must serve on the Board or any committee pursuant to Rule 202(c), Rule 205(a), Rule 206(a), Rule 207(a) and Rule 208(a) be amended, the Rule imposing the relevant threshold or composition requirement shall be deemed amended to comply with such Applicable Laws without any further action of the Exchange to the extent permissible by law. Notice of such amendment shall be promptly made in accordance with Rule 312.

## **RULE 214. Emergency Rules**

(a) During an Emergency, the Exchange may implement temporary emergency procedures and rules (“Emergency Rules”) pursuant to Rule 214(b), subject to the applicable provisions of the CEA and CFTC Regulations.

Emergency Rules may require or authorize the Exchange, the Board, any committee of the Board or any Officer to take actions necessary or appropriate to respond to the Emergency (each such action, an “Emergency Action”), directly or through third party providers of clearing services, including, but not limited to, the following actions:

- (i) suspend or curtail trading or limit trading to liquidation for any Contract;
- (ii) extend or shorten the last trading date for Contracts;
- (iii) provide alternative settlement mechanisms for any Contract (including by altering the settlement terms or conditions or fixing the settlement price);
- (iv) order the transfer or liquidation of open positions in any Contracts; provided that if a Contract is traded on a platform in addition to the Exchange, the liquidation or transfer of open interests in such Contracts shall be as directed, or agreed to, by the CFTC or CFTC staff;
- (v) extend, shorten or change the Trading Hours or the expiration date of any Contract;
- (vi) temporarily modify or suspend any Rule, in whole or in part;
- (vii) require Participants to meet special margin or performance bonds requirements;
- (viii) order the transfer of customer Contracts and the associated margin; or
- (ix) impose or modify position limits, price limits, and intraday market restrictions.

Before taking an Emergency Action, (A) the effects of such Emergency Action on markets underlying the Contract(s) affected by such Emergency Action, on markets that are linked or referenced to such Contracts and similar markets on other trading venues shall be considered and documented as required under Rule 214(e) and (B) the Exchange shall notify and coordinate with any applicable Derivatives Clearing Organization.

(b) Before any Emergency Rule may be adopted and enforced, a required vote of the Regulatory Oversight Committee must approve the enforcement of such Emergency Rule at a duly convened meeting. Directors may attend such a meeting by teleconference. If the Chief Compliance Officer or the Chief Regulatory Officer determines that Emergency Rules must be implemented with respect to an Emergency before a meeting of the Regulatory Oversight Committee can reasonably be convened, then the Chief Compliance Officer or the Chief Regulatory Officer shall have the authority, without Board or committee 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 Compliance Officer or the Chief Regulatory Officer must convene a meeting as soon as practicable. Whenever the Regulatory Oversight Committee, the Chief Compliance Officer or the Chief Regulatory Officer takes an Emergency Action, a duly authorized representative of the Exchange, where possible, will post an announcement in a Market Notice.

(c) Either the Regulatory Oversight Committee, the Chief Compliance Officer or the Chief Regulatory Officer may determine that an Emergency has been reduced sufficiently to allow the Exchange

to resume normal functioning, in which case any Emergency Actions responding to such Emergency will be terminated and a duly authorized representative of the Exchange will post an announcement in a Market Notice.

(d) The Exchange will use reasonable efforts to notify the CFTC prior to implementing, modifying or terminating an Emergency Rule. If such prior notification is not possible or practicable, the Exchange will notify the CFTC as soon as possible or reasonably practicable, but in any event no longer than 24 hours after implementing, modifying or terminating such rule.

(e) Upon taking any Emergency Action, the Exchange will document the decision-making process related to such Emergency Action, including the process for minimizing conflicts of interest, the process for notifying and coordinating with any applicable Derivatives Clearing Organization, the extent to which the Exchange considered the effect of its Emergency Action on the underlying markets and on markets that are linked or referenced to the Contract Market and similar markets on other trading venues, and reasons for using emergency authority under this Rule 214. Such documentation will be maintained in accordance with Rule 217.

#### **RULE 215. Conflicts of Interest**

(a) A Director, Officer, Disciplinary Panel member or other Person authorized to exercise the Exchange's authority concerning any inquiry, investigation, disciplinary proceeding (including any summary proceeding or Emergency Disciplinary Action) or appeal from any of the foregoing (any such action, an "Exchange Proceeding"), or Emergency Action taken pursuant to Rule 214 (each such Exchange Proceeding or Emergency Action, a "Self-Regulatory Action") who knowingly has a "material conflict of interest" between his or her position as a Director, Officer, panel member or exercise of authority concerning a Self-Regulatory Action and his or her personal interests (each, an "Interested Person") may not participate in any deliberations or vote of the Board Committee, panel or exercise any authority with respect to such Self-Regulatory Action involving his or her personal interest, except as described in Rule 215(d).

(b) For purposes of Rule 215(a), a Director, Officer, Disciplinary Panel member or other Person has a "material conflict of interest" with respect to a Self-Regulatory Action if such Person:

(i) is named as a respondent or potential respondent in such Self-Regulatory Action;

(ii) is an employer, employee or fellow employee of (x) a respondent or potential respondent in such Self-Regulatory Action, or (y) an Affiliate of a respondent or a potential respondent in such Self-Regulatory Action;

(iii) has any significant, ongoing business relationship with (x) a respondent or potential respondent in such Self-Regulatory Action, or (y) an Affiliate of a respondent or a potential respondent in such Self-Regulatory Action;

(iv) has a family relationship with a respondent or potential respondent in such Self-Regulatory Action (including as the respondent's or potential respondent's spouse, co-habitant, former spouse, parent, step-parent, child, step-child, sibling, step-sibling, grandparent, grandchild, uncle, aunt, nephew, niece, parent-in-law, or sibling-in-law);

(v) has a direct and substantial financial interest in the result of the deliberations or vote based upon either exchange or non-exchange positions (as referenced in CFTC Regulation § 1.69), other than a direct or indirect equity or other interest in trueEX Group, that could reasonably be expected to be affected by such Self-Regulatory Action. A direct and substantial financial interest includes positions in Contracts in accounts of, controlled by, or affiliated with the

Interested Person or in any other types of direct and substantial financial positions of the Interested Person that are reasonably expected to be affected by the deliberations or vote; or

(vi) otherwise has personal interests that may be prejudiced by a fair and impartial exercise of such Person's authority with respect to such Self-Regulatory Action.

(c) Before considering any Self-Regulatory Action, an Interested Person must disclose in writing to the Board the material facts concerning his or her relationship or interest in the matter.

(d) Any Interested Person who would be required otherwise to abstain from deliberations and voting pursuant to Rule 215(a) as a result of having a direct and substantial financial interest in the result of the deliberations and vote may participate in deliberations, prior to a vote on the matter, if:

(i) the material facts about the Interested Person's financial interest in the matter are disclosed or known to the Board, Committee or Disciplinary Panel;

(ii) the Board, Committee or Disciplinary Panel determines that the participation by the Interested Person would be consistent with the public interest; and

(iii) a majority of the Directors (excluding any Interested Persons) vote to allow the Interested Person to participate in deliberations on the matter.

(e) If a determination is made pursuant to Rule 215(d) that an Interested Person may participate in deliberations prior to a vote, then the minutes of the meeting of the Board or committee thereof will reflect the determination and the reasons for the determination.

(f) If a determination is made that all Directors are Interested Persons with respect to a matter subject to a vote by the Board, 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 Board would have had if the Directors were not Interested Persons with respect to such matter.

**RULE 216. Material, Non-Public Information**

(a) Absent prior written consent from the Exchange, a direct or indirect owner of the Exchange, a Director, Officer, member of any committee or panel established by the Board (including any Disciplinary Panel and Appeal Panel), member of the Exchange Regulation Department, or other employee of the Exchange shall not during his or her association with the Exchange or thereafter:

(i) trade, directly or indirectly, any Contracts traded on the Exchange;

(ii) trade, directly or indirectly, a contract, which is related to any Contract;

(iii) trade, directly or indirectly, in a contract, which is related to any Contract, traded on or cleared by contract markets, swap execution facilities, or clearing organizations other than the Exchange if the employee has access to material, non-public information concerning such contract;

(iv) trade, directly or indirectly, in a commodity interest traded on or cleared by a linked exchange if the employee has access to material, non-public information concerning such commodity interest; or

(v) disclose for any purpose (other than exercise of such person's ownership rights or performance of such person's official duties for the Exchange, as applicable) any non-public

information obtained as a result of the individual's ownership interest or performance of official duties for the Exchange

The written consent from the Exchange shall specify the scope of information that may be disclosed, to whom such information may be disclosed to, and the conditions, if any, that the recipient of such information must agree to prior to receiving such information.

(b) With prior written consent from the Exchange, a direct or indirect owner of the Exchange, and each Director, Officer, member of any committee or panel established by the Board (including any Disciplinary Panel and Appeal Panel), member of the Exchange Regulation Department, and other employee of the Exchange may participate in a pooled investment vehicle or other investment vehicle whose investments are directed by a third-party advisor if the individual has no direct or indirect control over transactions executed by the investment vehicles.

(c) Each direct or indirect owner of the Exchange, and each Director, Officer, member of any committee or panel established by the Board (including any Disciplinary Panel and Appeal Panel), member of the Exchange Regulation Department, and other employee of the Exchange shall take all appropriate steps to safeguard all non-public information obtained as a result of the individual's ownership interest or performance of official duties for the Exchange, as applicable, and to protect such information against disclosure, misuse, espionage, loss and theft.

(d) Each employee of the Exchange shall be required to adhere to the policies and guidelines of the Exchange as in effect from time-to-time and shall, when and as requested, execute an acknowledgement of the Exchange's conflict of interest policy in the form provided by the Exchange.

(e) Any employee that trades in a commodity interest, under the limited circumstances as permitted by this Rule 216, shall provide to the Exchange an annual certification that the employee has not traded in any Exchange Contracts or in any related commodity interest or other commodity interest covered by this Rule 216, and shall provide records of the commodity interest trades conducted by the employee in the past year.

(f) Notwithstanding anything to the contrary in this Rule 216, any direct or indirect owner of the Exchange, and any Director, Officer, member of any committee or panel established by the Board (including any Disciplinary Panel and Appeal Panel), member of the Exchange Regulation Department, and other employee of the Exchange may disclose any non-public information to any (i) Director, Officer, member of any committee or panel established by the Board (including any Disciplinary Panel and Appeal Panel), member of the Exchange Regulation Department, or any other employee of the Exchange to the extent necessary or useful for such person to perform his or her official duties for the Exchange, (ii) any outside advisor to the Exchange to the extent necessary or useful for such outside advisor to perform his or her official duties for the Exchange provided that such outside advisor is subject to confidentiality obligations substantively the same as those imposed on employees of the Exchange by this Rule 216 if required by the CFTC or another government agency or Self-Regulatory Organization, or (iv) if compelled to do so by valid legal process, provided that the individual or entity making such disclosure notifies the Exchange.

(g) For the purposes of Rule 216, the terms "material information," "non-public information," "linked exchange," "commodity interest" and "pooled investment vehicle" shall each have the meaning set forth in CFTC Regulation § 1.59(a).

#### **RULE 217. Maintenance of Books and Records by the Exchange**

(a) The Exchange shall keep, or cause to be kept, complete and accurate books and records, including all books and records required to be maintained pursuant to the CEA, and the CFTC Regulations.

(b) The Exchange shall retain all such books and records for at least five (5) years, and shall make such books and records readily accessible for inspection by the CFTC, the DOJ, the SEC, or by any representative of a prudential regulator as authorized by the CFTC during the first two (2) years of such five-year period; provided, however, that all records required to be kept relating to swap transactions must be retained with respect to each swap throughout the life of the swap and for a period of at least five years following the final termination of the swap; provided further that each record related to a swap transaction shall be (i) readily accessible via real time electronic access throughout the life of the swap and for the two years following the final termination of the swap, and (ii) for the remaining three years of the five year period following the final termination of the swap, such record shall be retrievable within three business days.

**RULE 218. Information-Sharing Agreements**

(a) The Exchange shall share information with other regulatory organizations, data repositories, and third-party data reporting services as required by the Commission or as otherwise necessary and appropriate to fulfill its SRO and regulatory reporting responsibilities. The Exchange may enter into information-sharing agreements or other arrangements, including international information-sharing agreements, if the Exchange considers such arrangements necessary in the furtherance of the Exchange's purpose or duties under Applicable Law. As part of any information-sharing agreements or other arrangements entered into pursuant to this Rule, the Exchange may:

(i) provide market surveillance reports to the Commission and other Government Agencies, or as necessary for the Exchange to comply with its SRO obligations, to other markets;

(ii) share information and documents concerning current and former Participants, Sponsored Access Customers, Direct Access Customers and Authorized Traders with the Commission and other Government Agencies, and or as necessary for the Exchange to comply with its SRO obligations, with other markets;

(iii) share information and documents concerning ongoing and completed Investigations the Commission and other Government Agencies, or as necessary for the Exchange to comply with its SRO obligations, with other markets; or

(iv) require its current or former Participants, Sponsored Access Customers and Authorized Traders to provide information and documents to the Exchange at the request of the Commission or other Government Agency with jurisdiction over the Exchange or as necessary for the Exchange to comply with its SRO obligations; provided however, the Exchange will not require Participants and Sponsored Access Customers to provide information or documents regarding their Customers or Clients, if any, unless required by Applicable Law.

(b) The Exchange may disclose Transactions executed by its Participants, Sponsored Access Customers, Direct Access Customers, or their respective Customers or Clients, if any, to the Commission or other Government Agency, to an SDR where the Exchange reports Transactions pursuant to Parts 43 and 45 of the CFTC Regulations, to a Clearing House for clearing or other services related to such Transactions or to any other person as required by Applicable Law. The Exchange will not disclose any such information to any of the aforementioned persons without a corresponding confidentiality agreement between itself and such person unless the person requesting such information is a Government Agency.

**RULE 219. [RESERVED]**

**RULE 220. Services Agreement with a Technology Services Provider**

(a) The Exchange may contract with one or more Technology Services Providers to provide certain technology services to the Exchange pursuant to a Technology Services Agreement. In accordance



with a Technology Services Agreement, a Technology Services Provider may perform certain functions under the Rules and the Exchange may provide information to the Technology Services Provider in connection with the performance by the Technology Services Provider of those functions.

(b) The Exchange shall retain ultimate decision-making authority with respect to any functions that are contracted to a Technology Services Provider.

**CHAPTER 3**  
**ACCESS TO THE TRADING PLATFORM**

**RULE 301. Jurisdiction; Applicability of Rules**

ANY PERSON INITIATING OR EXECUTING A TRANSACTION ON OR SUBJECT TO THE RULES OF THE EXCHANGE DIRECTLY OR THROUGH AN INTERMEDIARY, AND ANY PERSON FOR WHOSE BENEFIT SUCH A TRANSACTION HAS BEEN INITIATED OR EXECUTED, EXPRESSLY CONSENTS TO THE JURISDICTION OF THE EXCHANGE AND AGREES TO BE BOUND BY AND COMPLY WITH ALL APPLICABLE RULES OF THE EXCHANGE TO THE EXTENT APPLICABLE TO IT, INCLUDING THOSE APPLIED PURSUANT TO APPLICABLE LAW.

**RULE 302. Participants**

- (a) A Person is eligible to become a Participant if such Person:
- (i) maintains good reputation and business integrity;
  - (ii) is not the subject of a proceeding seeking a judgment of insolvency, bankruptcy, liquidation, dissolution, or a similar action instituted by such Person or a regulator;
  - (iii) maintains all applicable registrations required by Applicable Law, including any registration required of an IB or FCM;
  - (iv) is not subject to a De-registration Basis;
  - (v) completes and submits the Participant Documentation;
  - (vi) is, and will continue to be an Eligible Contract Participant for as long as such Person is a Participant, and if such Person will be entering into Transactions on the Platform on behalf of a Customer or for a Client, such Customer or Client is and will continue to be an Eligible Contract Participant for as long as Participant accesses the Platform on behalf of such Customer or Client;
  - (vii) if organized or located outside of the United States, provides the Exchange with a copy of a written agreement acceptable to the Exchange appointing a third party as a U.S. agent for service of process of such Person for purposes of CFTC Regulation § 15.05;
  - (viii) if transacting for its own account, has established a clearing relationship with a Clearing Firm, or is a member of a Clearing House and is eligible to clear at such Clearing House the Contract(s) that such Person will execute on the Exchange; and
  - (ix) satisfies any other criteria that the Exchange may require from a Participant.

**RULE 303. Authorized Traders**

(a) Authorized Traders. Each Participant or Sponsored Access Customer may from time to time appoint one or more Authorized Traders. Authorized Traders shall be entitled to exercise Trading Privileges of a Participant, or exercise Trading Access given to a Sponsored Access Customer, subject to the terms and conditions of these Rules. A Participant or a Sponsored Access Customer, as the case may be, shall appoint an Authorized Trader by notifying the Exchange in writing, in a form acceptable to the Exchange, and the Exchange will maintain a list of all such designated Authorized Traders. The Exchange may, in its sole but reasonable discretion, suspend, revoke or otherwise condition the right of any

Authorized Trader to exercise the Trading Privileges of a Participant or exercise the Trading Access of a Sponsored Access Customer, and promptly notify the relevant Participant or Sponsored Access Customer in accordance with the procedures for notification established by the Exchange.

(b) Revocation by Participant or Sponsored Access Customers. Each Participant and each Sponsored Access Customer may, at any time, immediately terminate or suspend access of any of its Authorized Traders to the Platform using the electronic mechanism provided on the Platform. Participants and Sponsored Access Customers may also revoke an authorization granted by it to any of its Authorized Traders by providing written notice of such revocation to the Exchange. The Exchange shall terminate the access of an Authorized Trader to the Platform as soon as practicable following receipt by the Exchange of a notice of revocation in respect of such Authorized Trader, but in any event no later than: (i) the end of the calendar day on which notice of revocation is received by the Exchange, if such revocation is received during Trading Hours; or (ii) the commencement of Trading Hours on the Business Day following the calendar day on which revocation was received by the Exchange, if such notice of revocation is not received during Trading Hours.

(c) Responsibility of Participants and Sponsored Access Customers. Each Participant and each Sponsored Access Customer shall have reasonable procedures in place to determine on a routine, periodic basis that a De-registration Basis does not exist with respect to any of its Authorized Traders. Each Participant and each Sponsored Access Customer shall ensure that each of its Authorized Traders is technically proficient in the use of the Platform.

**RULE 304. [RESERVED]**

**RULE 305. Trading Privileges**

(a) Subject to Rule 302(a), the Exchange shall grant Trading Privileges to Participants, and Participants shall have the right to exercise Trading Privileges for Proprietary Accounts and accounts of Customers and Clients and to grant Trading Access to Sponsored Access Customers and Direct Access Customers. Trading Privileges are non-assignable, non-transferable and may not be sold or leased. A grant of Trading Privilege by the Exchange does not convey any equity or other form of interest in the Exchange, including voting rights or rights to receive any dividends or other distributions, whether arising from a dissolution, merger, consolidation involving the Exchange or otherwise.

(b) Subject to Rule 308(b), the Exchange may deny a Person's Trading Privileges or revoke, suspend or otherwise condition a Person's Trading Privileges, in whole or in part,:

(i) if such Person is unable to satisfactorily demonstrate a capacity to adhere to all applicable Rules and Applicable Law;

(ii) if such Person is unable to satisfactorily demonstrate its ability to satisfy the eligibility criteria to obtain or retain Trading Privileges;

(iii) if such Person would bring the Exchange into material disrepute, as determined by the Exchange in its sole but reasonable discretion; or

(iv) for such other cause as the Exchange reasonably may decide in good faith.

**RULE 306. [RESERVED]**

**RULE 307. [RESERVED]**

**RULE 308. Scope and Continuation of Rights and Privileges**

(a) A Participant whose Trading Privileges are denied pursuant to Rule 305(b), or revoked, suspended or conditioned pursuant to Rule 305(c), or a Sponsored Access Customer whose Trading Access has been terminated or suspended by the Exchange pursuant to Rule 316(b), may appeal that determination of the Exchange in accordance with Chapter 6.

(b) Any Participant whose Trading Privileges are revoked, terminated, suspended or otherwise conditioned, and each of its Authorized Traders, or any Sponsored Access Customer whose Trading Access is terminated or suspended by the Exchange and each of its Authorized Traders, shall remain bound by the applicable Rules and subject to Applicable Law and jurisdiction of the Exchange with respect to any and all matters arising from, related to, or in connection with, the status, actions or omissions of such Participant or Sponsored Access Customer, prior to such revocation, termination, suspension or other condition.

**RULE 309. Dues, Assessments and Fees**

(a) The Exchange shall have the authority to set the amounts and times of payment for any dues, assessments or fees (including Platform fees, clearing fees, brokerage and any transaction surcharges) to be paid by Participants or Sponsored Access Customers, which dues, assessments, and fees shall be paid to the Exchange when due. The Exchange shall publish the fees on its Web Site, and may modify them from time to time.

(b) If a Participant fails to pay when due, any dues, assessments or fees levied on such Participant by the Exchange, and such payment obligation remains unsatisfied for thirty (30) days after its due date, the Exchange may suspend, revoke, limit, condition, restrict or qualify the Participant's Trading Privileges or ability to otherwise access the Platform as it deems necessary or appropriate.

(c) If a Sponsored Access Customer fails to pay when due, any dues, assessments or fees levied on such Sponsored Access Customer by the Exchange, and such payment obligation remains unsatisfied for thirty (30) days after its due date, the Exchange may suspend, revoke, limit, condition, restrict or qualify the Trading Access of such Sponsored Access Customer. Except as otherwise agreed between Sponsoring Participant and the Exchange, Sponsoring Participant shall be responsible for any unsatisfied payment obligation of Sponsored Access Customer that remains unsatisfied for thirty (30) days after its due date.

**RULE 310. Authorized Representatives**

(a) Each Clearing Firm, Participant or Sponsored Access Customer shall designate one or more individuals who is an employee and who will represent, or will designate a third party to represent, it before the Exchange and its committees and receive notices ("Authorized Representative").

(b) Each Authorized Representative shall be empowered by the Clearing Firm, Participant or Sponsored Access Customer, as the case may be, to act on its behalf and the Exchange shall be entitled to rely on the actions of the Authorized Representative as binding on such Clearing Firm, Participant or Sponsored Access Customer, as the case may be.

(c) Each Clearing Firm, Participant or Sponsored Access Customer shall provide the Exchange with current contact and other requested information for each of its Authorized Representatives so that the Exchange is able to immediately contact the Authorized Representatives.

**RULE 311. Recording of Communications**

The Exchange may record conversations in respect of Orders, Transactions and any other activity on or through the Exchange between officers, employees or agents of the Exchange, on one hand, and Clearing Firms, Participants, Sponsored Access Customers, and Authorized Traders, on the other hand. The Exchange shall retain recordings of conversations made pursuant to this Rule in accordance with CFTC Regulations.

**RULE 312. Exchange Notices**

(a) Accurate, complete and current copies of this Rulebook and all Contract Specifications shall be published on the Web Site.

(b) Except as provided herein, the Exchange shall publish a Market Notice, including with respect to each addition to, modification of, or clarification of, the Rulebook, advisories, the matching algorithm described in Rule 539, and any Contract Specification, prior to the earlier of (i) the effective date thereof, and (ii) the filing of such change with the CFTC. All Persons shall be deemed to have received Market Notice upon publication to the Web Site.

(c) If confidential treatment is sought with respect to any filing with a Government Agency (including the CFTC) that would result in a change described in Rule 312(b), only the public version of such filing shall be disclosed pursuant to Rule 312(b).

**RULE 313. Exchange Communications**

(a) Each Clearing Firm, Participant, and Sponsored Access Customers must provide the Exchange with its current electronic mail address and telephone number and the electronic mail address and telephone number of any Authorized User.

(b) All communications between the Exchange and a Clearing Firm, Participant, and Sponsored Access Customer, as the case may be, will be transmitted by electronic mail or posted on the Web Site, except as provided for in Rule 538 and Rule 608, and as otherwise specified by the Exchange.

(c) Each Clearing Firm, Participant, and Sponsored Access Customer shall be responsible for conveying such communications to all of its Authorized Users.

(d) Each Clearing Firm, Participant, and Sponsored Access Customer will be responsible for promptly reviewing and, if necessary, responding to all electronic communications from the Exchange to the Clearing Firm, or Participant, as the case may be, or any of its Authorized Users.

(e) All communications made to the address for notices designated by a Clearing Firm, Participant, or Sponsored Access Customer, or a person designated by such Clearing Firm, Participant or Sponsored Access Customer to accept such communications, as the case may be, shall also be deemed to have been made to all of its Authorized Users.

**RULE 314. [RESERVED]**

**RULE 315. Withdrawal of Participant**

(a) To withdraw from the Exchange, a Participant must notify the Exchange of its withdrawal. Such withdrawal shall be accepted and effective immediately upon the receipt of such notice by the Exchange.

(b) Effective upon the date that the Exchange accepts the withdrawal of a Participant, all rights and privileges of such Participant terminate, including such Participant's Trading Privileges, and

Trading Access granted to such Participant's Sponsored Access Customers. The withdrawal of a Participant shall not affect the rights of the Exchange under the Rules or relieve the former Participant of its obligations arising under the Rules before the effective date of such withdrawal (including any contractual obligations relating to any Contracts entered into by such Participant, or the payment of any Exchange fees, costs, or charges incurred prior to such withdrawal). A Participant that has withdrawn remains subject to the Rules, the Exchange requirements and the jurisdiction of the Exchange for acts done and omissions made while a Participant, and must cooperate in any Exchange Proceeding under Chapter 6 as if the withdrawn Participant were still a Participant.

(c) Upon delivery of a withdrawal notice the Exchange shall disable the Participant's and its Sponsored Access Customers' access to the Platform and will promptly notify the Control Desk that the Participant, its Sponsored Access Customers and their respective Authorized Traders, may no longer access the Platform. Disabling the Participant's access terminates the access of its Direct Access Customers.

#### **RULE 316. Sponsored Access**

(a) **Sponsored Designation.** Upon Sponsored Designation, the Exchange will provide Trading Access to the relevant Sponsored Access Customer. "Sponsored Designation" in respect of a Person means:

(i) such Person has delivered to the Exchange, the relevant annex (or other form acceptable to the Exchange) identifying a Participant that will serve as Sponsoring Participant;

(ii) such Participant has delivered to the Exchange, the relevant annex (or other form of direct access authorization acceptable to the Exchange) identifying such Person as a Sponsored Access Customer; and

(iii) confirmation by the Exchange that all requested information has been received by the Exchange and such information is satisfactory in form and substance.

(b) **Termination.**

(i) Unless otherwise provided in this Rule 316, Sponsoring Participant may at any time request that the Exchange suspend the Trading Access or terminate the Sponsored Designation of any of its Sponsored Access Customers, by providing written notice (a "Termination Request") to the Exchange requesting such suspension or termination, as applicable. After the Exchange has received a Termination Request, the Exchange shall either promptly suspend the Trading Access or promptly terminate the Sponsored Designation of the relevant Sponsored Access Customer(s), as set forth in the relevant Termination Request. Notwithstanding the foregoing, a Sponsoring Participant shall remain responsible for all activity of its Sponsored Access Customer that occurs by means of Trading Access prior to the termination or suspension of such Sponsored Access Customer by the Exchange. Upon termination or suspension, the Exchange shall have the right to cancel all resting Orders placed by or on behalf of Sponsored Access Customer on the Platform.

(ii) The Exchange shall have the right to suspend or terminate access to Sponsored Access Customer in accordance with Rules.

(c) **Obligations.** For so long as Sponsored Designation has not been terminated, Sponsored Access Customer and the Sponsoring Participant identified by such Sponsored Access Customer pursuant to Rule 316(a)(i) agree as follows.

(i) Sponsored Access Customer shall:

(A) maintain all registrations, licenses and consents required by Applicable Law for it and its Authorized Traders to place Orders and enter into Transactions on the Platform;

(B) cooperate with the Exchange, any regulatory or any self-regulatory organization in any inquiry, investigation, audit, examination or proceeding related directly or indirectly to the Trading Access of Sponsored Access Customer, and authorize the Exchange to provide information regarding Sponsored Access Customer to the CFTC or any self-regulatory organization;

(C) access the Platform exclusively through a password protected internet portal using the unique login credentials assigned to Authorized Traders of Sponsored Access Customer by Exchange; and

(D) represent in writing, in a form accepted to the Exchange, that it is, and will continue to be an Eligible Contract Participant for as long as such Person is a Sponsored Access Customer, and if such Person will be entering into Transactions on the Platform on behalf of a Client, such Client is and will continue to be an Eligible Contract Participant for as long as Sponsored Access Customer accesses the Platform on behalf of such Client.

(ii) Sponsoring Participant shall:

(A) assume financial responsibility for all activity of its Sponsored Access Customers on the Platform, including Transactions executed, by means of Trading Access;

(B) deliver a Termination Request to the Exchange in respect of any of its Sponsored Access Customers with Trading Access promptly after becoming aware that any actions or omissions of any of its Sponsored Access Customer violate any applicable Rules or Applicable Law; and

(C) assist the Exchange in a timely manner in any investigation into potential or actual violations of the Rules or the CEA which occur through or with respect to the Trading Access of any of its Sponsored Access Customers, including requiring any Sponsored Access Customer to produce documents, answer questions from the Exchange, or appear in connection with an investigation.

#### **RULE 317. Liquidity Provider Programs**

The Exchange may from time to time establish programs that provide Liquidity Providers with financial incentives for meeting trading volume, liquidity or other thresholds, as may be established by the Exchange. All Participants who meet the criteria, established by the Exchange from time to time, to be a Liquidity Provider are eligible to participate.

## **CHAPTER 4 OBLIGATIONS OF EXCHANGE USERS**

### **RULE 401. Duties and Responsibilities of Participants And Authorized Traders**

Each Participant and its Authorized Traders, to the extent applicable, shall:

- (a) use the Platform in a responsible manner and not for any improper purpose;
- (b) use the Platform only to exercise Trading Privileges in a manner consistent with these Rules;
- (c) comply with all applicable Clearing House Rules and act in a manner consistent with such Clearing House Rules;
- (d) observe high standards of integrity, market conduct, fair dealing, and similar equitable principles of trade in conducting any activity on or through the Exchange and in all aspects of its business connected with or concerning the Exchange;
- (e) not knowingly mislead or conceal any material fact or matter in any dealings or filings with the Exchange or in response to any Exchange Proceeding;
- (f) keep all Firm IDs, User IDs, Admin IDs, account numbers and passwords related to the Platform confidential and secure;
- (g) have the necessary authority from its Customers or Clients prior to initiating or executing Transactions for such Customers or Clients on, or subject to the Rules of, the Exchange;
- (h) be fully liable for all Orders and Transactions, and for any other use of the Platform, made under a Firm ID or User ID, as applicable, assigned to such Participant or its Authorized Traders (whether such access or utilization is authorized or known by such Participant or Authorized Trader or not), including any use resulting from a failure in the security controls or credit controls of such Participant, other than due to the gross negligence of the Exchange;
- (i) keep, or cause to be kept, complete and accurate books and records, including records of activity in the underlying commodity and related derivatives markets and all other books and records required to be maintained pursuant to the CEA, the CFTC Regulations or the Rules, for at least five years, and make such books and records (i) readily accessible during the first two years of such five year period, and (ii) available for inspection by a representative of the Exchange, the CFTC, the DOJ, the SEC, or by any representative of a prudential regulator as authorized by the CFTC; and
- (j) be responsible for compliance with the mandatory trading requirements under Section 2(h)(8) of the CEA for any Transaction that it enters into or facilitates that is subject to mandatory clearing. This provision in 401(j) applies only to Participants that are registered, or are required to be registered, as Swap Dealers or Major Swap Participants.

### **RULE 402. Required Disclosures to the Exchange**

Each Participant shall (and shall cause its Authorized Users to) notify the Exchange Regulation Department upon becoming aware of any of the following events:

- (a) any material changes to the information provided to the Exchange by such Participant in any of the relevant Participant Documentation, including contact information for its Authorized Representative, Authorized Contact, Authorized Users, Direct Access Traders, or any regulatory contact;



(b) any refusal of admission of, or rejection from membership by, such Participant or any Authorized Trader to any Self-Regulatory Organization;

(c) any expulsion, suspension or fine in excess of \$50,000 (whether through an adverse determination, voluntary settlement or otherwise) imposed on such Participant, or any of its Authorized User, by any SRO or any relevant Government Agency;

(d) any denial or rejection of any application for any registration or license submitted by such Participant, or any of its Authorized Traders, by or from any SRO or the CFTC or any non-voluntary revocation, suspension or conditioning of any registration or license of a Participant necessary to conduct any activity on or through the Exchange granted by the CFTC;

(e) the commencement of any material judicial or administrative proceeding against such Participant or any of its Authorized Traders, or the imposition of any cease and desist order, denial of trading privileges, censure or other sanction or remedy (whether through an adverse determination, voluntary settlement or otherwise) imposed, in each case, by any SRO or any relevant Government Agency; or

(f) Participant becoming the subject of a petition for bankruptcy, liquidation, dissolution or a similar action.

#### **RULE 403. Ability to Obtain Information**

(a) The Exchange, acting directly or through authorized representatives, shall have the right, as is necessary to detect and investigate an actual or alleged violation of any Rule by a Participant or Person that is the subject of an investigation by the Exchange, with such prior reasonable advance notice as is practicable under the circumstances, unless otherwise required by Applicable Law, to:

(i) inspect systems, equipment and software operated by such Participant in connection with any activity on or through the Exchange, wherever located;

(ii) access the systems, equipment, software referenced in (i) above, and the premises on which such systems, equipment, and software are located, any data in connection with any activity on or through the Exchange stored in any of the systems or equipment, during the regular business hours and the Trading Hours of the Exchange; and

(iii) copy or reproduce any data to which the Exchange has access under this Rule.

(b) The Exchange Regulation Department may require a Participant to furnish to the Exchange (periodically or upon request) information that is necessary to perform the enforcement obligations of the Exchange under the Rules or Applicable Law.

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

Each Participant or Clearing Firm that is registered with the CFTC as an FCM or IB shall:

(a) comply with the provisions of CFTC Regulation 1.17, applicable Clearing House Rules and other Applicable Law, including any rules and regulations a Government Agency or SRO imposes on a Participant or Clearing Firm relating to minimum financial and related reporting and recordkeeping requirements.

(b) be required to deliver to the Exchange a copy of any notice or written report required to be filed with the CFTC pursuant to CFTC Regulations §§ 1.10 and 1.12 within the time periods prescribed for such filing or delivery in CFTC Regulations §§ 1.10 and 1.12.

**RULE 405. Confidentiality of Financial and Other Information**

All information and data, including information and data obtained pursuant to Rules 403 and 404, obtained or received by the Exchange Regulation Department from inspections of accounting and other records, quarterly balance sheets and declarations or reports on financial condition will be treated as confidential by the Exchange; provided, however, this Rule 405 does not supplant Rule 214 and the Rules in Chapter 6, or any other requirement of Applicable Law.

**RULE 406. Authority to Impose Restrictions**

Whenever a Participant or Clearing Firm is subject to the early warning requirements set forth in CFTC Regulation § 1.12, the Exchange may impose such conditions or restrictions on the business and operations of such Participant or Clearing Firm as the Exchange may deem necessary or appropriate for the protection of any Clearing Firm, Participant, Customer, Client or the Exchange. Any such conditions or restrictions would be imposed in consultation and cooperation with the Participant's or Clearing Firm's DSRO and other SROs of which it is a member.

**RULE 407. Treatment of Customer Funds and Securities**

Each Participant and Clearing Firm that is registered with the CFTC as an FCM shall comply with the provisions of CFTC Regulations, applicable Clearing House Rules and other Applicable Law related to the protection of customer funds, including the segregation of customer and proprietary funds, the custody of customer funds, the investment standards for customer funds, intermediary default procedures and related recordkeeping, including CFTC Regulations 1.20(a) and 1.25. Any violation of the aforementioned CFTC Regulations, Clearing House Rules or other Applicable Law by Participant or Clearing Firm shall be a violation of this Rule 407.

**CHAPTER 5**  
**TRADING PRACTICES AND BUSINESS CONDUCT**

**RULE 501. Scope**

This Chapter 5 applies to all transactions in Contracts except as expressly provided herein.

**RULE 502. Procedures**

(a) With respect to trading on or through the Platform, the Exchange may adopt (in conjunction with a Clearing House, where appropriate), without limitation, procedures relating to transactions in Contracts and trading on the Platform, including procedures to:

- (i) disseminate the prices of trades in Contracts;
- (ii) record, and account for, Contracts and any activity on or through the Exchange;
- (iii) perform market surveillance and regulation on matters affecting Contracts and any activity on or through the Exchange;
- (iv) establish limits on the number and size of Orders that may be submitted or the number and size of trades executed by a Participant through the Platform; and
- (v) establish a limit on the maximum daily price fluctuations for any Contract and provide for any related restriction or suspension of trading in the Contract.

**RULE 503. Business Days and Trading Hours**

The Exchange shall from time to time determine the Business Days and the Trading Hours for each Contract traded on the Platform. The Exchange may vary its Trading Hours among different Contracts, and between the DCM Trading System and the SEF Trading System. Orders may not be submitted outside of Trading Hours. The Business Days, Trading Hours and holidays of the Exchange are published on the Web Site. A Market Notice shall be issued pursuant to Rule 312 for any modification to or establishment of Business Days, Trading Hours or holidays.

**RULE 504. Fraudulent Acts Prohibited**

No Person shall engage in any fraudulent act or engage in any scheme to defraud, deceive, trick or mislead in connection with or related to any activity on or through the Exchange or any activity related to any Clearing House.

**RULE 505. Fictitious and Non-Competitive Transactions Prohibited**

No Person shall create “fictitious transactions” or “non-competitive transactions”, as such terms are commonly understood in the trade or under Applicable Law, or execute any Order with knowledge of its nature as a “fictitious transaction” or “non-competitive transaction,” except in the case of “non-competitive transactions” permitted by the Rules.

**RULE 506. Wash Sales Prohibited**

No Person shall place or accept buy and sell Orders in the same product and expiration month, where the person knows or reasonably should know that the purpose of the orders is to avoid taking a bona fide market position exposed to market risk (transactions commonly known or referred to as wash sales). Buy and sell Orders for different accounts with common beneficial ownership that are entered with the intent to

negate market risk or price competition shall also be deemed to violate the prohibition on wash trades. Additionally, no Person shall knowingly execute or accommodate the execution of such Orders by direct or indirect means.

**RULE 507. Market Disruption Prohibited**

No Person shall engage in any trading, practice, or conduct on the Platform or subject to the Rules that violates bids or offers, or demonstrates intentional or reckless disregard for the orderly execution of transactions within one half hour prior to the expiration of Trading Hours on any given Business Day, or is, is of the character of, or is commonly known to the trade as, “spoofing,” (bidding or offering with the intent to cancel the bid or offer before execution), as described in Section 4c of the CEA.

No Person shall engage in any Exchange Activity that (a) demonstrates intentional or reckless disregard for the orderly execution of transactions during the closing period, (b) consists of placing one or more Order with an intent to cancel such Order(s) prior to execution, (c) submitting or cancelling Orders with an intent to overload the Platform, (d) submitting or cancelling bids or offers with an intent to delay another person’s execution of trades, or (e) submitting or cancelling multiple bids or offers to create an appearance of false market depth; provided, however, that these clauses (a) through (e) shall not apply to Block Trades.

**RULE 508. Market Manipulation Prohibited**

No Person shall directly or indirectly manipulate, or attempt to manipulate, the price of any Contract.

**RULE 509. Prohibition of Misstatements**

No Person shall knowingly make any misstatement of a material fact to the Exchange, any Exchange Official, or any committee of the Board or Exchange Panel or knowingly omit a material fact necessary in order to make the statement made, in light of the circumstances under which they were made, not misleading.

**RULE 510. [RESERVED]**

**RULE 511. [RESERVED]**

**RULE 512. Supervision**

A Participant shall establish, maintain and administer reasonable supervisory procedures to monitor the compliance of its Authorized Traders with the Rules and any applicable provisions of the CEA or CFTC and such Participant may be held accountable for the actions of its Authorized Traders.

**RULE 513. Misuse of the Platform**

It shall be a violation of these Rules to willfully permit unauthorized use of the Platform, to assist any Person in obtaining unauthorized access to the Platform, to trade on the Platform without an agreement and an established account with a Clearing Firm, to alter the equipment associated with the Platform (except with the Exchange’s consent), to interfere with the operation of the Platform, to intercept or interfere with information provided thereby, or in any way to use the Platform in a manner contrary to the Rules.

**RULE 514. Errors and Omissions in Handling Orders**

(a) A Participant that inadvertently, through error or omission, fails to execute a Customer Order at the time it should have been executed may, upon discovery of such error or omission, execute such Customer Order at the best obtainable price. Such Customer Order shall be competitively executed and should be executed in the next available trading session for the applicable listed Contract, but in any event must be executed no later than the close of the next trading day and shall be reported to the Customer

at the price at which the Customer Order actually executed. Unless otherwise agreed between Participant and the relevant Customer, if such price is to the advantage of the Customer, the Customer shall receive the benefit thereof; if not, the Customer shall receive such monetary adjustment as will afford the Customer the equivalent of the price at which such Order should and could have been executed. Full details of all transactions consummated hereunder shall be promptly provided to the Exchange Regulation Department upon request.

(b) A Participant that makes an error in the execution of a Customer Order that is related to the terms of a Contract, including but not limited to, account number, notional amount, tenor, rate/price or other details of the Contract necessary to effect a Transaction on the Platform, shall resolve the error as agreed between the Participant and the relevant Customer or the Participant's error handling policies. If no such agreement or policy exists, Participant shall resolve such error in a manner that is fair and equitable to the Customer and shall include allowing the Customer to retain all or a portion of the executed Transaction, compensating the Customer for such error or some other agreed upon resolution provided it is within the scope of the Participant's error handling policies, if any. If the Customer elects not to retain all or a portion of the executed Transaction, the Participant may transfer the position resulting from the Transaction to a firm error account pursuant to Rule 806. A Participant must document in writing the circumstances surrounding the nature of the error and promptly provide such documentation to the Exchange Regulation Department upon request.

(c) This Rule 514 shall not be construed to contravene any instructions received from a Customer regarding any Customer Order prior to its execution, but shall be construed to permit execution of Customer Orders under the conditions last prescribed without additional instructions from the Customer.

**RULE 515. [RESERVED]**

**RULE 516. Withholding Orders Prohibited**

A Participant shall not withhold or withdraw from the Platform any Order, or any part of an Order, for the benefit or on the instruction of any Person other than for the Customer for whom the Participant is placing the Order.

**RULE 517. Priority of Customers' Orders**

Except as otherwise permitted under the Rules or Applicable Law, no person shall enter an Order into the Platform for its own account, an account in which it has a direct or indirect financial interest or an account over which it has discretionary trading authority, including an Order allowing discretion as to time and price if such person is in possession of any unsubmitted Order from a Customer that the Platform is capable of executing, unless such Customer provides such person with written consent to delay such Order.

**RULE 518. Handling of Customer Orders**

(a) General Prohibition.

(i) DCM Trading System - Except as otherwise permitted under the Rules or Applicable Law, no person in possession of a Customer Order shall knowingly take, directly or indirectly, the opposite side of such Order on the order book of the DCM Trading System for its own account, an account in which it has a direct or indirect financial interest, or an account over which it has discretionary trading authority.

(ii) SEF Trading System - Except as otherwise permitted under the Rules or Applicable Law, no Participant who is an FCM or Introducing Broker, and in possession of a Customer Order, may knowingly take, directly or indirectly, the opposite side of such Customer

Order on the order book of the SEF Trading System for its own account, an account in which it has a direct or indirect financial interest, or an account over which it has discretionary trading authority, in each case, following some form of prior arrangement in respect of such Customer Order.

(b) Exceptions - The foregoing restriction shall not apply to the following:

(i) DCM Trading System. A person may knowingly execute an Order of its Customer against an Order for its own account, an account in which it has a direct or indirect financial interest, or an account over which it has discretionary trading authority, in any case, on the order book of the DCM Trading System; provided, that (A) such person has entered the relevant Order of the Customer into the order book of the DCM Trading System promptly upon receipt of the Order by such person, and (B) no fewer than 5 seconds has passed since entry of such Order in the order book of the DCM Trading System before such person enters the relevant off-setting Order into the order book of the DCM Trading System.

(ii) SEF Trading System. A Participant who is an FCM or Introducing Broker may knowingly execute an Order of its Customer involving a Required Transaction against an Order for its own account, an account in which it has a direct or indirect financial interest, or an account over which it has discretionary trading authority, in any case, on the order book of the SEF Trading System; provided, that (A) such person has entered the relevant Order of the Customer into the order book of the SEF Trading System promptly upon its receipt and (B) no fewer than 15 seconds has passed since entry of such Order in the order book of the SEF Trading System before such person enters the relevant off-setting Order into the order book of the SEF Trading System.

#### **RULE 519. Disclosing Orders Prohibited**

No Participant shall disclose any Customer Order to buy or sell except to a designated Exchange Official or the CFTC, and no Person shall solicit or induce a Participant to disclose any Customer's Order information. No Person shall take action or direct another Person to take action based on non-public Order information, however acquired.

#### **RULE 520. Simultaneous Buy And Sell Orders For Different Beneficial Owners**

(a) DCM Trading System. No Person shall enter through the order book of the DCM Trading System into a pre-arranged transaction prohibited under the Rules or knowingly assume on its own behalf or on behalf of a Customer account the opposite side of its own Order or its Customer's Order (a "Cross Trade"), except (i) in the case of transactions effected pursuant to Rule 542, (ii) where the Person is entering into both sides of a Customer Order on a non-discretionary basis, or (iii) the Person (A) has obtained prior written blanket or transaction specific consent in respect of the relevant Customer(s); and (B) waits for a reasonable period of time, which shall be a minimum of five (5) seconds, after the initial Order is submitted to the order book of the DCM Trading System before submitting the opposite side Order to the order book of the DCM Trading System.

(b) SEF Trading System. No Person shall enter through the order book of the SEF Trading System into a Cross-Trade in respect of a Required Transaction, except (i) where the Person is entering into both sides of a Customer Order, or (ii) the Person (A) has obtained prior written blanket or transaction specific consent in respect of the relevant Customer(s); and (B) waits for a reasonable period of time, which shall be a minimum of fifteen (15) seconds, after the initial Order is submitted to the order book of the SEF Trading System before submitting the opposite side Order to the order book of the SEF Trading System.

(c) Notwithstanding the foregoing, a Participant shall not be in violation of this Rule 520 due to Cross Trades executed by two Participants trading for the same account, or for separate accounts of the

same beneficial owner, where neither Participant has knowledge of the other's Order and there is no coordination or prearrangement of the Cross Trade, provided that the relevant Participant shall be responsible, upon the request of the Exchange, to demonstrate to the reasonable satisfaction of the Exchange, that neither Participant had knowledge of the other's Order.

**RULE 521. [RESERVED]**

**RULE 522. Recordkeeping Requirements for Entering Orders into the Platform**

(a) General Requirements.

(i) Orders must be entered by electronic transmission to the Platform, and the Exchange shall maintain an electronic record of those entries. Each Authorized Trader entering Orders into the Platform shall input for each Order:

(A) the User ID identifying the individual placing such Order and an identifier of the Clearing Firm that will clear any resultant contracts;

(B) its type, price or yield, quantity, product, maturity or expiration month or date, customer type indicator ("CTI") code and account number (except as provided in Section (d)); and

(C) such additional information as may be prescribed from time to time by the Exchange.

(ii) With respect to Orders received by a Participant that are immediately entered into the Platform, no record other than that set forth above need be made. If a Participant receives an Order that cannot be immediately entered into the Platform, such Participant must (x) prepare a written Order ticket in non-erasable ink and include the account designation, date, an electronic timestamp reflecting the time of receipt, an indication of whether such Order is a Bunched Order, an order number and other information required pursuant to Rule 522(a)(i), (y) enter such Order into the Platform when such Order becomes executable and (z) if such Order is for a Customer, retain all consents and instructions from such Customer to delay entry of such Order.

(b) Electronic Audit Trail Requirements for Electronic Order Routing/Front-End Systems.

(i) Each Participant is responsible for maintaining or causing to be maintained the Order routing and front-end audit trail for all electronic Orders, including Order entry, modification, cancellation and responses to such messages (referred to as the "Electronic Audit Trail"), entered into the Platform by such Participant.

(ii) The Electronic Audit Trail must be maintained for a minimum of five years, and Participants must have the ability to produce this data in a standard format upon request of the Exchange Regulation Department. This Electronic Audit Trail must contain all Order receipt, Order entry, Order modification, Order cancellation and response/receipt times to the highest level of precision achievable by the operating system, but at least to the hundredth of a second. The times captured must not be able to be modified. The data must also contain all FIX Tag information and fields which should include, the following: a record of all fields relating to Order entry, including transaction date, product, Exchange code, expiration month, quantity, Order Type, Order Qualifier, price, buy/sell indicator, stop/trigger price, Order number, unique transaction number, account number, session ID, operator ID, host Order number, trader Order number, Clearing Firm, type of action, action status code, customer type indicator, origin, and timestamps. For executed Orders the audit trail must record the execution time of the trade along with all fill information.

(iii) In the case where a Participant has a Direct Access Customer that is also a Participant, such Participant may notify such Direct Access Customer in writing that it is the Direct Access Customer's obligation to maintain the Electronic Audit Trail with respect to such Direct Access Customer's Orders. If such Direct Access Customer consents, the Participant's obligations to maintain an Electronic Audit Trail with respect to such Direct Access Customer may be satisfied by such Direct Access Customer; provided, however, that such Participant will remain liable in case such Direct Access Customer fails to maintain the Electronic Audit Trail for Orders transmitted through the Participant's system.

(iv) Each Participant providing access to Authorized Traders via a FIX API or to Direct Access Traders shall provide to the Exchange in a form and manner prescribed by the Exchange information requested by the Exchange regarding the natural persons entering Orders and execution Transactions using the Firm ID of the Participant. The information requested may include name, telephone number and email address.

(c) **[RESERVED]**

(d) Customer Type Indicator (CTI) Codes. Each Clearing Firm must identify each transaction executed on the Platform on the record of transactions submitted to the Exchange with the correct CTI code. The CTI codes are as follows:

(i) CTI 1: Transactions initiated and executed by an individual member for his own account, for an account he controls or for an account in which he has ownership or financial interest;

(ii) CTI 2: Transactions executed for the proprietary account of a clearing member or non-clearing member firm;

(iii) CTI 3: Transactions where an individual member or Authorized Trader executes for the personal account of another individual member, for an account the other individual member controls or for an account in which the other individual member has ownership or financial interest;

(iv) CTI 4: Any transaction not meeting the definition of CTI 1, 2 or 3. (These should be non-member customer transactions).

**RULE 523. Modification and Cancellation of Orders**

(a) Any Order that has been entered into the Platform may be modified or cancelled unless and until it has been executed or has otherwise expired. Any such modification or cancellation requires that a modification order or cancellation order, as the case may be, with respect to the original Order be entered into the Platform. Such modification or cancellation will become effective upon receipt by the Platform of the modification order or cancellation order, as the case may be.

(b) Every Order automatically expires at the end of the Trading Hours on the calendar day such Order is placed, in the event of any suspension or curtailment of trading, or in the case of any failure of the Platform.

**RULE 524. Pre-arranged, Pre-Execution Communications and Non-competitive Trades Prohibited**

(a) No Person shall pre-arrange any purchase or sale, or non-competitively execute, any transaction except in accordance with Rule 524(b) or Rule 524(c).



(b) The foregoing restriction shall not apply to Block Trades affected pursuant to Rule 542.

(c) Pre-arranged Trades and Pre-Execution Communications. A Participant may engage in pre-execution communications or arrange the purchase or sale of a Contract, subject to the following conditions.

(i) Transactions on the DCM Trading System. Parties may communicate, directly or indirectly, with regard to an Order for a Contract listed for trading on the DCM Trading System where one party (the first party) wishes to be assured that a contra party (the second party) will take the opposite side of the Order, and:

(A) the party for whose benefit the trade is being made has previously consented to permit such communications;

(B) parties to, and persons involved in, pre-execution communications do not disclose to a nonparty the details of such communications or enter an Order to take advantage of information conveyed during such communications except in accordance with this Rule 524(c); and

(C) the Order details are entered by one of the parties into the DCM Trading System and displayed in a manner that gives other Participants the opportunity to participate in the Order. The second party's Order will not be matched against the first party's Order on the DCM Trading System until a period of five (5) seconds has elapsed from the time of entry of the contra Order. After the five (5) seconds have elapsed, any portion of the first party's Order that was unfilled during the public session will be matched by the second party's Order.

(ii) Permitted Transactions on the SEF Trading System. A Participant may arrange with another Participant for the execution of a Contract listed on the SEF Trading System, prior to submitting the details of such Contract to the SEF Trading System; provided that:

(A) one party to the arrangement enters into the SEF Trading System, the details of such Contract as required by the SEF Trading System, and the other party to the arrangement verifies such details in the SEF Trading System, in each case, as soon as practicable, but in no event more than 15 minutes following the conclusion of such arrangement;

(B) the relevant Contract is not a Block Trade;

(C) the relevant Contract is a Permitted Transaction; and

(D) both parties intend to clear such Contract at a Clearing House.

(iii) The Exchange shall generate and deliver to each Participant a written record of the details of the Contract that is executed subject to the Rule 524(c)(ii) as soon as technologically practicable after Contract details are verified on the SEF Trading System by the Participant responsible for verifying such details. The written record generated and delivered to the each Participant according to this Rule shall legally supersede any previous agreement between the parties regarding any of the details contained in such written record and shall serve as a confirmation of such details.

(iv) Each party to a Contract that is subject to this Rule 524(c) shall be responsible for ensuring that the execution of such Contract complies with Applicable Law.

**RULE 525. Responsibility For Customer Orders**

(a) Standard of Responsibility.

(i) A Participant shall, at a minimum, exercise due diligence in the handling and execution of Customer Orders. In the case of a dispute as to whether a Participant has exercised due diligence, the appropriate arbitration or disciplinary committee is authorized to determine whether the Participant failed to exercise due diligence, and if so, whether an adjustment is due to the Customer.

(ii) A Participant is prohibited from directly or indirectly guaranteeing the execution of a Customer Order or any of its terms such as the quantity or price. A Participant may only report an execution that has been effected through the Platform. This Rule 525 shall not be construed to prevent a Participant from assuming or sharing in the losses resulting from an error or the mishandling of a Customer Order.

(b) **Liability for Failure to Exercise Due Diligence.** A Participant may not adjust the price at which a Customer Order was executed or be held responsible for executing or failing to execute a Order unless such Participant failed to exercise due diligence or is settling a bona-fide dispute regarding failure to exercise due diligence. A Participant, acting on behalf of its Customer, may not compel an adjustment from another Participant in the absence of a bona-fide dispute regarding failure to exercise due diligence. Participants shall document all adjustments. Participants shall make and retain a record which contains the date the adjustment was received, the name of the Participant making the adjustment, the account to which the adjustment was credited, the amount of the adjustment, the Order number and the reason for the adjustment. Such records must be provided to the Exchange Regulation Department upon request.

**RULE 526. [RESERVED]**

**RULE 527. Priority of Execution**

Non-discretionary Customer Orders received by a Participant or an Authorized Trader shall be entered into the Platform in the sequence received; provided, however, that a Customer may request that a Participant delay submission of its Order in which case such Customer shall provide such Participant with written consent to delay submission of its Order. Non-discretionary Orders that cannot be immediately entered into the Platform must be entered when the Orders become executable in the sequence in which the Orders were received.

**RULE 528. [RESERVED]**

**RULE 529. Position Limits And Exemptions**

(a) The Exchange may establish position limits for any Contract.

(b) Except as otherwise provided by the Exchange Rules, no Person, including a Participant, may hold or control a position in excess of such position limits and a Participant may not maintain a position in excess of such position limits for a Customer or Client if such Participant knows, or with reasonable care should know, that such position will cause such Customer or Client to exceed the applicable position limits.

(c) Position limits shall apply to (i) all positions in accounts for which any Person, by power of attorney or otherwise, directly or indirectly holds positions or controls trading, and (ii) positions held by two or more Persons acting pursuant to an expressed or implied agreement or understanding, as if the positions were held by, or the trading of the positions were done by, a single Person.

(d) Any Person seeking an exemption from the position limits referred to above must file an application with the Exchange. The Exchange shall notify the applicant whether the exemption has been approved and whether the Exchange has imposed any limitations or conditions on the exemption. The decision of the Exchange shall be final.

**RULE 530. Position Accountability**

(a) The Exchange may establish a position accountability level for any Contract. Any Person, including a Participant, who owns or controls Contracts in excess of the applicable position accountability level shall provide to the Exchange at its request any information regarding the nature of the position, trading strategy or hedging activities, if applicable, and if ordered by the Exchange, shall not increase the size of any such position.

(b) For purposes of this Rule, all positions in accounts for which a Person, by power of attorney or otherwise, directly or indirectly controls trading shall be included with the positions held by such Person. The provisions of this Rule shall apply to positions held by two or more Persons acting pursuant to an expressed or implied agreement or understanding, as if the positions were held by a single Person.

**RULE 531. [RESERVED]**

**RULE 532. [RESERVED]**

**RULE 533. [RESERVED]**

**RULE 534. Platform Access Restrictions**

(a) All Participants permitted to connect to the Platform, must have clearing arrangements in place with a Clearing Firm pursuant to which Clearing Firm agrees to clear Transactions for such Participant and its Customers and Clients, if applicable, pursuant to Rule 809. If the Participant's Customer or Client clears its Transactions through a Clearing Firm other than the Participant, the Customer or Client must have clearing arrangements in place with a Clearing Firm pursuant to which Clearing Firm agrees to clear all Transactions effected by or through the Participant for that Customer or Client.

(b) Customer Orders may be entered only from the premises of an entity registered to conduct Customer business.

**RULE 535. Policies Governing Use of Firm IDs, User IDs and Admin IDs**

No Person may use a User ID to place any Order except as permitted by these Rules, nor may any Person knowingly permit or assist the unauthorized use of a User ID. Each Participant on behalf of itself and each of its Authorized Users shall take reasonable measures to ensure that no User ID or Admin ID is used by any Person not authorized by these Rules.

Each Participant must have in place policies and procedures, which:

(a) Restrict access through password protection to any system capable of submitting Orders to the Platform or access the administrative functionality of the Platform to individual users authorized by the relevant Participant and having a User ID or Admin ID, respectively;

(b) Require creation, maintenance and retention, as required in Rule 522, of accurate and complete records regarding each individual that is issued, or authorized to use, a User ID;

(c) Require that its Authorized Users protect and maintain the security of his User ID or Admin ID; and

(d) Prohibit the use of User IDs or Admin IDs by any Person, including any subsidiary, affiliate, division or business unit of Participant, except as permitted by this Rulebook.

**RULE 536. Responsibilities for Firm IDs, User IDs and Admin IDs**

(a) Each Participant shall be solely responsible for controlling and monitoring the use of all User IDs and Admin IDs issued to its Authorized Users by the Exchange.

(b) Each Participant shall ensure that each Authorized User accessing the Platform is assigned a unique password and that each password is used only by the Person to whom it is assigned.

(c) Each individual must use a unique identifier to access the Platform. In no event may a Person enter an Order or permit the entry of an Order by an individual using a User ID other than the individual's own User ID.

(d) Each Participant shall notify the Exchange promptly upon becoming aware of any unauthorized access to the Platform or any unauthorized disclosure or use of any User ID or Admin ID assigned to any of its Authorized Users and of any other reason for terminating an Authorized User's access or deactivating a User ID. Each Participant shall be bound by any actions taken by its Authorized Users (other than any such actions resulting from the fault or negligence of the Exchange), whether or not such actions were taken or authorized by such Participant.

(e) Each Participant shall be solely responsible for ensuring that any front-end interface connecting to the Platform that is not provided by the Exchange, and that is used by the Participant and its Authorized Users and Direct Access Traders, is in compliance, in design and operation, with the requirements of the Exchange, if any, and with Applicable Law.

(f) Each Participant shall ensure that policies required under Rule 535 are implemented by such Participant and that its Authorized Users comply with such policies and procedures.

**RULE 537. Limitation of Liability, No Warranties**

THIS RULE 537 SETS FORTH THE LIABILITY AND INDEMNIFICATION OBLIGATIONS OF THE EXCHANGE AND ANY TRUEEX PARTY (AS DEFINED IN RULE 537(a)) TO ANY PERSON, EXCEPT AS OTHERWISE PROVIDED IN THIS RULEBOOK OR IN THE PARTICIPANT DOCUMENTATION, IN WHICH THE PARTIES AGREE TO SUPERSEDE THE TERMS OF THIS RULE 537.

(a) SUBJECT TO CLAUSES (e) AND (f) OF THIS RULE 537, EXCEPT IN INSTANCES WHERE THE EXCHANGE OR A TRUEEX PARTY HAS BEEN FINALLY ADJUDICATED TO HAVE ENGAGED IN GROSS NEGLIGENCE OR WILLFUL MISCONDUCT (IN WHICH CASE THE EXCHANGE OR TRUEEX PARTY FOUND TO HAVE ENGAGED IN SUCH CONDUCT CANNOT AVAIL ITSELF OF THE PROTECTIONS IN THIS RULE 537(a)), NEITHER THE EXCHANGE, ITS SUBSIDIARIES AND AFFILIATES, NOR ANY TECHNOLOGY SERVICE PROVIDER OR CONTRACTOR PROVIDING SERVICES TO THE EXCHANGE, NOR ANY OF THEIR RESPECTIVE SUCCESSORS OR ASSIGNS, NOR ANY OF THEIR RESPECTIVE EMPLOYEES, OFFICERS, DIRECTORS, MEMBERS, PARTNERS, MANAGERS, AGENTS OR SUPPLIERS PROVIDING SERVICES TO THE EXCHANGE (EACH, A "TRUEEX PARTY") SHALL BE LIABLE TO ANY PERSON FOR:

(i) ANY LOSSES, DAMAGES, COSTS OR EXPENSES ARISING FROM OR IN CONNECTION WITH, IN EACH CASE:

(A) ANY FAILURE, MALFUNCTION, FAULT IN DELIVERY, DELAY, OMISSION, SUSPENSION, INACCURACY, ERROR, TERMINATION, OR ANY OTHER CAUSE, IN CONNECTION WITH THE PROVISION, PERFORMANCE, MAINTENANCE, OR USE OF, THE PLATFORM, WEB SITE, ANY INFORMATION OR SERVICES PROVIDED BY THE EXCHANGE OR ANY TRUEEX PARTY OR ANY FACILITIES OR TECHNOLOGY USED TO SUPPORT THE PLATFORM, WEB SITE, EXCHANGE OR EXCHANGE SERVICES INCLUDING ANY FAILURE TO PROVIDE ALL OR ANY PART OF THE PLATFORM, OR ANY INABILITY OF ANY PERSON TO VIEW, ENTER, EXECUTE OR CANCEL ORDERS OR TRANSACTIONS IN WHOLE OR IN PART;

(B) ANY ERRORS OR INACCURACIES IN INFORMATION PROVIDED BY THE EXCHANGE, A TRUEEX PARTY, THE PLATFORM OR ANY PLATFORM SYSTEMS, SERVICES OR FACILITIES, ANY ELECTRONIC COMMUNICATION OF MARKET DATA OR INFORMATION, PRICE REPORTING SYSTEMS AND ANY AND ALL TERMINALS, COMMUNICATIONS NETWORKS, SERVERS, SOFTWARE, HARDWARE, AND FIRMWARE, WHETHER SUCH ERRORS OR INACCURACIES ARE A RESULT OF ANY ACTION OR INACTION OF THE EXCHANGE, A TRUEEX PARTY OR AN INDEPENDENT THIRD PARTY;

(C) THE CREDITWORTHINESS OF ANY PARTICIPANT, DIRECT ACCESS CUSTOMER, CUSTOMER OR CLIENT;

(D) ACTS OR OMISSIONS OF ANY SUBJECT PERSON, AUTHORIZED TRADER, AUTHORIZED REPRESENTATIVE, DIRECT ACCESS TRADER, CUSTOMER OR CLIENT THEREOF; OR

(E) ANY UNAUTHORIZED ACCESS TO OR UNAUTHORIZED USE OF ANY EXCHANGE SYSTEMS, SERVICES OR FACILITIES BY ANY PERSON.

THE FOREGOING LIMITATION OF LIABILITY SHALL APPLY REGARDLESS OF WHETHER A CLAIM ARISES IN CONTRACT, TORT, NEGLIGENCE, STRICT LIABILITY OR OTHERWISE AND REGARDLESS OF WHETHER THE EXCHANGE HAS BEEN ADVISED OF, OR OTHERWISE MIGHT HAVE ANTICIPATED, THE POSSIBILITY OF SUCH LOSSES, DAMAGES, COSTS OR EXPENSES.

(b) NEITHER THE EXCHANGE NOR ANY TRUEEX PARTY SHALL BE LIABLE TO ANY PERSON FOR ANY DAMAGES, COSTS, LOSSES OR EXPENSES AND THE SUBJECT PERSON, CUSTOMER, OR CLIENT (AS THE CASE MAY BE) SHALL INDEMNIFY, PROTECT AND HOLD THE EXCHANGE AND ANY TRUEEX PARTY HARMLESS FROM AND AGAINST ANY AND ALL LOSSES, DAMAGES, COSTS OR EXPENSES BASED UPON, OR IN CONNECTION WITH ANY CLAIM BY A THIRD PARTY BASED UPON THE DELAY, OMISSION, SUSPENSION, INACCURACY, ERRORS OR TIMELINESS OR OTHER ACTS OR OMISSIONS OF SUCH SUBJECT PERSON OR ANY OF ITS OR THEIR AUTHORIZED USERS, CUSTOMERS, OR CLIENTS (AS THE CASE MAY BE) IN RESPECT OF TRANSACTIONS OR ANY RELATED DATA, INCLUDING IN CONNECTION WITH QUOTES, BIDS, OFFERS OR OTHER PRICE INFORMATION PROVIDED IN CONNECTION WITH OR RELATING TO ANY TRANSACTION, ANY REQUEST FOR QUOTE OR INDICATION OF INTEREST.

(c) NEITHER THE EXCHANGE NOR ANY TRUEEX PARTY MAKES ANY EXPRESS OR IMPLIED WARRANTIES OR REPRESENTATIONS RELATING TO THE EXCHANGE, THE PLATFORM OR ANY EXCHANGE SERVICES OR FACILITIES USED TO SUPPORT THE PLATFORM, INCLUDING ANY WARRANTIES OF MERCHANTABILITY OR WARRANTIES OF FITNESS FOR A PARTICULAR PURPOSE OR USE. THE EXCHANGE WILL PROVIDE ALL

SERVICES ON AN “AS IS” AND “AS AVAILABLE” BASIS AT THE SOLE RISK OF THE SUBJECT PERSON, CUSTOMER, OR CLIENT, AS THE CASE MAY BE. FURTHERMORE, NEITHER THE EXCHANGE NOR ANY TRUEEX PARTY GUARANTEES OR MAKES ANY REPRESENTATION OR WARRANTY, EITHER EXPRESS OR IMPLIED, AS TO THE VALIDITY, SEQUENCE, TIMELINESS, COMPLETENESS, ACCURACY OR CONTINUED AVAILABILITY OF ANY INFORMATION OR DATA MADE AVAILABLE ON OR THROUGH THE EXCHANGE. NEITHER THE EXCHANGE NOR ANY TRUEEX PARTY SHALL HAVE A DUTY OR OBLIGATION TO VERIFY ANY INFORMATION DISPLAYED ON THE PLATFORM SYSTEM OR OTHERWISE. EACH SUBJECT PERSON, CUSTOMER, OR CLIENT ACKNOWLEDGES AND AGREES THAT NEITHER THE EXCHANGE NOR ANY TRUEEX PARTY SERVES OR SHALL SERVE AS THE PRIMARY BASIS FOR ANY DECISIONS MADE BY SUCH SUBJECT PERSON, CUSTOMER, OR CLIENT, AS THE CASE MAY BE, NOR SHALL THE EXCHANGE OR ANY TRUEEX PARTY BE DEEMED TO ACT AS AN ADVISOR OR FIDUCIARY OF ANY SUBJECT PERSON, CUSTOMER, OR CLIENT, AS THE CASE MAY BE.

(d) ANY DISPUTE ARISING OUT OF THE USE OF THE PLATFORM OR EXCHANGE SERVICES OR FACILITIES USED TO SUPPORT THE PLATFORM TO WHICH THE EXCHANGE OR ANY TRUEEX PARTY IS A PARTY SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO ITS CONFLICT OF LAW PRINCIPLES. ANY ACTIONS, ARBITRATIONS, SUITS OR PROCEEDINGS SHALL BE BROUGHT WITHIN TWO YEARS FROM THE TIME THEY FIRST ARISE. ANY SUCH ACTION, SUIT OR PROCEEDING MUST BE BROUGHT IN ANY FEDERAL OR STATE COURTS LOCATED IN THE BOROUGH OF MANHATTAN, THE CITY OF NEW YORK. THIS PROVISION SHALL IN NO WAY CREATE A CAUSE OF ACTION AND SHALL NOT AUTHORIZE ANY ACTION THAT WOULD OTHERWISE BE PROHIBITED BY THE RULES OF THE EXCHANGE.

(e) UNDER NO CIRCUMSTANCES WILL THE EXCHANGE OR ANY TRUEEX PARTY BE LIABLE TO ANY PERSON FOR ANY INDIRECT, INCIDENTAL, PUNITIVE, SPECIAL OR CONSEQUENTIAL DAMAGES, INCLUDING LOSS OF PROFITS, LOSS OF USE, BUSINESS INTERRUPTION, THE COST OF PROCUREMENT OF SUBSTITUTE GOODS, SERVICES OR TECHNOLOGY, OR CORRUPTION OR LOSS OF DATA.

(f) NOTWITHSTANDING ANY OF THE FOREGOING PROVISIONS, THIS RULE 537 SHALL IN NO WAY LIMIT THE LIABILITY OF ANY PERSON ARISING FROM ANY VIOLATION BY SUCH PERSON OF THE CEA OR CFTC REGULATIONS THEREUNDER.

**RULE 538. Control Desk**

(a) Support.

(i) The control center of the Exchange (the “Control Desk”) provides support and problem management only to Clearing Firms and Participants and their Authorized Users.

(ii) In order to be eligible for Control Desk support, a natural person must first be identified to the Exchange by the relevant Participant or Clearing Firm, as the case may be, as an authorized contact (“Authorized Contact”) or must be an Authorized User. The Control Desk provides support via a specified telephone number and during specified hours.

(iii) Control Desk employees may not always be available to assist Authorized Contacts or Authorized Users.

(iv) Individuals other than Authorized Contacts and Authorized Users must contact a Participant’s or a Clearing Firm’s Authorized Contact to make support requests.

(b) Control Desk Communications.

(i) As provided in Rule 537, the Exchange shall not be liable for any loss resulting from any inability to communicate with the Control Desk.

(ii) The liability of the Exchange for the negligent acts of Control Desk staff shall be subject to the limitations and conditions of Rule 537.

(iii) In no event shall the Exchange be liable for the negligence of the Control Desk if the Person claiming to have suffered a loss could have secured the support it sought from the Control Desk through its own administrative terminal, a terminal of its Clearing Firm or a terminal of an ISV.

(iv) For purposes of this Rule, a Person is deemed able to take action through its own administrative terminal, a Clearing Firm's terminal or an ISV's terminal unless such terminal was inoperative or such terminal service was interrupted at the time the Control Desk took action.

(c) Order Status.

(i) A Person who believes it has received an incorrect Order status or does not receive an appropriate status shall immediately notify the Control Desk. Additionally, such Person shall take any necessary and appropriate market action to mitigate any potential losses arising from the incorrect Order status or lack of appropriate Order status immediately after the Person knew or should have known that the Order status information was incorrect or should have been received. Any liability of the Exchange for incorrect Order status shall be subject to the limitations and conditions of Rule 537.

(ii) Notwithstanding the above, the Exchange shall not be liable for losses related to incorrect Order status information if the Exchange provides prior notification that an Exchange system, service or facility may produce such incorrect information and also provides notification of a means to obtain correct Order status information from such system, service or facility. In the event that the Control Desk and an Exchange system, service or facility provide conflicting information relating to an Order status, a Person may only reasonably rely on the information received from the Control Desk. Any liability of the Exchange shall be subject to Rule 537.

**RULE 539. Execution of Orders**

(a) Transactions on the DCM Trading System: This Rule 539(a) applies to the DCM Trading System.

(i) Orders to buy or sell any Contract are subject to the minimum trading requirements specified in the relevant Contract rules. For each trade matched on the DCM Trading System, the DCM Trading System shall promptly notify each Participant party to such trade that the trade has been executed.

Except as expressly provided for by the Rules, all Orders are matched with each other and executed electronically through the order book of the DCM Trading System in accordance with an algorithm that gives first priority to Orders at the best price and priority among Orders entered at the same price based on the length of time such Order has been resting. Without limiting the generality of the foregoing, the algorithm to match Orders entered in the order book of the DCM Trading System is based upon the following principles:

(ii) An Order at a better price will always have priority over Orders at inferior prices, except as provided in Rule 539(a)(vii).

(iii) A Limit Order will be executed when entered to the extent that there are resting contra-Orders, with any balance of such Limit Order to remain as a resting Order until such Limit Order is executed or is cancelled. Limit Orders must be entered with a user-defined limit price. All Limit Orders shall be cancelled by the DCM Trading System at the conclusion of Trading Hours on each Business Day.

(iv) “Immediate or Cancel”, in reference to an Order, means that such Order is executed against all resting contra-Orders at the stated price or better, up to the volume designated by the Order. Any residual volume of the Order is cancelled by the DCM Trading System.

(v) Except as provided in Rule 539(a)(vii), as among resting Orders at the same price, the algorithm will identify the resting Order to be matched against by length of time such Order has been resting. For the first two years following the date of the Exchange’s designation as a DCM, any decrease or increase to the size of a resting Order will not affect the priority of such Order.

(vi) An Iceberg Order will not be treated as a resting Order eligible to be matched, except to the extent of its displayable portion. Only the displayed portion of an Iceberg Order shall be visible. When a displayed portion is fully matched, any remaining reserve portion shall be re-divided into a displayed portion and reserve portion. The reserve portion of an Iceberg Order shall not be displayed nor will any indicator be contained in the market data stream to expose its presence.

(vii) TRADEON Sessions: A TRADEON Session will start for a Contract if an Order and a contra-Order are matched for that Contract (a “Matched Session”). Each Matched Session shall, if any Order for the relevant Contract remains unmatched at the end of such session, be followed by a new session (a “Continuing Session” and together with a Matched Session, a “TRADEON Session”). Each TRADEON Session lasts for typically ten seconds. Orders in the Contract subject to a TRADEON Session will only be matched at the “Market Equilibrium Price”, which is the price at which a trade was executed in the Matched Session. In the event that a trade executed in the Matched Session is a sweep of the order book in which a trade is executed at multiple prices, the Market Equilibrium Price shall be the worst price from the perspective of the aggressor.

(A) Initial Session: At the start of a Matched Session, a TRADEON window appears on the platform screen, indicating that a TRADEON session has begun. The initial session is a limited time window (typically 10 seconds) during which any participant on the DCM Trading System may submit an order to buy or sell specified sizes of the product at the indicated Market Equilibrium Price. Orders place during this time window are not visible to the market. Users can submit their Orders beginning immediately at the start of a TRADEON Session and for the duration of the session, and any Orders submitted for a TRADEON Session will be queued in priority order. During an initial TRADEON Session, priorities are as follows:

(B) In a Matched Session, any unfilled portion of the original Orders that initiated the trade is moved into the TRADEON Session, and the original parties may add to their Orders during the session and retain top priority.

(C) Users with resting Orders in the DCM Trading System order book at the Market Equilibrium Price will automatically be moved into the TRADEON Session and have the same priority in the initial session as they do in the order book.

(D) For all other users, any Orders entered during the initial session are lower priority than any of the Orders described in paragraphs (B) and (C) of this Rule



539(a)(vii). Such Orders are prioritized among themselves by the time of submission. For Iceberg Orders, the notional visibility (i.e., the displayed notional amount of an Iceberg Order) has priority over the reserve portion of an Iceberg Order.

(E) Orders in the initial TRADEON session are matched at the end of the session and based on the priority order set forth above. If both of the original parties to the trade (for trade-initiated TRADEON Session) enter an Order, the Orders will match immediately as they have the highest priority and are guaranteed to match.

(viii) Continuing Session: If any Orders remain unmatched at the end of a TRADEON Session and a trade occurred during such TRADEON Session, a Continuing Session will begin. Additional Orders may be submitted at any time during the Continuing Session. During a Continuing Session, Orders are prioritized solely by notional visibility and time. All Orders are matched at the Market Equilibrium Price and are matched immediately if there is a contra Order in the Continuing Session. If, at the end of the Continuing Session, a trade has occurred, and there are unmatched TRADEON Orders remaining, another Continuing Session will begin.

(ix) Termination: At the conclusion of a TRADEON Session, if no Continuing Session will follow pursuant to Rule 539(a)(viii) above, the session shall terminate and any Orders that have not matched during such session shall be placed in the order book based on their price.

(b) Transactions on the SEF Trading System: This Rule 539(b) applies to the SEF Trading System.

(i) Request for Quote Functionality. The Request for Quote (“RFQ”) functionality of the SEF Trading System allows a Participant (the “Requesting Participant”) to send an RFQ to buy or sell a Contract to other Participants specifically selected by the Requesting Participant, or to all Participants that are eligible to receive an RFQ from Requesting Participant. RFQ functionality will operate in conjunction with an order book for Required Transactions.

(ii) RFQ for Required Transactions. An RFQ for a Contract that is a Required Transaction must be sent to no fewer than the Required Number of Recipient Participants.

“Recipient Participant” means, with respect to any Requesting Participant sending any RFQ via the Request for Quote functionality of the SEF Trading System, a Participant, other than the Requesting Participant, that (x) is not an Affiliate of or Controlled by the Requesting Participant, and (y) is not an Affiliate of or Controlled by any other Person that responds to the same RFQ of the Requesting Participant.

“Required Number” means (x) prior to October 2, 2014, two, and (y) on or after October 2, 2014, three.

(iii) RFQ for Permitted Transactions. An RFQ for a Contract that is a Permitted Transaction must be sent to at least one other Participant.

(iv) Order Book. The SEF Trading System shall make an order book available as an execution method for all Required Transactions in accordance with the following.

(A) The Exchange will list for trading certain Required Transactions on the order book of the DCM Trading System as determined by the Exchange in its sole discretion. The order book of the DCM Trading System shall serve as the minimum trading functionality for the SEF Trading System pursuant to CFTC Regulation 37.3 with respect to those Required Transactions listed by the Exchange on DCM Trading System. Upon submission of an RFQ by a Requesting Participant, the SEF Trading System shall

communicate to the Requesting Participant any bid or offer for the relevant Required Transaction which is resting on the order book of the DCM Trading System.

(B) The Exchange shall offer a customized order book on the SEF Trading System for Required Transactions that are not listed for trading on the order book of the DCM Trading System.

(C) Requesting Participants may execute against the bid or offer, as applicable, communicated to them from the order book of the DCM Trading System, the customized order book of the SEF Trading System, or any responsive quotes to the RFQ of Requesting Participants.

(c) Execution on the Platform of a Required Transaction shall occur through one of the following methods:

(i) a RFQ on the SEF Trading System in accordance with Rule 539(b)(ii);

(ii) matching of an Order on the order book of the DCM Trading System or a customized order book on the SEF Trading System; or

(iii) as otherwise permitted by Applicable Law and adopted as an acceptable execution method by the Exchange.

**RULE 540. [RESERVED]**

**RULE 541. Trade Cancellations and Price Adjustments**

(a) Authority Over Trade Cancellations and Price Adjustments.

(i) The Board or a designee of the Board has authority to adjust trade prices or cancel (“bust”) trades when such action is necessary to mitigate market disrupting events caused by the improper or erroneous use of the Platform, by system defects, or for any reason deemed necessary by the Exchange in order to comply with Applicable Law.

(ii) Notwithstanding any other provisions of this Rule 541, the Board or a designee of the Board may adjust trade prices or bust any trade if it determines that allowing the trade to stand as executed may have a material, adverse effect on the integrity of the market.

(iii) All decisions of the Board or a designee of the Board under this Rule 541 shall be final.

(b) Review of Trades.

(i) The Board or a designee of the Board may determine to review a trade based on its independent analysis of market activity or upon request for review by an Authorized Trader. A request for review must be made within 15 minutes of the execution of the trade.

(ii) The Board or a designee of the Board shall determine whether or not a trade will be subject to review. In the absence of a timely request for review, during volatile market conditions, upon the release of significant news, or in any other circumstance in which the Board or a designee of the Board deems it to be appropriate, the Board or a designee of the Board may determine, in its sole discretion, that a trade shall not be subject to review.

(c) Price Adjustments and Cancellations.

(i) In reviewing a trade, the Board or a designee of the Board will first determine whether the trade price is within the No Bust Range for the Contract.

(ii) In applying the No Bust Range, the Board or a designee of the Board shall determine the fair value market price for that Contract at the time the trade under review occurred (the "Market Price"). The Board or a designee of the Board may consider any relevant information, including, but not limited to, the last trade price in the contract or a better bid or offer price on the Platform, a more recent price for a different maturity date, the price of the same or related contract established in another venue or another market and the market conditions at the time of the trade.

(iii) Trade Price Inside the No Bust Range. If the Board or a designee of the Board determines that the price of the trade is inside the No Bust Range, then it will issue an alert indicating that the trade shall stand.

(iv) Trade Price Outside the No Bust Range.

(A) If the Board or a designee of the Board determines that a trade price is outside the No Bust Range for a swap, the trade price shall be adjusted to the Market Price, plus or minus the No Bust Range. In the event there are multiple parties, prices or contracts involved in the transactions at issue, the Board or a designee of the Board has the authority, but not the obligation, to bust rather than price adjust such transactions. The Board or a designee of the Board will issue an alert regarding its decision.

(B) Busted trade prices and any prices that have been adjusted shall be cancelled in the Exchange's official record of time and sales. Trades that are price adjusted shall be inserted in the time and sales record at the adjusted trade price.

(d) Alternative Resolution by Agreement of Parties.

(i) With the approval of the Board or a designee of the Board, parties to a trade that is price adjusted may instead mutually agree to cancel the trade.

(ii) With the approval of the Board or a designee of the Board, parties to a trade that is busted may instead mutually agree to price adjust the trade to a price consistent with the adjustment provisions of Rule 541(c).

(iii) Subject to Rule 541(d)(i) and Rule 541(d)(ii), parties to a trade that is cancelled or price adjusted may mutually agree to a cash adjustment provided that such adjustments are reported to the Board or a designee of the Board and the parties maintain a record of the adjustment.

(iv) An executed trade may not be reversed via transfer except where such trade is determined by the Board or a designee of the Board to be outside of the No Bust Range but not reported timely, subject to agreement of the parties and approval of the Board or a designee of the Board. Any such transfer must occur at the original trade price and quantity, however, the parties may mutually agree to a cash adjustment.

(e) Liability for Losses Resulting from Price Adjustments or Cancellations.

(i) A party entering an order that results in a price adjustment or trade bust shall be responsible for demonstrated claims of realized losses incurred by persons whose trade prices were

adjusted or busted; provided, however, that a claimant shall not be entitled to compensation for losses incurred as a result of the claimant's failure to take reasonable actions to mitigate the loss.

(ii) A claim for a loss pursuant to this section must be submitted to the Exchange on an Exchange claim form within one business day of the event giving rise to the claim. The Exchange will reject any claim that is not filed in a timely manner and such decisions shall be final. Eligible claims shall be forwarded by the Exchange to the party responsible for the order(s) that resulted in a trade bust or a price adjustment and to the Participant through which the trade was submitted for clearing. Such party shall, within ten business days of receipt of the claim, admit or deny responsibility in whole or in part. Failure to respond to the claim within ten business days shall be considered a denial of liability.

(iii) To the extent that liability is admitted, payment shall be made within ten business days. Unless otherwise agreed upon in writing by the parties, failure to make the payment within ten business days shall be considered a denial of liability for purposes of this Rule 541. A copy of any such written agreement must be provided to the Exchange.

(iv) To the extent that liability is denied, the party making the claim may submit the claim for arbitration pursuant to Chapter 7 of the Rules. Such claims must be submitted to the Board or a designee of the Board within ten business days of the date the party was issued notification that liability was denied.

(f) **Schedule of Administrative Fees.** When the Board or a designee of the Board busts or price adjusts a trade, the party responsible for entering the order into the Platform that gave rise to the trade bust or price adjustment shall pay an administrative fee to the Exchange in the amount of \$500 for each such occurrence.

(g) **Exchange No Bust Ranges.**

<b>Contract</b>	<b>No Bust Range</b>
Interest Rate Swap	The price equivalent of five (5) basis points from the determination of fair market value by the Board or a designee of the Board.

(h) **Transfer Trades.** Positions that result from a trade determined by the Board or a designee of the Board to be outside the No Bust Range that cannot be busted because the trade was not reported within five minutes of the execution of the trade may be transferred between the parties using a transfer trade upon agreement of the parties (a "Transfer Trade"). Such Transfer Trades must comply with the trading requirements in these Rules. The Transfer Trade must use the original trade price and quantity. Any party may, but is not required to, include a cash adjustment to another party to the trade. Trades determined by the Board or a designee of the Board to be inside the No Bust Range may not be reversed using a Transfer Trade.

(i) **Voluntary Adjustment of Trade Price.** When a trade outside of the No Bust Range is busted in accordance with this Rule 541, the parties to the trade may agree voluntarily to reestablish the trade but to adjust its price and make a cash adjustment provided that all of the following conditions are met:

(i) The Board or a designee of the Board approves the adjustment.

(ii) The quantity of the position being reestablished is the same as the quantity of the trade that was busted.

(iii) In the case of a trade below the Market Price, the adjusted price must be the lowest price that traded at or about the time of the trade without being busted. In the case of a trade above the Market Price, the adjusted price must be the highest price that traded at or about the time of the trade without being busted.

(iv) The parties to the adjusted trade must report it to the Exchange using a Transfer Trade not later than the close of business on the Business Day after the trade occurred.

(j) **Busting Trades After System Malfunction.** In the event that the matching engine malfunctions with live Orders in the queue waiting to be matched, such Orders may be matched when the system is restored before the Board or a designee of the Board halts the matching engine. The Board or a designee of the Board is authorized to bust trades resulting from such matches if the price of such trades is outside of the No Bust Range at the time that a confirmation of the trades was sent.

(k) **Busting Trades That Have Not Been Accepted for Clearing.**

(i) The Board or a designee of the Board has the authority to bust any trade that is not accepted for clearing by either the relevant Clearing Firm or Clearing House after application of the Exchange's policies and procedures on clearing certainty.

(ii) Notwithstanding anything to the contrary in this Rule 541, the Exchange's policies and procedures on clearing certainty shall govern resolution of all issues involving trades that have been busted pursuant to Rule 541(k)(i). In the event of any conflict or inconsistency between these Rules and the Exchange policies and procedures on clearing certainty, the policies and procedures on clearing certainty shall prevail solely with respect to trades that have been busted pursuant to Rule 541(k)(i).

#### **RULE 542. Block Trades**

(a) The Exchange shall designate the Contracts that are eligible for treatment as a Block Trade and whether the details of a Block Trade may be submitted to the DCM Trading System or the SEF Trading System.

(b) Each Person that is a party to a Block Trade must be an Eligible Contract Participant.

(c) A Participant shall not execute any order on behalf of its Customer or Client by means of a Block Trade unless such Participant has received prior written instruction or consent from its Customer or Client to execute "block trades", as that term is defined in Part 43.6(i)(2) of CFTC Regulation, on behalf of that Customer or Client. Such instruction or consent may be provided in the power of attorney or similar document by which the Client provides the Participant with discretionary trading authority or the authority to direct the trading in its account. A Participant shall not aggregate the orders of different Clients to satisfy the minimum threshold size unless such Participant is one of the persons for which aggregation is permissible pursuant to CFTC Regulation 43.6(h).

(d) The price at which a Block Trade is executed must be fair and reasonable in light of (i) the size of the Block Trade, (ii) the prices and sizes of other transactions in the same Contract at the relevant time, (iii) the prices and sizes of transactions in other relevant markets, including the related swap markets, at the relevant time, and (iv) the circumstances of the markets or the principal counterparties to the Block Trade.

(e) Block Trades may only be executed and reported on the same day to the DCM Trading System or the SEF Trading System during Trading Hours of the relevant Contract. Parties to a Block Trade must ensure that its details are reported to the DCM Trading System or the SEF Trading System, as applicable, as soon as technologically practicable after execution. For the purposes of this Rule, a Block

Trade is reported to the Exchange upon: (1) the entry of the trade details of the Block Trade by one party into the DCM Trading System, or the SEF Trading System; and (2) an affirmation of the terms of the Block Trade by the other party through the DCM Trading System or SEF Trading System, as applicable. The trade details reported to the DCM Trading System or the SEF Trading System, as applicable, must include the execution time, which is the time at which the parties agreed to the terms of the Block Trade prior to entry of the trade details into the DCM Trading System or the SEF Trading System. Block Trades will not set off conditional orders (e.g., Limit Orders) or otherwise affect orders on the DCM Trading System or SEF Trading System.

(f) The Platform will transmit Swap Data of all Block Trades reported to the Exchange in accordance with this Rule 542 to the SDR as soon as technologically practicable after their details are submitted to the DCM Trading System or SEF Trading System. The SDR will be responsible for delaying the public dissemination of swap transaction and pricing data relating to any Block Trade in accordance with the timeframe set forth in Part 43 of CFTC Regulation and Applicable Law.

(g) All Persons involved in the execution of Block Trades must maintain a record of the transaction as required by Applicable Law.

**RULE 543. [RESERVED]**

**RULE 544. Recordkeeping Requirements for Privately Negotiated Trades**

(a) All transactions executed pursuant to Rule 542, unless otherwise exempted by Rule, are subject to the following recordation requirements (in addition to any other recordation requirements applicable under the Rules and Applicable Law):

(i) At the time of execution, every Order received from a Customer must be in the form of a written or electronic record and include an electronic timestamp reflecting the date and time such Order was received and must identify the specific account(s) for which the Order was placed. Such record shall also include an electronic timestamp reflecting the date and time such Order was executed or cancelled.

**RULE 545. SDR Reporting**

(a) Transmitting and Reporting Data. The Platform shall transmit Real-Time Data and report all Swap Data to an SDR, as soon as technologically practicable after execution of such swap on or subject to the rules of the Exchange.

(b) Non-Disclosure. The Exchange shall not disclose Real-Time Data of any swap executed on or pursuant to the rules of the Platform prior to public dissemination of such Real-Time Data by an SDR in accordance with CFTC Regulations.

(c) Correcting Real-Time Data.

(i) If a Reporting Party becomes aware, whether through the initiative of the Reporting Party or through notice by the other party to the swap, of an error or omission in Real-Time Data that was transmitted by the Platform to an SDR, the Reporting Party shall promptly submit to the Exchange, Real-Time Data correcting such error or omission and notify the Exchange of the need to correct the original Real-Time Data transmitted to the relevant SDR.

(ii) If the Exchange becomes aware of an error or omission in Real-Time Data transmitted by it to an SDR, or receives notification from the Reporting Party pursuant to

sub-paragraph (i), the Exchange shall promptly transmit Real-Time Data correcting such error or omission to the same SDR to which incorrect Real-Time Data was transmitted.

(d) **Correcting Swap Data.** The Exchange shall report corrections to any errors and omissions in Swap Data that were transmitted by the Exchange to the SDR. Corrections of errors or omissions in Swap Data shall be reported to the relevant SDR as soon as technologically practicable after discovery of any such errors or omissions.

(e) **Improper Cancellation or Correction.** The Exchange shall not transmit or agree to transmit to an SDR a cancellation or correction to Real-Time Data with knowledge that the purpose of re-reporting such Real-Time Data is to gain or extend a delay in public dissemination of accurate Real-Time Data or to otherwise evade the reporting requirements in this part.

(f) **Reporting Party Determination.** For purposes of these rules, the term “Reporting Party” means, in respect of a swap executed on or pursuant to the Rules of the Exchange, the Participant that is the “reporting counterparty” after application of CFTC Regulation 45.8. If both principal counterparties to a swap executed on or pursuant to the rules of the Exchange are Swap Dealers; or both are Major Swap Participants; or neither are Swap Dealers nor Major Swap Participants but both are financial entities as defined in CEA § 2(h)(7)(C); or neither are a financial entity as defined in CEA § 2(h)(7)(C), the Reporting Party shall be the Participant that is the fixed rate payer on the swap, and in respect of switches, the Reporting Party shall be the party that is the purchaser of the switch.

**RULE 546. Written Record of the Terms of Transactions Executed on the Platform.**

The Exchange will provide each Participant that is a counterparty to a Transaction on the Platform a written record of all of the terms of the Transaction. Such terms shall legally supersede any previous agreement and serve as a confirmation of the Transaction. The Exchange will not include specific account identifiers for accounts included in Bunched Orders if the applicable requirements of CFTC Regulation 1.35(b)(5) are met.

**RULE 547. Orders Eligible for Post-Execution Allocation**

(a) No Participant shall enter a Bunched Order on the Platform unless at the time of entering such Bunched Order, such Participant:

(i) is within at least one of the categories of entities enumerated in CFTC Regulation 1.35(b)(5)(i); and

(ii) has been granted written investment discretion with regard to the Client accounts to which Participant will allocate the Transaction that results from such Bunched Order.

(b) All Bunched Orders and Transactions resulting from Bunched Orders must be allocated and recorded in accordance with CFTC Regulation 1.35 and consistent with the principles of NFA’s Interpretative Notice 9029 related to Compliance Rule 2-10 as amended from time to time, and as if its terms applied to swaps.

(c) The provisions of (b) above shall also apply to Block Trades in which orders have been aggregated pursuant to CFTC Regulation 43.6 to meet the minimum transaction size.

**RULE 548. Legal Certainty of Transactions**

A Transaction entered into on or pursuant to the Exchange Rules shall not be void, voidable, subject to rescission, otherwise invalidated, or rendered unenforceable as a result of either (a) a violation by the Exchange of the provisions of section 5h of the CEA or CFTC Regulations; or (b) any action taken by the

CFTC that has the effect of amending, altering or supplementing these Rules or any of the terms or conditions of a Contract listed for trading on the Exchange.



## CHAPTER 6 DISCIPLINARY RULES

### **RULE 601. General**

(a) All Persons subject to the jurisdiction of the Exchange are subject to this Chapter 6 if they are alleged to have violated, to have aided and abetted a violation or to be violating, any Rule of the Exchange or any provision of Applicable Law for which the Exchange possesses disciplinary jurisdiction.

(b) The Exchange, through the Exchange Regulation Department and the Disciplinary Panel, will conduct inquiries, Investigations, disciplinary proceedings and appeals from disciplinary proceedings, summary impositions of fines, summary suspensions or other summary actions in accordance with this Chapter 6.

(c) No Exchange Official, Director, or Officer will interfere with or attempt to influence the process or resolution of any inquiry, Investigation, disciplinary proceeding, appeal from a disciplinary proceeding, summary imposition of fines, summary suspension or other summary action (each, a “Disciplinary Action”), except to the extent provided under the Rules with respect to a proceeding in which the Director is a member of the relevant Appeal Panel; provided, however, that a Director may participate in the proceedings of an Appeal Panel if such Director is a member of such Appeal Panel to the extent otherwise authorized.

(d) Any Subject Person may be represented by legal counsel or any other representative of its choosing during any Disciplinary Action; provided, however, that no such legal counsel may be an employee of the Exchange or any person related to the underlying investigation.

(e) Liability for Authorized Users.

The Exchange may hold a Participant or Clearing Firm liable for, and impose sanctions against such Participant or Clearing Firm for:

(i) the acts and omissions of such Participant or Clearing Firm or any of their Authorized Users that constitutes a violation of the Rules of the Exchange or any provision of Applicable Law; or

(ii) any Person’s use of a User ID or Admin ID that has been assigned to an Authorized User of such Participant or such Clearing Firm that constitutes a violation of Rule 536.

(f) Ex Parte Communications.

(i) A Person subject to a disciplinary proceeding or an appeal from a disciplinary proceeding (and any counsel or other representative of such Person) and the Exchange Regulation Department (and any counsel or other representative of the Exchange Regulation Department) shall not knowingly make or cause to be made an ex parte communication relevant to the merits of a disciplinary proceeding or an appeal from a disciplinary proceeding to any member of the Disciplinary Panel or the Appeal Panel hearing such proceeding.

(ii) Members of a Disciplinary Panel or Appeal Panel shall not knowingly make or cause to be made an ex parte communication relevant to the merits of a disciplinary proceeding or an appeal from a disciplinary proceeding to any Person subject to such proceeding (and any counsel or representative of such Person) and the Exchange Regulation Department (and any counsel or representative of the Exchange Regulation Department).

(iii) Any Person who receives, makes or learns of any communication that is prohibited by this rule shall promptly give notice of such communication and any response thereto to the Exchange Regulation Department and all parties to the proceeding to which the communication relates.

(iv) A Person shall not be deemed to have violated this rule if the Person refuses an attempted communication concerning the merits of a proceeding as soon as it becomes apparent the communication concerns the merits.

#### **RULE 602. Inquiries and Investigation**

(a) The Exchange Regulation Department will investigate any matter within the Exchange's jurisdiction of which it becomes aware. Pursuant to this Chapter 6, the Exchange Regulation Department will commence an investigation upon the receipt of a request from Commission staff or upon the discovery or receipt of information by the Exchange that, in the judgment of the Exchange Regulation Department indicates a possible basis for finding that a violation may have occurred or will occur. The Exchange Regulation Department will determine the nature and scope of its inquiries and investigations in its sole discretion and will function independently of any commercial interests of the Exchange.

(b) The Exchange Regulation Department has the authority to:

- (i) initiate and conduct inquiries and investigations;
- (ii) prepare investigative reports and make recommendations concerning initiating disciplinary proceedings;
- (iii) prosecute alleged violations within the Exchange's disciplinary jurisdiction; and
- (iv) represent the Exchange on appeal from any disciplinary proceeding, summary imposition of fines, summary suspension or other summary action.

(c) Each Subject Person:

(i) is obligated to appear and testify and respond in writing to interrogatories within the time period required by the Exchange Regulation Department in connection with:

- (A) any inquiry or Investigation; or
- (B) any preparation by and presentation during a Disciplinary Action.

(ii) is obligated to produce all books, records, papers, documents or other tangible evidence in its, his or her possession, custody or control within the time period required by the Exchange Regulation Department in connection with:

- (A) any inquiry or Investigation; or
- (B) any preparation by and presentation during a Disciplinary Action; and

(iii) may not impede or delay any Disciplinary Action.

#### **RULE 603. Reports of Investigations**

(a) The Exchange Regulation Department will maintain a log of each Investigation and its disposition. The Exchange Regulation Department will prepare a written report of each Investigation, regardless of whether the evidence gathered during such Investigation forms a reasonable basis to believe

that a violation within the Exchange's jurisdiction has occurred or is about to occur or whether the evidence gathered results in closing the matter without further action or through summary action.

(b) Any written report of Investigation ("Investigative Report") will include the reasons for initiating the Investigation (including a summary of the complaint, if any), all relevant facts and evidence gathered, Exchange Regulation Department staff's analysis and conclusions and the recommendation of the Exchange Regulation Department including as to whether a warning letter should be issued or any other disciplinary action should be pursued. For each potential respondent, the Exchange Regulation Department will recommend either:

- (i) closing the Investigation without further action;
- (ii) settlement;
- (iii) summary action;
- (iv) the preparation and service of a Notice of Charges for instituting a disciplinary proceeding; or
- (v) resolving the Investigation through an informal disposition, including the issuance of a warning letter. An informal disposition (including the issuance of a warning letter) will not constitute a finding of a violation or a sanction, however, the investigative report must include a copy of any warning letter.

(c) The Investigative Report will be provided to the Chief Compliance Officer or the Chief Regulatory Officer for a determination as to whether the Investigative Report is complete. The Chief Compliance Officer or the Chief Regulatory Officer will then provide the completed Investigative Report to the Review Panel of the Disciplinary Panel.

#### **RULE 604. Opportunity to Respond**

(a) After completing its Investigative Report, the Exchange Regulation Department may, upon approval of the Chief Compliance Officer or the Chief Regulatory Officer, notify each potential respondent that the Exchange Regulation Department has recommended formal disciplinary charges against the potential respondent.

(b) The Exchange Regulation Department may allow a potential respondent to propose a settlement of the matter or to submit a written statement explaining why a disciplinary proceeding should not be instituted or one or more of the potential charges should not be brought. The potential respondent shall submit such written statement within the time limit established by the Exchange Regulation Department.

#### **RULE 605. Review of Investigative Reports**

(a) Review of Investigative Reports by the Chief Compliance Officer or the Chief Regulatory Officer.

(i) The Chief Compliance Officer or the Chief Regulatory Officer will review the Investigative Report provided pursuant to Rule 603(c) to determine whether a reasonable basis exists to believe that a violation within the Exchange's jurisdiction has occurred or is about to occur.

(ii) If after receiving an Investigative Report pursuant to Rule 605(a)(i) or any additional information pursuant to this Rule 605(a)(ii), the Chief Compliance Officer or the Chief

Regulatory Officer determines that additional investigation or evidence is needed to decide whether a reasonable basis exists to believe that a violation within the Exchange's jurisdiction has occurred or is about to occur, the Chief Compliance Officer or the Chief Regulatory Officer will direct the Exchange Regulation Department to conduct further investigation.

(iii) Upon receiving the Investigative Report pursuant to Rule 605(a)(i) and all additional information requested pursuant to Rule 605(a)(ii), the Chief Compliance Officer or the Chief Regulatory Officer will determine for each potential respondent whether to authorize:

(A) the informal disposition of the Investigation (by issuing a warning letter or otherwise) because disciplinary proceedings are unwarranted; or

(B) the closing of the Investigation without any action because no reasonable basis exists to believe that a violation within the Exchange's jurisdiction has occurred or is about to occur; or

(C) the commencement of disciplinary proceedings because a reasonable basis exists to believe that a violation within the Exchange's jurisdiction has occurred or is about to occur.

(b) Review of Investigative Reports by the Review Panel of the Disciplinary Panel.

(i) After receiving a completed Investigative Report pursuant to Rule 605(a), a Review Panel must promptly review the report and, within 30 days of such receipt, must take one of the following actions:

(A) If the Review Panel determines that additional investigation or evidence is needed, it must promptly direct the Exchange Regulation Department to conduct further investigation.

(B) If the Review Panel determines that no reasonable basis exists for finding a violation or that prosecution is otherwise unwarranted, it may direct that no further action be taken. Such determination must be in writing, and must include a written statement setting forth the facts and analysis supporting the decision.

(C) If the Review Panel determines that a reasonable basis exists for finding a violation and adjudication is warranted, it must direct that the person or entity alleged to have committed the violation be served with a Notice of Charges and proceed in accordance with the rules of this Chapter 6.

(ii) A failure of the Disciplinary Panel to act within the time prescribed in Rule 605(b)(i) shall not prevent the Chief Compliance Officer or the Chief Regulatory Officer from acting pursuant to Rule 605(a). The Chief Compliance Officer or the Chief Regulatory Officer shall inform the Regulatory Oversight Committee of any such failure of the Disciplinary Panel to act.

(iii) Any conflict between the actions of the Chief Compliance Officer or the Chief Regulatory Officer pursuant to Rule 605(a) and the Disciplinary Panel pursuant to Rule 605(b) shall be resolved by the Regulatory Oversight Committee.

(c) Each Investigation shall be completed in a timely manner. Absent mitigating circumstances (it being understood that the complexity of the Investigation, the number of firms or individuals involved as potential wrongdoers, the number of potential violations to be investigated, and the volume of documents and data to be examined may constitute such mitigating circumstances), an

Investigation shall be complete within 12 months of such Investigation being initiated pursuant to Rule 602(a).

**RULE 606. Notice of Charges**

(a) If the Chief Compliance Officer, the Chief Regulatory Officer or Review Panel authorizes disciplinary proceedings pursuant to Rule 605(a)(iii)(C) or Rule 603(b)(iv), the Exchange Regulation Department will prepare, and serve in accordance with Rule 608, a Notice of Charges (“Notice of Charges”).

(b) A Notice of Charges will:

(i) state the acts, conduct or practices that the respondent is alleged to have engaged in;

(ii) state the Rule or provision of Applicable Law alleged to have been violated or about to be violated;

(iii) state the proposed sanctions;

(iv) advise the respondent of its right to a hearing;

(v) advise the respondent of the right to be represented by legal counsel pursuant to Rule 601(d) in all succeeding stages of the disciplinary process;

(vi) state the period of time within which the respondent may file an answer to the Notice of Charges, which will not be less than 20 days after service of the Notice of Charges;

(vii) advise the respondent that any failure to answer the Notice of Charges pursuant to Rule 607 within the period stated pursuant to Rule 606(b)(vi) except for good cause, will be deemed to constitute a waiver of the right to participate in a hearing; and

(viii) advise the respondent that any allegation in the Notice of Charges that is not expressly denied will be deemed to be admitted.

**RULE 607. Answer to Notice of Charges**

(a) If the respondent determines to answer a Notice of Charges, the respondent must file answers within the period indicated in the Notice of Charges pursuant to Rule 606(b)(vi), which period may be extended by written consent of the Chief Compliance Officer or the Chief Regulatory Officer.

(b) To answer a Notice of Charges, the respondent must in writing:

(i) specify the allegations that the respondent denies or admits;

(ii) specify the allegations that the respondent does not have sufficient information to either deny or admit;

(iii) specify any specific facts that contradict the Notice of Charges;

(iv) specify any affirmative defenses to the Notice of Charges; and

(v) sign and serve the answer on the Chief Compliance Officer or the Chief Regulatory Officer, who shall forward a copy of the answer to the relevant Review Panel.

(c) Any failure by the respondent to timely serve an answer to a Notice of Charges will be deemed to be an admission to the allegations in such notice. Any failure by the respondent to specifically answer any allegation shall be deemed to be an admission of such allegation. Any allegation in a Notice of Charges that the respondent fails to expressly deny shall be deemed to be admitted. A general denial by the respondent will constitute an admission of all allegations in a Notice of Charges.

(d) If the respondent timely files an answer to a Notice of Charges, the respondent shall be entitled to attend and participate in a hearing pursuant to Rule 613.

#### **RULE 608. Service of Notice of Charges**

Documents (including a Notice of Charges) contemplated by this Chapter 6 may be served on any respondent (a) in person to the respondent or an Authorized Representative of the respondent, (b) by delivery to the place of business of the respondent or an Authorized Representative of the respondent, by United States mail, postage prepaid, via registered or certified mail addressed to the respondent at the address as it appears on the books and records of the Exchange, (c) via electronic mail to the electronic mail address of the respondent or an Authorized Representative of the respondent as it appears on the books and records of the Exchange.

#### **RULE 609. Settlements**

(a) A respondent at any time after an Investigative Report is completed pursuant to Rule 603 may propose in writing an offer of settlement related to anticipated or instituted disciplinary proceedings.

(b) A respondent or potential respondent may offer to settle disciplinary proceedings without admitting or denying the findings contained in the order of the disciplinary proceedings but must accept the jurisdiction of the Exchange over it and over the subject matter of the proceedings and consent to the entry of the findings and sanctions imposed.

(c) Any offer of settlement should contain proposed findings and sanctions and be signed by the respondent or potential respondent and submitted to the Exchange Regulation Department. The Exchange Regulation Department shall provide a copy of any offer of settlement and its recommendation on whether to accept or reject such offer to the Chief Compliance Officer, the Chief Regulatory Officer and/or the Review Panel considering the matter at issue, or if no Review Panel is considering the matter, then the Hearing Panel convened to consider such matter.

(d) Any preliminary determination by the Chief Compliance Officer or the Chief Regulatory Officer to accept the offer shall be submitted for review by the relevant Disciplinary Panel. If the relevant Disciplinary Panel agrees, then the Chief Compliance Officer or the Chief Regulatory Officer shall conditionally accept an offer of settlement, and that the settlement will become final upon the expiration of 20 days after an order of the disciplinary proceedings consistent with the terms of the offer of settlement is served on the respondent.

(e) If an offer of settlement is accepted by the relevant Disciplinary Panel, the panel accepting the offer must issue a written decision specifying the rule violations it has reason to believe were committed, including the basis or reasons for the panel's conclusions, and any sanction to be imposed, which must take into account the respondent's disciplinary history and include full customer restitution where harm to a customer and the customer's identity can be reasonably determined. If an offer of settlement is accepted without the agreement of the Exchange Regulation Department, Chief Compliance Officer or the Chief Regulatory Officer, the decision must adequately support the Disciplinary Panel's acceptance of the settlement. If applicable, the decision must also include a statement that the respondent has accepted the sanctions imposed without either admitting or denying the rule violations.

(f) If an offer of settlement is accepted and the related order of disciplinary proceedings becomes final, the respondent's submission of the offer will be deemed to constitute a waiver of the right to notice, opportunity for a hearing and review and appeal under the Rules.

(g) If the offer of settlement of a respondent or potential respondent is not accepted by agreement between the Chief Compliance Officer or the Chief Regulatory Officer and the relevant Disciplinary Panel, fails to become final or is withdrawn by the respondent or potential respondent, the matter will proceed as if the offer had not been made and the offer and all documents relating to it will not become part of the record. Neither a respondent or potential respondent nor the Exchange Regulation Department may use an unaccepted offer of settlement as an admission or in any other manner at a hearing of, or appeal from, disciplinary proceedings.

#### **RULE 610. Disciplinary Panels**

(a) **Review Panel.** The Review Panel shall review completed Investigative Reports in order to determine whether a reasonable basis exists for finding of a violation by the respondent and for authorizing the issuance of a Notice of Charges against such respondent.

(b) **Hearing Panel.** The Hearing Panel shall conduct hearings in connection with any disciplinary proceedings (except for summary impositions of fines pursuant to Rule 617), to make findings, render decisions, and impose sanctions pursuant to this Chapter 6.

(c) **Panel Members.** The Board shall appoint individuals at the recommendation of the Chief Compliance Officer or the Chief Regulatory Officer, each to serve for a term of one-year, subject to reappointment by the Board, as potential participants on the Disciplinary Panels. The Chief Compliance Officer or the Chief Regulatory Officer shall recommend at least three individuals who would satisfy the conditions for being deemed a Public Director and at least three individuals who represent the views of Participants. The term of an individual that has been selected as a member of a Disciplinary Panel will not expire until the related proceedings are completed.

(d) **Chairperson.** The chairperson of any Review Panel or Hearing Panel shall be a Public Participant.

(e) **Disciplinary Panel Selection.** The Chief Compliance Officer or the Chief Regulatory Officer shall randomly select a Review Panel and Hearing Panel prior to the commencement of any investigative or disciplinary matter from the potential members of Disciplinary Panels appointed by the Board pursuant to Rule 610(c). Each Disciplinary Panel shall be selected by randomly choosing at least one Public Participant and the remaining individuals from those representing the views of the Participants, with the latter being chosen in a manner that prevents any group or class of industry participants from dominating or exercising disproportionate influence on the Disciplinary Panel being formed.

(f) If an individual selected is an Interested Person or if a member of the Disciplinary Panel later becomes an Interested Person, a replacement for such individual shall be randomly selected by the Chief Compliance Officer or the Chief Regulatory Officer.

(g) Within 10 days of being notified of the appointment of the Disciplinary Panel, a respondent may seek to disqualify any individual named to the Disciplinary Panel for the reasons identified in Rule 215 or for any other reasonable grounds, including that such individual has a financial interest in the matter, by serving written notice on the Chief Compliance Officer or the Chief Regulatory Officer. By not timely filing a request for disqualification, the respondent will be deemed to have waived any objection to the composition of a Disciplinary Panel. The general counsel of the Exchange will decide the merits of any request for disqualification within his or her sole discretion. Any such decision will be final and not subject to appeal.

(h) No person shall serve on a Disciplinary Panel unless such person has agreed in writing that he or she will not publish, divulge, or make known in any manner, any facts or information regarding the business of any person or any other information which may come to his attention in his official capacity as a member of the Disciplinary Panel, except when reporting to the Board or to a committee concerned with such information or to the Exchange Regulation Department, when requested by any Government Agency or Self-Regulatory Organization, or when compelled to testify in any judicial or administrative proceeding.

(i) All information, records, materials and documents provided to the Disciplinary Panel and all deliberations, testimony, information, records, materials and documents related thereto shall be treated as non-public and confidential and shall not be disclosed, except as necessary to further an Investigation or as required by law.

#### **RULE 611. Convening Hearings of Disciplinary Proceedings**

(a) A hearing will be conducted privately and confidentially. Notwithstanding the confidentiality of hearings, the Hearing Panel may appoint an expert to attend any hearing and assist in deliberations if such expert agrees to be subject to an appropriate confidentiality agreement.

(b) After reasonable notice to each respondent, the Hearing Panel will promptly convene a hearing to conduct the disciplinary proceedings with respect to such respondent. Parties to a disciplinary proceeding include each respondent and the Exchange Regulation Department.

(c) The chair of the Hearing Panel may continue, adjourn or otherwise conduct the hearing, as he or she may deem appropriate. The chair of the Hearing Panel will determine all procedural and evidentiary matters, including the admissibility and relevance of any evidence proffered. In determining procedural and evidentiary matters, the chair of the Hearing Panel will not be bound by any evidentiary or procedural rules or law. Once admitted during the hearing, the Hearing Panel may consider, and attach the weight it believes appropriate to, evidence or other materials. The general counsel of the Exchange, or its designee, will provide guidance to the chair of the Hearing Panel on the conduct of the hearing.

(d) Except for procedural and evidentiary matters decided by the chair of the Hearing Panel pursuant to Rule 611(c) and Rule 612, unless each respondent otherwise consents, the entire Hearing Panel must be present during the entire hearing and any related deliberations.

#### **RULE 612. Respondent Review of Evidence**

(a) Prior to the commencement of a hearing, each respondent will be given the opportunity to review all books, records, documents, papers, transcripts of testimony and other tangible evidence in the possession or under the control of the Exchange that the Exchange Regulation Department will use to support the allegations and proposed sanctions in the Notice of Charges or which the chair of the Hearing Panel deems relevant to the disciplinary proceedings. Notwithstanding the first sentence in this Rule 612(a), no respondent will have the right to review, and the Exchange will have no obligation to disclose, any documents that are privileged or constitute attorney work product, documents that were prepared by an employee of the Exchange but will not be offered in evidence at the hearing, documents that may disclose a technique or guideline used in examinations, investigations or enforcement proceedings, or documents that disclose the identity of a confidential source.

(b) If any books, records, documents, papers, transcripts of testimony, or other tangible evidence contain information that could adversely affect the competitive position of the Person providing the information or if such information might compromise other Investigations being conducted by the Exchange Regulation Department, the Exchange Regulation Department may redact, edit or code such information before furnishing it to the respondent.



(c) Notwithstanding anything in paragraph (b) above to the contrary, the Exchange Regulation Department:

(i) will not redact, edit or code competitive or investigative information contained in documents in a manner that would impair the respondent's ability to defend against the allegations or proposed sanctions in the notices of charges, and

(ii) will provide the respondent with access to the information and portions of the documents that the Exchange Regulation Department intends to rely on to support the allegations or proposed sanctions in the Notice of Charges.

(d) For purposes of this Rule 612, information that could adversely affect competitive positions include positions in Contracts currently held, trading strategies employed in establishing or liquidating positions, the identity of any Participant or Direct Access Customer, and the personal finances of any Person.

### **RULE 613. Conducting Hearings of Disciplinary Proceedings**

(a) At a hearing conducted in connection with any disciplinary proceedings, the Exchange Regulation Department will present its case supporting the allegations and proposed sanctions in the Notice of Charges to the Hearing Panel. If a respondent has timely filed an answer to the Notice of Charges in accordance with Rule 607, the respondent is entitled to attend and participate in the hearing.

(b) At a hearing conducted in connection with any disciplinary proceedings, the Hearing Panel or the Exchange Regulation Department and each respondent may:

(i) present evidence and facts unless determined irrelevant or inadmissible by the chair of the Hearing Panel;

(ii) call and examine witnesses; and

(iii) cross-examine witnesses called by other parties.

(c) If the respondent has failed to file an answer, has filed a general denial, or otherwise has failed to expressly deny any allegation in the Notice of Charges, the chair of the Hearing Panel may limit evidence concerning any allegations not expressly denied in determining the sanctions to impose. If a respondent fails to file an answer but appears at the hearing, the respondent may not participate in the hearing (by calling or cross-examining witnesses, testifying in defense, presenting evidence concerning the Notice of Charges, or otherwise) unless the Hearing Panel determines that the respondent had a compelling reason for failing to timely file an answer. If the Hearing Panel determines that the respondent had a compelling reason for failing to timely file an answer, the Hearing Panel will adjourn the hearing and direct the respondent to promptly file a written answer in accordance with Rule 607.

(d) Any Person entitled, or required or called upon, to attend a hearing before a Hearing Panel pursuant to Rule 613(b)(ii) will be given reasonable notice, confirmed in writing, specifying the date, time and place of the hearing, and the caption of the disciplinary proceedings. Any Person that is called as a witness is required to appear at the hearing him- or herself if such Person is an individual or by a duly authorized officer or another appropriate representative if such Person is a juridical entity, and where applicable, produce evidence. The Exchange will make reasonable efforts to secure the presence of any Person called as witnesses whose testimony would be relevant.

(e) If during any disciplinary proceedings the Hearing Panel determines that a reasonable basis exists to believe that the respondent violated or is about to violate a Rule of the Exchange or a provision of Applicable Law other than the violations alleged in the Notice of Charges, the Hearing Panel

may consider those apparent violations after providing the respondent with an opportunity to answer the additional allegations in accordance with Rule 607. In connection with considering apparent violations pursuant to this Rule 613(e), the Hearing Panel may request that the Exchange Regulation Department provide the Hearing Panel with any additional information related to the violations at issue.

(f) The Hearing Panel may summarily impose sanctions on any Person that impedes or delays the progress of a hearing (including by failing to comply with the obligations of such Person under Rule 613(d)).

(g) The Exchange will arrange for any hearing conducted in connection with disciplinary proceedings to be recorded verbatim, or substantially verbatim, in a manner capable of accurate transcription. If a transcript of the hearing is requested by the CFTC staff or the respondent, the decision of the Hearing Panel is appealed pursuant to Rule 616, or is reviewed by the CFTC pursuant to Section 8c of the CEA or part 9 of Chapter 38 of the CFTC Regulations, the Exchange shall produce a transcript of the hearing; provided, however, that the costs of transcribing the hearing shall be borne by the respondent if the respondent requests the transcript, appeals the decision of the Hearing Panel pursuant to Rule 616, or submits an application for the decision of the Hearing Panel to be reviewed by the CFTC and such application is granted.

(h) No interlocutory appeals of any rulings made by a Hearing Panel or a chair of a Hearing Panel are permitted.

#### **RULE 614. Decision of Hearing Panel**

(a) As promptly as reasonable following a hearing, the Hearing Panel will issue a written order rendering its decision based on the weight of the evidence contained in the record of the disciplinary proceedings. A decision by a majority of the Hearing Panel will constitute the decision of the Hearing Panel.

(b) The Exchange will serve each of the respondent and the Exchange Regulation Department with a copy of the order of the Hearing Panel. The order will include:

- (i) the Notice of Charges or summary of the charges;
- (ii) the answer, if any, or a summary of the answer;
- (iii) a brief summary of the evidence introduced at the hearing or, where appropriate, incorporation by reference of the Investigative Report;
- (iv) a statement of findings and conclusions concerning each charge, including a complete explanation of the evidentiary and other basis for such findings and conclusions with respect to each charge;
- (v) a reference to each specific Rule or provision of Applicable Law that the respondent is found to have violated;
- (vi) a declaration of all sanctions imposed against the respondent, if any, including the basis for such sanctions and the effective date of each sanction; and
- (vii) notice of the respondent's right to appeal pursuant to Rule 616.

(c) Unless a timely notice of appeal is filed pursuant to Rule 616, the order of the disciplinary proceedings will become final upon the expiration of 20 days after the order is served on the respondent and provided to the Exchange Regulation Department.

## **RULE 615. Sanctions**

(a) After notice and opportunity to be heard in accordance with the Rules, the Exchange shall impose sanctions on a Participant or its Authorized Trader, or a Direct Access Customer or its Direct Access Trader if it is found to have violated or to have attempted to violate any Rule or provision of Applicable Law for which the Exchange possesses disciplinary jurisdiction. All sanctions must take into account the respondent's disciplinary history and shall be commensurate with the violations committed. In the event of demonstrated customer harm, any sanction must also include full customer restitution, except where the amount of restitution, or to whom restitution should be provided, cannot be reasonably determined.

The Exchange may impose one or more of the following sanctions or remedies:

- (i) a warning letter, provided that no more than one warning letter may be issued to the same person found to have committed the same rule violation within a rolling twelve month period;
- (ii) censure;
- (iii) termination, suspension or restriction of Trading Privileges, ability to otherwise access the Platform, or the imposition of other limitations on any activity on or through the Exchange;
- (iv) subject to Rule 615(b), a fine;
- (v) restitution;
- (vi) disgorgement; or
- (vii) any other sanction or remedy deemed to be appropriate.

(b) The Exchange may impose a fine of up to \$25,000 for each Rule violation. If a fine or other amount is not paid within 30 days of the date that it becomes payable, then interest will accrue on the sum from the date that it became payable at the quoted prime rate plus three percent. The Exchange has sole discretion to select the bank on whose quotations to base the prime rate.

## **RULE 616. Appeal from Hearing Panel Decision, Summary Impositions of Fines and Other Summary Actions**

(a) A Subject Person found by the Hearing Panel to have violated (or whose Authorized Trader or Direct Access Trader was found to have violated, or whose User ID was used by another Person that was found to have violated) any of the Rules or a provision of Applicable Law or who is subject to any summary fine imposed pursuant to Rule 617 or any summary action imposed pursuant to Rule 618 may appeal the decision within 20 days of receiving the order of the disciplinary proceedings or the notice of summary action, as the case may be, by filing a notice of appeal with the Chief Compliance Officer or the Chief Regulatory Officer. While an appeal is pending, the effect of the order of disciplinary proceedings or the summary action (including any sanctions, remedies or costs imposed thereby) shall be suspended, except as provided in Rule 613(f) with respect to any denial or limit on Trading Privileges or ability to otherwise access the Platform.

(b) The notice of appeal must state in writing the grounds for appeal, identifying each finding of fact, conclusion and sanctions to which the appellant objects. An appellant may appeal the order of disciplinary proceedings or any summary decision on the grounds that:

(i) the order or decision was arbitrary, capricious, an abuse of discretion, or not in accordance with the Rules;

(ii) the order or decision exceeded the authority or jurisdiction of the Hearing Panel, the Chief Compliance Officer, or the Chief Regulatory Officer or the Exchange;

(iii) the order or decision failed to observe required procedures;

(iv) the order or decision was unsupported by the facts or evidence; or

(v) the imposed sanctions, remedies or costs are inappropriate or unsupported by the record.

(c) The Chief Compliance Officer or the Chief Regulatory Officer will forward copies of any notice of appeal received by it to all parties to the disciplinary proceeding or summary action, as the case may be, except the appellant. On or before the 20th day after filing a notice of appeal, the appellant must file with the Chief Compliance Officer or the Chief Regulatory Officer and serve on the Exchange Regulation Department a brief supporting the notice of appeal and documents supporting the brief. On or before the 20th day after the date on which the appellant serves supporting brief, the appellee must file and serve its brief in opposition with the Exchange Regulation Department. On or before the 10th day after the date on which the appellee serves its brief in opposition, the appellant must file and serve a brief in reply with the Exchange Regulation Department.

(d) In connection with any appeal, the Exchange Regulation Department will furnish to the Chief Compliance Officer or the Chief Regulatory Officer and to the respondent a transcript of the hearing, any exhibits introduced at the hearing, the notice of appeal and briefs filed to support and oppose the appeal.

(e) Within 30 days after the last submission filed pursuant to Rule 616(c), the Board will appoint an Appeal Panel to consider and determine the appeal. The Board shall appoint individuals at the recommendation of the Chief Compliance Officer or the Chief Regulatory Officer to serve on the Appeal Panel for a term of one year, subject to reappointment by the Board, as potential participants on Appeal Panels. The Chief Compliance Officer or the Chief Regulatory Officer's recommendation shall include Public Participants. The term of an individual that has been selected as a member of an Appeal Panel will not expire until the related proceedings are completed. No individual appointed to an Appeal Panel shall be a member of the Exchange Regulation Department or have been a member of any Disciplinary Panel involved in the matters on appeal.

(f) The chair of the Appeal Panel shall be a Public Participant.

(g) Within 10 days of being notified of the appointment of the Appeal Panel, an appellant may seek to disqualify any individual named to the Appeal Panel for the reasons identified in Rule 215 or for any other reasonable grounds, by serving written notice on the Chief Compliance Officer or the Chief Regulatory Officer. By not timely filing a request for disqualification, the appellant will be deemed to have waived any objection to the composition of an Appeal Panel. The general counsel of the Exchange will decide the merits of any request for disqualification within his or her sole discretion.

(h) The Appeal Panel will hold a hearing to allow parties to present oral arguments. Any hearing will be conducted privately and confidentially. Notwithstanding the confidentiality of hearings, the Appeal Panel may appoint an expert to attend any hearing and assist in the deliberations if such

individuals agree to be subject to appropriate confidentiality agreements. In determining procedural and evidentiary matters, the Appeal Panel will not be bound by evidentiary or procedural rules or law.

(i) The Appeal Panel will only consider on appeal the record before the Hearing Panel or, in the case of a summary action, the record considered by the Chief Compliance Officer or the Chief Regulatory Officer, the notice of appeal, the briefs filed in support and opposition of the appeal, and any oral arguments of the parties. The Appeal Panel may only consider new evidence when the Appeal Panel determines that good cause exists as to why the evidence was not introduced during the disciplinary proceeding or when imposing the summary action.

(j) After completing its review, the Appeal Panel may affirm, modify or reverse any order of the disciplinary proceedings or summary action under appeal, in whole or in part, including increasing, decreasing or eliminating any sanction or remedy imposed, imposing any other sanction or remedy authorized by the Rules, remanding the matter to the same or a different Hearing Panel for further disciplinary proceedings, or ordering a new hearing.

(k) As promptly as reasonably possible following its review, the Appeal Panel will issue a written decision based on the weight of the evidence before the Appeal Panel. The decision of the Appeal Panel will include a determination for each finding, conclusion and sanction reviewed on appeal; provided, however, that the Appeal Panel need not make any determination with respect to a finding, conclusion or sanction if making such finding or reaching such conclusion would have no effect on the sanctions, remedies or costs imposed on the parties to the appeal.

(l) The Appeal Panel's written order will be the final action of the Exchange and will not be subject to appeal within the Exchange.

#### **RULE 617. Summary Imposition of Fines**

(a) The Chief Compliance Officer or the Chief Regulatory Officer may summarily impose a fine against a Participant or Direct Access Customer for failing:

(i) to make timely payments of original or variation margin, fees, cost, charges or fines to the Exchange or any Clearing House;

(ii) to make timely and accurate submissions to the Exchange of notices, reports or other information required by the Rules; and

(iii) to keep any books and records required by the Rules.

(b) The Exchange Regulation Department, acting on behalf of the Chief Compliance Officer or the Chief Regulatory Officer, will give notice of any fine imposed pursuant to this Rule 617 to each Participant or Direct Access Customer subject thereto. The notice will specify:

(i) the violations of the Rules for which the fine is being imposed;

(ii) the date of the violation for which the fine is being imposed; and

(iii) the amount of the fine.

Within 20 days of serving the notice of fine, the relevant Subject Person must either pay or cause the payment of the fine or file notice of an appeal pursuant to Rule 616. Unless timely notice of appeal is filed pursuant to Rule 616, the fine will become final upon the expiration of 20 days after the notice of fine is served on the Subject Person.

(c) The Exchange will set the amount of any fines imposed pursuant to this Rule 617, with the maximum fine for each violation not to exceed \$5,000. Summary imposition of fines pursuant to this Rule 617 will not preclude the Exchange from bringing any other action against the Participant, or any of its Authorized Users, as the case may be.

#### **RULE 618. Emergency Suspensions and Other Disciplinary Actions**

(a) Notwithstanding anything in the Rules to the contrary, the Chief Compliance Officer or the Chief Regulatory Officer, after consultation with the Regulatory Oversight Committee, if practicable, may summarily suspend, revoke, limit, condition, restrict or qualify any Participant's Trading Privileges or Direct Access Customer's or Sponsored Access Customer's Trading Access or, in each instance, the ability to otherwise access the Platform, and may take other summary action against any Subject Person in accordance with the Rules (any such action, an "Emergency Disciplinary Action"); provided, however, that the Chief Regulatory Officer must reasonably believe that such Emergency Disciplinary Action is necessary to protect the best interest of the marketplace served by the Exchange.

(b) Whenever practicable, the Exchange shall provide prior written notice to the party against whom any Emergency Disciplinary Action will be taken. If prior notice is not practicable, the Exchange will give notice at the earliest possible opportunity to the respondent against whom the Emergency Disciplinary Action is brought. The notice shall state the Emergency Disciplinary Action taken or to be taken, as applicable, briefly state the reasons for the Emergency Disciplinary Action, and state the effective time and date, and duration of the Emergency Disciplinary Action.

(c) As soon as is reasonably practicable following provision of a written notice pursuant to Rule 618(b), there shall be a hearing pursuant to Rule 611, Rule 612, Rule 613, and Rule 614; provided, however, that the notice served pursuant to Rule 618(b) shall be used instead of a Notice of Charges; provided, further, that the decision of the Hearing Panel shall specify a description of the Emergency Disciplinary Action, the reasons for the Emergency Disciplinary Action, a summary of the evidence produced at the hearing, a statement of findings and conclusions, a determination that the Emergency Disciplinary Action should be affirmed, modified or reversed, and a declaration of any action to be taken pursuant to such determination as well as the effective time, date and duration of such action (rather than the information required by Rule 614(b)).

(d) The decision of the Hearing Panel convened to dispose of an Emergency Disciplinary Action shall be appealable pursuant to Rule 616. A respondent may offer to settle the Emergency Disciplinary Action pursuant to Rule 609 without regard to whether an Investigation has been completed.

(e) At the request of the Exchange, a respondent against whom an Emergency Disciplinary Action is brought must provide books and records over which the respondent has access or control and must furnish information to, or appear or testify before, the Exchange in connection with the enforcement of any of the Rules or provision of Applicable Law.

#### **RULE 619. Rights and Responsibilities after Suspension or Termination**

(a) When a Participant's Trading Privileges or a Direct Access Customer's or Sponsored Access Customer's Trading Access or, in each instance, the ability to otherwise access the Platform is suspended for a period of 12 months or less, none of its rights (including the right to hold oneself out to the public as a Participant, Direct Access Customer or Sponsored Access Customer, enter Orders into the Platform and receive rates for fees, costs, and charges and deposit margin that are conditional on its status as a Participant, Direct Access Customer or Sponsored Access Customer, if applicable, ) will apply during the period of the suspension, except for the right such Participant, Direct Access Customer or Sponsored Access Customer to assert claims against others as provided in the Rules. Any suspension does not affect the rights of creditors of the Participant, Direct Access Customer or Sponsored Access Customer under the Rules or relieve the Participant, Direct Access Customer or Sponsored Access Customer of its obligations

(including obligations to perform under any Contract to which such Person is a party, or obligations to pay any Exchange fees, costs, or charges incurred during the suspension). The Exchange may discipline a suspended Participant, Direct Access Customer or Sponsored Access Customer under this Chapter 6 for any violation by such Person of the Rules or any provision of Applicable Law committed by such Person before, during or after the suspension.

(b) When a Subject Person's status as a Clearing Firm, Participant, or Authorized Trader has been terminated, or when the Trading Privileges or the ability to otherwise access the Platform of a Subject Person have been terminated, (i) all of such Subject Person's related rights will terminate, except for the right of such Subject Person to assert claims against others, as provided in the Rules, and (ii) the status, Trading Privileges or ability to otherwise access the Exchange of such Subject Person may only be reinstated by such Subject Person applying for such status, Trading Privileges or ability to otherwise access the Exchange pursuant to the Rules. Any such termination will not affect the rights of creditors of such Subject Person under the Rules.

(c) The Exchange will not consider the application of a terminated Subject Person if such Subject Person continues to fail to appear at disciplinary proceedings without good cause or continues to impede the progress of disciplinary proceedings.

(d) In the event of the suspension or revocation of a Participant's Trading Privileges or the ability to otherwise access the Platform, the Exchange may postpone the effective date of such suspension or revocation if it is in the best interest of Customers or Clients serviced by the Participant.

**RULE 620. Notice to the Respondent and the Public**

The Exchange will provide written notice of disciplinary proceedings to each of the parties consistent with applicable CFTC Regulations. Whenever the Exchange suspends, expels, fines or otherwise disciplines, or denies any Person access to the Exchange, the Exchange will make the public disclosures required by CFTC Regulations.

**CHAPTER 7**  
**ARBITRATION RULES and GOVERNING LAW**

**RULE 701. Arbitration Forum and Applicable Rules**

NFA will conduct any and all arbitrations described in Rule 702 and Rule 703 pursuant to NFA's Member Arbitration Rules as if each party to the arbitration is an "NFA Member," and references in the Member Arbitration Rules to an "Associate" of a "NFA Member" shall mean and include any Authorized Trader. The decision of the NFA pursuant to NFA's Member Arbitration Rules shall be final and binding on all parties, and there shall be no appeal to a Hearing Panel of the Exchange.

**RULE 702. Disputes Subject to Arbitration**

Except as otherwise provided in the Rules and to the fullest extent permitted under Applicable Law, Participants, Sponsored Access Customers, Direct Access Customers, Authorized Traders, Customers or Clients must arbitrate all disputes between and among one or more of the parties arising out of or in connection with any transaction on the DCM Trading System. Any such claim against a party shall be brought within two (2) years from the time that a cause of action has accrued. This Rule 702 shall in no way be construed to create a cause of action and shall not authorize an action that is otherwise prohibited by these Rules or Applicable Law.

**RULE 703. Customer Arbitration**

(a) Except as otherwise provided in Rule 703(b), any dispute between a Participant, a Sponsored Access Customer or any of their respective Authorized Traders, on the one hand, and a Customer or Client of such Participant or Sponsored Access Customer, on the other hand, arising out of or in connection with any transaction on the DCM Trading System shall be submitted to arbitration by NFA.

(b) Notwithstanding Rule 703(a), the submission of any dispute involving a Customer or Client trading on the DCM Trading System, who is not an Eligible Contract Participant, to arbitration shall be voluntary on the part of such Customer or Client.

**RULE 704. Claims Relating to Trade Cancellations or Price Adjustments**

All claims relating to trade cancellations or price adjustments pursuant to Rule 541 shall be arbitrated in accordance with this Chapter 7.

**RULE 705. Arbitration Costs**

Each party to the dispute will bear its own costs and expenses in connection with any arbitration hereunder, as well as an equal share of the administrative fees and the fees of the arbitrator; provided, however, that the arbitrator will be entitled to include in any award a full reimbursement for the prevailing party's costs and expenses, such party's share of the administrative fees and the fees of the arbitrator, or any combination of any or all of the above.

**RULE 706. Governing Law**

The laws of the State of New York, without regard to its conflict of laws principles, will govern this Rulebook and all disputes arising out of or related to the Exchange or any transaction on or through the Platform.

**RULE 707. [RESERVED]**



**RULE 708. Penalties**

(a) Any failure on the part of any Person referenced in Rule 702 to arbitrate a dispute subject to arbitration, or the commencement by any such Person of a suit in any court prior to arbitrating a dispute subject to arbitration, violates the Rules of the Exchange and subjects such Person (and its Participant or Clearing Firm, if applicable) to disciplinary proceedings pursuant to Chapter 6.

(b) The Exchange may summarily suspend, pursuant to Chapter 6, any such Person (and its Participant or Clearing Firm, if applicable) that fails to satisfy an arbitration award rendered in any arbitration pursuant to this Chapter 7.

## CHAPTER 8 CLEARING

### **RULE 801. Clearing Firms**

- (a) In order to operate as a Clearing Firm, an applicant must:
- (i) demonstrate to the satisfaction of the Exchange that it meets the requirements of, and is approved for, clearing membership at one or more Clearing House and is authorized pursuant to the applicable Clearing House Rules to clear trades in any or all of the Contracts;
  - (ii) submit to the Exchange a complete application form in the manner prescribed by the Exchange;
  - (iii) enter into a user license agreement with each relevant Clearing House, if applicable;
  - (iv) agree in writing to abide by the Rules of the Exchange and Applicable Law;
  - (v) agree in writing that it shall fulfill its clearing obligations in accordance with Rule 809;
  - (vi) agree to assist the Exchange in any investigation into potential violations of the Rules or Applicable Law which occur through or with respect to any Transaction cleared by such Clearing Firm; provided that such assistance must be timely and may include the Clearing Firm being required to produce documents, to answer questions from the Exchange, or to appear in connection with an investigation;
  - (vii) maintain all required and necessary regulatory approvals or licenses to operate as a Clearing Firm;
  - (viii) employ practices to monitor and enforce compliance with risk limits for Participants, Sponsored Access Customers, Direct Access Customers, Customers and Clients;
  - (ix) provide such information and documentation, in each case, in connection with its application to become a Clearing Firm, as may be requested by the Exchange, and follow the procedures established by the Exchange;
  - (x) notify the Exchange upon becoming aware of any material changes to the information or documentation provided to the Exchange; and
  - (xi) for any Clearing Firm organized or located outside of the United States shall enter into a written agreement acceptable to the Exchange appointing a third party as its U.S. agent for service of process for purposes of CFTC Regulation § 15.05, and shall provide the Exchange with a copy of the agreement and any change to such appointment.
- (b) A Clearing Firm that seeks to execute Transactions on or through the Exchange for its own account or the account of any Customer or Client must be a Participant.
- (c) All Contracts executed on the DCM Trading System must be cleared. All Contracts executed on the SEF Trading System for which a determination has been made by the CFTC pursuant to Section 2(h) of the CEA that the clearing requirement applies to such Transaction and for which no clearing exemption may be claimed shall be cleared. Any other Contracts executed on the SEF Trading System may be cleared at the discretion of the parties to such Transaction. Transaction that are required to

be cleared or voluntarily cleared by the parties shall be cleared through a Clearing House in accordance with applicable Clearing House Rules and in conformity with the Rules specifically provided in this Chapter 8.

(d) The Exchange may share information with any Clearing House that would assist such Clearing House in evaluating and monitoring a Clearing Firm's compliance with these Rules. By becoming a Clearing Firm, a Clearing Firm and its Authorized Users, agents and employees agree to cooperate with the Exchange and each relevant Clearing House in any such monitoring.

(e) Clearing Firms shall have the right to clear Contracts in accordance with all applicable Rules and Clearing House Rules.

(f) A Clearing Firm that is an FCM which has agreed to accept for clearing Transactions that are executed by a Participant or Sponsored Access Customer trading on the DCM Trading System for its own account, or on behalf of Customers, must use the risk controls provided by the Exchange to set risk limits for each such Participant, Sponsored Access Customer or Customer, as applicable. A Clearing Firm shall not be required to use the risk controls provided by the Exchange to set risk limits on the DCM Trading System if Orders are screened on a pre-trade basis provided by the FCM or through a credit limit screening service that provides pre-trade credit checks for the FCM.

(g) A Clearing Firm that has agreed to accept for clearing Transactions that are executed on the SEF Trading System by a Participant or a Customer of Participant, as applicable, shall establish risk-based limits for the account(s) of such Participant or Customer of Participant, and use automated means to screen Orders of such Participant or Customer of Participant using such risk-based limits in accordance with Applicable Law. The Exchange shall provide Clearing Firm means to facilitate such screening.

#### **RULE 802. Clearing House Rules**

(a) The clearing services provided by a Clearing House with respect to any Contract, and the rights and obligations of purchasers and sellers under cleared Contracts (including rights and obligations in respect of clearing and settlement, variation payments and performance at maturity) shall be governed by the Clearing House Rules of such Clearing House.

(b) The Clearing House Rules shall prevail in the event of any conflict or inconsistency between these Rules and such Clearing House Rules with respect to any responsibilities or obligations of a Clearing Firm under such Clearing House Rules. Each Clearing Firm is bound by the Clearing House Rules of any Clearing House in which such Clearing Firm has a clearing membership.

#### **RULE 803. Other Clearing Organizations**

Each Clearing Firm must be a member of at least one Clearing House at all times. The Exchange may designate an additional clearing organization as a Clearing House from time to time. Whenever the Exchange designates a new Clearing House, a Clearing Firm may become a member of such Clearing House and clear Contracts through the Clearing House.

#### **RULE 804. Settlement Prices; Publication of Trade Information**

Each Clearing House will determine the Settlement Price for Contracts. For each Contract, the Exchange shall provide the appropriate Clearing House with the information necessary to enable the Clearing House to determine such Settlement Prices. The Settlement Price of each Contract shall be determined by the relevant Clearing House in accordance with its Clearing House Rules; provided that, if more than one Clearing House is designated for the same Contract, the Exchange shall publish the Settlement Price for that Contract as determined by each Clearing House.

The Exchange shall daily publish information regarding volume, price ranges (based on non-cancelled bids, non-cancelled offers, and trades) subject to such prices accurately reflecting market conditions within the discretion of the Exchange, and opening and closing prices. The Exchange shall also publish, on a daily basis, the total quantity of Block Trades that are included in the total volume of trading. Information on Settlement Prices and open interest, if applicable, shall be provided by the relevant Clearing House.

**RULE 805. [RESERVED]**

**RULE 806. Transfers of Trades**

(a) Subject to the limitations of Rule 807, or as otherwise permitted by the rules of the relevant Derivatives Clearing Organization, existing trades may be transferred either on the books of a Clearing Firm or from one Clearing Firm to another Clearing Firm provided:

(i) the transfer merely constitutes a change from one account to another account, provided the underlying beneficial ownership in said accounts remains the same;

(ii) an error has been made in the clearing of a trade and the error is discovered and the transfer is completed within two Business Days after the trade date; or

(iii) the transfer constitutes a transfer of positions from a Customer to the Clearing Firm's house account in the event of a Customer default.

(b) Subject to the limitations of Rule 807, Exchange Officials may, upon request by the Clearing Firm(s), approve a transfer of existing trades either on the books of the same Clearing Firm, or from the books of one Clearing Firm to the books of another Clearing Firm if the transfer is in connection with, or as a result of, a merger, asset purchase, consolidation or similar non-recurring transaction between two or more entities where one or more entities become the successor in interest to one or more other entities.

(c) Provided that the transfer is permitted pursuant to Sections (a) or (b) above, the transactions must be recorded and carried on the books of the receiving Clearing Firm at the original trade dates. Trades may be transferred using either the original trade price or the most recent settlement price.

(d) All transfers shall be reported to each relevant Clearing House in a form acceptable to the Exchange for the type of transactions involved. The proper indicator must be included in the transfer such that the transactions, including the transaction(s) to reverse an error, clear as transfers. The Clearing Firms involved shall maintain a full and complete record of all transactions together with all pertinent memoranda.

**RULE 807. Concurrent Long and Short Transactions**

Set forth below are the procedures that must be followed for concurrent long and short positions and hold-open accounts.

(a) Concurrent long and short positions in the same commodity and month may be held by a Clearing Firm at the direction of a Customer or on behalf of an omnibus account, however, it shall be the duty of the Clearing Firm to ascertain whether such positions are intended for offset or to be held open prior to final transmission of position data to the relevant Clearing House.

(b) Clearing Firms, which pursuant to this Rule carry concurrent long and short positions, must report to the Exchange both sides as open positions.

(c) The Exchange takes no position regarding the internal bookkeeping procedures of its Clearing Firms, which for the convenience of a Participant or Customer may "hold open" a position only

on their books. However, the Clearing Firm must accurately report to the Exchange and the relevant Clearing House, as appropriate, large trader positions, long positions eligible for delivery and open interest.

**RULE 808. [RESERVED]**

**RULE 809. Clearing Acceptance**

(a) Any Person initiating or executing a Transaction on or subject to the Rules of the Exchange directly or through an intermediary, as the case may be, must have clearing arrangements in place with a Clearing Firm that apply to such Transactions.

(b) Until such time as Clearing Firm or Exchange suspends or terminates the ability of a Person to enter into Transactions on the Platform as described in paragraph (c) below, each Clearing Firm that has been designated by such Person, as applicable, on the Platform as the Clearing Firm through which a Transaction is intended to be cleared shall accept for clearing all Transactions that satisfy the risk limits set by the Clearing Firm pursuant to the clearing arrangements between Clearing Firm and such Person, as of the time such Transaction is executed.

(c) A Clearing Firm or the Exchange may at any time amend, adjust or suspend risk limits of any Person set on the Platform by utilizing the risk controls in the Platform interface to amend, adjust or suspend the applicable risk limits within the Platform. Such amendment, adjustment or suspension will be effective upon receipt by the Exchange's server of the electronic message generated by such change and the Exchange will send an electronic message to Clearing Firm, confirming that such amendment, adjustment or suspension is effective, as soon as technologically practicable.

## CHAPTER 9 MISCELLANEOUS

### **RULE 901. Contract Specifications**

The Exchange will permit trading in Contracts that will be listed by the Exchange and submitted to the CFTC for self-certification from time to time.

### **RULE 902. Post-Trade Processing**

Subject Persons shall permit the Exchange to share with certain third-party post-transactional processing providers, including SDRs, Clearing House routing services, or post-trade allocation systems used by the Exchange, all market data and information that is necessary to support the post-trade processing and confirmation of Transactions.

### **RULE 903. Gifts and Gratuities**

Except as permitted in writing by the Chief Compliance Officer or the Chief Regulatory Officer, no Person shall, directly or indirectly, give or permit to be given anything of value, including gifts and gratuities, in excess of one hundred dollars (\$100) per individual per year to a Person publicly known, or known by such Person, to be an Exchange Official.

### **RULE 904. Market Data**

(a) All Participants and all employees, agents, vendors, and other Persons affiliated with the foregoing acknowledge and agree that subject to each Participant's rights in Participant's own data, the Exchange has a proprietary interest in and to all data and other information contained in, displayed on, generated by or derived from the Platform ("Market Data") including:

(i) the price and quantity data from each and every Transaction, including the time at which the Transaction was executed by, or submitted to, the Platform and the Firm ID and User ID under which it was entered (as well as other information identifying persons involved in the Transaction);

(ii) the price and quantity data of each bid and offer submitted to the Platform, including the time at which such bid or offer was submitted to the Platform;

(iii) the yield curves prepared by the Exchange;

(iv) any data and information derived from (i), (ii) and (iii) and the format and presentation thereof; and

(v) the transmission and dissemination of the data and information to Participants, any publisher of the data or information with whom the Exchange has a written agreement, and any other Persons.

(b) Notwithstanding anything in this Rule 904, Participant shall maintain a proprietary interest in any bid, offer or other information that has been entered on the Platform or otherwise provided to the Exchange by Participant or any of its Authorized Traders in connection with any bid, offer or Transaction.

(c) The Exchange may at any time restrict or establish utilization fees in respect of Market Data, with respect to all or any Participants, in order to safeguard the security or operations of the Platform, or to preserve market integrity, fair and orderly trading, or if otherwise in the public interest.

(d) Participants may not distribute, sell or retransmit information displayed on the Platform to any third party.

(e) The Exchange 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, unless consented to, in writing, by such person. Market Data is not information collected for the purpose of fulfilling the Exchange's regulatory obligations.

(f) Notwithstanding Rule 904(b), Rule 904(c) or Rule 904(d), and pursuant to Part 43 and Part 45 of the CFTC Regulations, the Exchange will report certain of the Market Data to the SDR, which shall publicly report such data in a manner that does not disclose the business transactions or market positions of any Participant. Data that is publicly disseminated by the SDR shall be available from an internet website in a format that is freely available and readily accessible to the public.

(g) The CFTC will have access to the Market Data pursuant to Part 43 and Part 45 of the CFTC Regulations.

**RULE 905. Extension or Waiver of Rules**

The Exchange may, in its sole discretion, waive, or extend the time period for performing, any act or acts designated by the Rules, but only to the extent such waiver or extension is not inconsistent with the CEA or the CFTC Regulations.

**RULE 906. [RESERVED]**

## CHAPTER 10 INTEREST RATE SWAP CONTRACTS

### **RULE 1001. Fixed for Floating Interest Rate Swap Contracts**

(a) **Contract Description.** Fixed for Floating Interest Rate Swap. This is an Interest Rate Swap for which settlement is in the form of periodic fixed interest payments and a stream of periodic floating interest payments based on floating rate index over a term to maturity. The interest rate payments are exchanged for a specified period based on a notional amount. This Rule 1001 contains general information about the Contract terms and conditions. Contracts eligible for trading on the DCM Trading System and SEF Trading System, as well as the attributes related to each Currency can be found on Schedule 1001 on the Web Site ([www.trueex.com](http://www.trueex.com)).

(b) **Trading Hours.**

(i) **DCM Trading Hours.** The Trading Hours of the DCM Trading System that are applicable to the Contract described in this Rule 1001 will commence each Business Day at 7:30 a.m. New York time and end each Business Day at 5:00 p.m. New York time.

(ii) **SEF Trading Hours.** The Trading Hours of the SEF Trading System that are applicable to the Contract described in this Rule 1001 will be as follows:

- The RFQ Trading Hours will commence each Business Day at 7:30 a.m. New York time and end each Business Day at 5:00 p.m. New York time.
- The PTC Trading Hours will commence each Business Day at 7:30 a.m. New York time and end each Business Day at 6:00 p.m. New York time.

(c) **Currency.**

(i) **Super-Major Currencies**

- United States dollar (USD)
- European Union Euro Area euro (EUR)
- Japan yen (JPY)
- United Kingdom pound sterling (GBP)

(ii) **Major Currencies**

- Australia dollar (AUD),
- Canada dollar (CAD)
- Denmark krone (DKK),
- Kingdom of Norway krone (NOK),
- Kingdom of Sweden krona (SEK)
- New Zealand dollar (NZD)
- Republic of South Africa rand (ZAR)
- Switzerland franc (CHF)

(iii) **Non-Major Currencies**

- Czech Koruna (CZK)
- Hong Kong dollar (HKD)



- Hungarian Forint (HUF)
- Polish Zloty (PLN)
- Singapore dollar (SGD)

(d) Trading Conventions.

- (i) Buyer (Payer) pays fixed interest rate and receives floating interest rate.
- (ii) Seller (Receiver) receives fixed interest rate and pays floating interest rate.

(e) Swap Leg Conventions. The terms of Fixed vs. Floating Interest Rate Swaps are based on a number of combinations of the criteria below. Approved contracts available for trading on the Exchange can be found on the Web Site ([www.trueex.com](http://www.trueex.com)).

(i) Fixed Leg

(A) Payment Frequency. Monthly (1M), Quarterly (3 M), Semi-Annually (6 M), Annually (12 M), One Time (1T)

(B) Day Count Convention.

- 30/360
- 30E/360
- ACT/360
- ACT/365.Fixed
- ACT/365.ISDA
- ACT/ACT.ISMA
- ACT/ACT.ISDA
- 30E/360.ISDA
- ACT/ACT.ICMA

(C) Holiday Calendar. Dependent on Currency

- US – New York (USNY)
- Europe – Target (EUTA)
- Great Britain – London (GBLO)
- Japan – Tokyo (JPTO)
- Australia – Sydney (AUSY)
- Canada – Toronto (CATO)
- Denmark – Copenhagen (DKCO)
- New Zealand – Wellington (NZWE)
- New Zealand – Auckland (NZAU)
- Norway – Oslo (NOOS)
- South Africa – Johannesburg (ZAJO)
- Sweden – Stockholm (SEST)
- Switzerland – Zurich (CHZU)
- Czech Republic – Prague (CZPR)
- Hong Kong –(HKHK)
- Hungary – Budapest (HUBU) Singapore – (SGSI)
- Poland – Warsaw (PLWA)

(D) Business Day Convention. Modified Following with adjustment to period end dates. Business days in this convention must be valid business days in respect to Holiday Calendar associated with Currency for effective and payment dates. If not, it will be the next day that is a business day. If the adjusted end dates fall at the end of the month, the day rolls to the preceding day.

(E) Fixed Rate. The traded interest rate yield or basis points on Trade Date.

(ii) Floating Leg

(A) Reset Frequency. Monthly (1M), Quarterly (3 M), Semi-Annually (6 M), or Annually (12 M).

(B) Day Count Convention.

- 30/360
- 30E/360
- ACT/360
- ACT/365.Fixed
- ACT/ACT.ISDA
- 30E/360.ISDA

(C) Holiday Calendar. Dependent on Currency

- US – New York (USNY)
- Europe – Target (EUTA)
- Great Britain – London (GBLO)
- Japan – Tokyo (JPTO)
- Australia – Sydney (AUSY)
- Canada – Toronto (CATO)
- Denmark – Copenhagen (DKCO)
- New Zealand – Wellington (NZWE)
- New Zealand – Auckland (NZAU)
- Norway – Oslo (NOOS)
- South Africa – Johannesburg (ZAJO)
- Sweden – Stockholm (SEST)
- Switzerland – Zurich (CHZU)
- Czech Republic – Prague (CZPR)
- Hong Kong –(HKHK)
- Hungary – Budapest (HUBU)
- Singapore – (SGSI)
- Poland – Warsaw (PLWA)

(D) Business Day Convention. Modified Following with adjustment to period end dates. Business days in this convention must be valid business days in respect to Holiday Calendar associated with Currency for effective and payment dates. If not, it will be the next day that is a business day. If the adjusted end dates fall at the end of the month, the day rolls to the preceding day.

(E) Payment Frequency. Monthly (1M), Quarterly (3 M), Semi-Annually (6 M), Annually (12 M), One Time (1T)

(F) Float Rate Index.

- USD-LIBOR-BBA
- EUR-EURIBOR-REUTERS
- EUR-EURIBOR-Telerate
- EUR-LIBOR
- JPY-LIBOR-BBA
- GBP-LIBOR-BBA
- AUD-BBR-BBSW
- CAD-BA-CDOR
- DKK-CIBOR-DKNA13
- DKK-CIBOR2-DKNA13
- NOK-NIBOR-NIBR
- SEK-STIBOR-SIDE
- NZD-BBR-FRA
- ZAR-JIBAR-SAFEX
- CHF-LIBOR-BBA
- CZK-PRIBOR-PRBO
- HKD-HIBOR-HKAB
- HUF-BUBOR-REUTERS
- PLN-WIBOR-WIBO
- SGD-DOR-REUTERS

(f) Effective Date. The first date from which fixed and floating interest amounts accrue. It is also referred to as the Start Date. The Effective Date of the Swap must be a business day subject to the appropriate Business Day Convention.

(g) Trade Start Type

(i) Spot Starting. A swap with an Effective Date that follows market convention per each Currency, ranging from T+0 to T+2. For example USD is 2 business days from the Trade Date (T+2).

(ii) Forward Starting. A swap whose Effective Date is anything after than the Effective Date for a Spot Starting swap.

(h) Maturity Date. The final date until which Fixed and Floating amounts accrue. The Maturity Date may also be referred to as the Termination Date or End Date.

(i) Tenor. The duration of time from the Effective Date to the Maturity Date. The Exchange will support Tenors of any duration greater than 0 years up to 50 years.

(i) Listed Tenors, with respect to the DCM Trading System, also referred to as On-the-Run, means whole year Spot Starting Contracts with a Tenor of 2 through 10, 12, 15, 20, 25 and 30 years.

(ii) Other Tenors, also referred to as Off-the-Run, means any whole year Tenors other than the Listed Tenors and any partial year Tenor. Transactions in Other Tenors, (with the exception of Block Trades) are executed through the System's Off-the-Run trading functionality. All such trades will be subject to the requirements of Exchange Rule 524(c).

(A) Standard Off-the-Run means any whole year Other Tenor that is Spot Starting.

(B) Non-Standard (or Custom) Off-the-Run means any partial year Tenor that is Spot Starting and all Forward Starting Contracts (whole and partial year Tenors).

(j) Roll Day Convention. The date used for determining all fixed and floating Reset Dates. Roll Days define the beginning and end of Fixed and Floating interest accrual periods. For On-the-Run Contracts, the Roll Day is the same date of the month as the Effective Date. For Off-the-Run Contracts, it can be any date of the month, subject to the provisions of the Business Day Convention. Roll Day marks the start of a new interest accrual period, and is the date on which a Reset Rate takes effect. The Exchange supports the following roll types:

(i) Standard. Standard roll will be the same day of the month accordingly aligned to the roll frequency. For example, Effective date January, 10th, 2013 and Maturity Date January, 10th, 2015 with a 3M payment, roll frequency will settle on the 10th day every three months.

(ii) End of Month (EOM). For EOM convention, if the roll date falls at the end of the month the date moves back to the preceding business day based on the applicable Business Day Convention employed.

(iii) International Money Market (IMM). IMM roll dates are the 3rd Wednesday of March, June, September and December.

(k) Floating Reset Dates. Dates utilized to determine the Floating Rate amounts for each interest accrual period during the Tenor of the contract. Except in the case of a Stub Period, the Reset Date is 2 business days prior to the Roll Date for that interest accrual period.

(l) First Period Fixing Date. (Based on Holiday Calendar of the Currency)

(i) For Spot Starting swaps, the Interest Rate for the first interest period is fixed on the Trade Date, for both Floating and Fixed Rates.

(ii) For Forward Starting swaps, the Fixed Rate for the first interest period is fixed on the Trade Date, and the Floating Rate for the first interest period is fixed 2 business days prior to the Effective Date

(m) Stub Period Rate. For swaps with partial year Tenors, a first interest period that is shorter than the standard underlying Floating index interest periods may occur between the Effective Date and the first Roll Date (known as a Stub Period). In these cases, the Interest Rate for such Stub Period is determined using linear interpolation based on the two index rates that surround the Stub Period.

(i) Stub Index Frequency. 1 Week (1W), 2 Week (2W), 1 Month (1M), 2 Month (2M), 3 Month (3M), 6 Month (6M), 9 Month (9M), 12 Month (12M)

(n) Trade Types. The Platform may support the following trade types:

(i) Outrights. An Outright swap is where one party is the payer of the fixed rate and receiver of the floating rate and the other party is the receiver of the fixed rate and payer of the floating rate.

(ii) Switches. Switches are the simultaneous purchase and sale of two different Tenors of the yield curve (e.g. 2 year by 10 year).

(iii) Butterflies. Butterflies are the simultaneous purchase(s) and sale(s) of three different tenors of the yield curve (e.g. 2 year by 5 year by 10 year).

(iv) Spreads. A Spread trade consists of a transaction where the payer and receiver of the fixed rate on the Interest Rate Swap simultaneously enter into a transaction for a treasury security of an equivalent Tenor. For the treasury transaction, the payer of the fixed rate on the swap buys and the receiver of the fixed rate on the swap sells either a single treasury security or two treasury securities using a simple weighted average to match the risk,

(v) Invoice Spreads. An Invoice Spread trade consists of a transaction where two parties enter into a treasury futures contract and simultaneously enter into an interest rate swap transaction. The buyer of the futures contract is the payer of the fixed rate on the interest rate swap transaction and the seller of the futures contract is the receiver of the fixed rate on the interest rate swap transaction. The interest rate swap is of an equivalent Tenor to match the risk.

(vi) Block Trades has the meaning as defined in Chapter 1 of this Rulebook.

(o) Contract Size.

(i) On-the-Run. Minimum notional size of \$1 million USD or multiple thereof and increments of \$1 million USD depending on Tenor.

(ii) Off-the-Run. Minimum notional size of \$1 million USD and increments of \$1,000 USD.

(iii) Block Trades. Minimum notional size as indicated in Rule 1001(t) and increments of \$1,000 USD.

(p) Quoting Convention

(i) Outrights. Outrights are quoted in interest rate yield.

(A) On-the-Run. The interest rate yield is quoted to 3 decimal places.

(B) Off-the-Run. The interest rate yield is quoted to 5 decimal places.

(C) Block Trades. The interest rate yield, regardless of Tenor, is quoted to 5 decimal places.

(ii) Switches, Butterflies. These trade types are quoted in basis points. The basis points are quoted to 1 decimal place.

(iii) Spreads, Invoice Spreads. These trade types are quoted in basis points. The basis points are quoted to 1 decimal place.

(q) Minimum Price Fluctuation.

(i) Outrights. The interest rate yield is quoted in increments of .001 (1/10<sup>th</sup> of a basis point).

(ii) Switches, Butterflies. The basis points are quoted in increments of .1 (1/10<sup>th</sup> of a basis point).

(iii) Spreads, Invoice Spreads. The basis points are quoted in increments of .1 (1/10<sup>th</sup> of a basis point).

(r) Last Trading Day.

- (i) Spot Starting. Close of business on Trade Date.
- (ii) Forward Starting. Close of business three business days prior to the Effective Date of the swap.
- (s) Final Settlement Price. Multiple payments take place during the term of the swap. Settlement price used for the periodic exchange of fixed and floating payments is based on the following factors:
  - (i) Fixed Leg. Payment amount on the fixed leg is based on the trade price of the swap on Trade Date. Payment timing on the fixed leg is based on the Payment Frequency, Day Count Convention, Business Day Convention, and Roll Day.
  - (ii) Floating Leg. Payment on the floating leg is based on the Interest Rate Benchmark of the swap. Payments on the floating leg are based on the Payment Frequency, Day Count Convention, Business Day Convention, Roll Day Convention and Floating Reset Dates.
- (t) Block Trades.
  - (i) Minimum Notional Sizes. The Exchange has established the following Block Trade Sizes: as required by Appendix F to Part 43 of the CFTC Regulations:

		<b>Minimum Block Size (\$ Notional)</b>		
<b>Initial Maturity greater than</b>	<b>Initial Maturity less than or equal to</b>	<b>Super Major Currencies</b>	<b>Major Currencies</b>	<b>Non-Major Currencies</b>
0 days	46 days	\$6.4 billion	\$2.2 billion	\$230 million
46 days	3 months (107 days)	\$2.1 billion	\$580 million	\$230 million
3 months (107 days)	6 months (198 days)	\$1.2 billion	\$440 million	\$150 million
6 months (198 days)	1 year (381 days)	\$1.1 billion	\$220 million	\$110 million
1 year (381 days)	2 years (746 days)	\$460 million	\$130 million	\$54 million
2 years (746 days)	5 years (1,842 days)	\$240 million	\$88 million	\$27 million
5 years (1,842 days)	10 years (3,668 days)	\$170 million	\$49 million	\$15 million
10 years (3,668 days)	30 years (10,973 days)	\$120 million	\$37 million	\$16 million
30 years (10,973 days)		\$67 million	\$15 million	\$15 million

- (ii) For non-US dollar denominated swaps, the minimum block sizes will be based on a currency exchange rate that is widely published within the preceding two business days from the date of execution of the swap transaction.
- (iii) Reporting. All Block Trades must be reported to the Exchange as soon as technologically practicable.
- (u) Clearing House. CME or LCH. Choice of Clearing House is determined at the time of order entry.

**RULE 1002. Standard Coupon & Standard Maturity (SCSM™) Interest Rate Swap Contracts**

(a) Contract Description. This Contract is a forward starting Fixed for Floating Interest Rate Swap that exchanges periodic fixed interest payments at a rate equal to the Standard Coupon Fixed Rate set by the Exchange for periodic interest rate benchmark. This Rule 1002 contains general information about the Contract terms and conditions. Contracts eligible for trading on the DCM Trading System, as

well as the attributes related to each Currency can be found on Schedule 1002 on the Web Site ([www.trueex.com](http://www.trueex.com)).

(b) Trading Hours.

(i) DCM Trading Hours. The Trading Hours of the DCM Trading System that are applicable to the Contract described in this Rule 1002 will commence each Business Day at 7:30 a.m. New York time and end each Business Day at 5:00 p.m. New York time.

(ii) SEF Trading Hours. The Trading Hours of the SEF Trading System that are applicable to the Contract described in this Rule 1002 will be as follows:

- The RFQ Trading Hours will commence each Business Day at 7:30 a.m. New York time and end each Business Day at 5:00 p.m. New York time.
- The PTC Trading Hours will commence each Business Day at 7:30 a.m. New York time and end each Business Day at 6:00 p.m. New York time

(c) Currency. US Dollar, British Pound, Euro, Japanese Yen

(d) Listing/Trading Conventions. The terms of a SCSM<sup>TM</sup> Swap are based on the criteria below.

(i) Series. The Exchange will list four SCSM<sup>TM</sup> Swap Series each year on a quarterly cycle, in connection with quarterly International Monetary Market (IMM) dates, in March, June, September and December.

(A) On-the-Run. The two most current Series will be listed concurrently for trading at any one time.

(B) Off-the-Run. After the Last Trading Day of an On-the-Run SCSM<sup>TM</sup> Swap Series, the Series will be listed as Off-the-Run for one year after its Last Trading Day as an On-the-Run Swap. Transactions in Other Tenors, (with the exception of Block Trades) are executed through the System's Off-the-Run trading functionality. All such trades will be subject to the requirements of Exchange Rule 524(c).

(ii) Tenor. The duration of time from the Effective Date of the SCSM<sup>TM</sup> Swap to the Maturity Date. The Exchange may list Tenors of 1, 2, 3, 5, 7, 10, 15, 20 and 30 years for each Series.

(iii) Holiday Calendar. New York and London

(iv) Business Day Convention. Modified Following with adjustment to period end dates. Business days in this convention must be valid business days on both the New York and London calendar. If not, it will be the next day that is a business day on both the New York and London calendar.

(v) First Trading Day.

(A) On-the-Run. Six months and two business days prior to the IMM date for the Series. IMM dates are the third Wednesday in March, June, September and December. For example, the first trading day for the September Series will be two business days prior to the March IMM date.

(B) Off-the-Run. One business day after the Last Trading Day as an On-the-Run SCSM™ Swap.

(vi) Last Trading Day

(A) On-the-Run. Three business days prior to the IMM date for the Series.

(B) Off-the-Run. One year after the Last Trading Day as an On-the-Run SCSM™ Swap.

(vii) Standard Coupon Fixed Rate. By 4 p.m. Eastern time one business day prior to the First Trading Day for an On-the-Run SCSM™ Swap, the Exchange will announce the Standard Coupon Fixed Rate for each Tenor of the new Series.

(A) Methodology. The Exchange will set the Standard Coupon Fixed Rate for each Tenor of a Series as the at-the-money forward rounded up or down to the nearest 25 basis points on the date the Standard Coupon Fixed Rate is announced.

(B) Adjustments. The Exchange reserves the right to adjust Standard Coupon Fixed Rates in the event forward rates move more than 50 basis points from the Standard Coupon Rate for any Tenor in a Series. The Exchange will list the adjusted Series (referred to as Version) on the first business day following the rate adjustment. The original Series and any subsequent Versions will be available On-the-Run until the Last Trading Day for the Series.

(viii) Trade Types. The Platform may support the following trade types:

(A) Outrights.

(B) Switches.

(1) Calendar Switches. Calendar switches are simultaneous trades of two different Series of the same Tenor (for example, June 5 year vs. September 5 year) Calendar Switch prices will be quoted as the difference between the later start date and the earlier start date.

(2) Tenor Switches. Tenor switches are simultaneous trades of two Tenors in the same Series (e.g. June 5 year vs. June 10 year). Tenor Switch prices will be quoted as the difference between the longer Tenor and the shorter Tenor.

(C) Block Trades has the meaning as defined in Chapter 1 of this Rulebook.

(ix) Contract size

(A) On-the-Run and Off-the-Run. Minimum notional size of \$1 Million USD and increments of \$1 Million USD.

(B) Block Trades. Minimum notional size as indicated in Rule 1002(e) and increments of \$1 Million USD.

(x) Quoting convention.

(A) Outrights. An SCSM™ Swap will be quoted based on price, not yield, where 100 points equals par.



(B) Switches.

(1) Calendar Switch prices will be quoted as the difference between the later start date and the earlier start date.

(2) Tenor Switches. Tenor Switch prices will be quoted as the difference between the longer Tenor and the shorter Tenor.

(C) Minimum Price Increments.

<b>Tenor</b>	<b>Minimum Price Increment (Outrights)</b>
1 year	.001 of a point
2 year	.002 of a point
3 year	.002 of a point
5 year	.005 of a point
7 year	.005 of a point
10 year	.01 of a point
15 year	.01 of a point
20 year	.02 of a point
30 year	.02 of a point

Minimum price increments for Switches will be the Outright minimum price increment of the shorter tenor of the Switch as indicated in the table above.

(xi) Upfront Payment. An upfront payment will be exchanged between the payer and the receiver of an SCSM™ Swap. The direction and amount of the payment is dependent on the price at which the SCSM™ Swap was transacted on.

(A) Payment Direction.

(1) If Price < 100, the Fixed Rate Payer makes payment to the Fixed Rate Receiver.

(2) If Price > 100, the Fixed Rate Payer receives payment from the Fixed Rate Receiver.

(B) Payment Calculation. Upfront Payment is calculated using the following formula:

$$\text{Notional Amount} * (100 - \text{Price}) / 100$$

(C) Final Settlement Date and Price. Settlement of the upfront payment will occur on T+2 and is calculated as described in (B) above.

(e) Block Trades.

(i) Minimum Notional Sizes. An SCSM™ Swap, as a forward starting Fixed for Floating Interest Rate Swap, is deemed to be Off-the-Run as that term is defined in Rule 1001(i)(ii)(B). As such, each Tenor within a Series or Version will be subject to the same minimum block size for Off-the-Run Fixed for Floating Interest Rate Swaps as indicated in Rule 1001(t)(i).

(ii) Reporting. All Block Trades must be reported to the Exchange as soon as technologically practicable.

(f) Clearing House. CME or LCH. Choice of Clearing House is determined at the time of order entry. See Schedule 1002 for Clearing House availability on the Platform

(g) Terms of the Forward Starting Swap

(i) Payer pays fixed interest rate and receives floating interest rate.

(ii) Receiver receives fixed interest rate and pays floating interest rate.

(iii) Fixed Leg

(A) Payment Frequency. Semi-Annually, Annually

(B) Day Count Convention. 30/360, actual/365

(C) Holiday Calendar. New York and London

(D) Business Day Convention. Modified Following with adjustment to period end dates. Business days in this convention must be valid business days on both the New York and London calendar. If not, it will be the next day that is a business day on both the New York and London calendar.

(E) Fixed Rate. The Standard Coupon Fixed Rate set by the Exchange

(iv) Floating Leg

(A) Reset Frequency. Quarterly, Semi-Annually

(B) Day Count Convention. actual/360, actual/365

(C) Holiday Calendar. New York and London

(D) Business Day Convention. Modified Following with adjustment to period end dates. Business days in this convention must be valid business days on both the New York and London calendar. If not, it will be the next day that is a business day on both the New York and London calendar.

(E) Interest Rate Benchmark. LIBOR, Euribor, TIBOR

(v) Effective Date (also referred to as Start Date). The Effective date is the IMM date of the Series (i.e. the effective date of a June 2013 SCSM<sup>TM</sup> Swap is the June 2013 IMM date). This is the first date from which fixed and floating interest amounts accrue.

(vi) Maturity Date. The final date until which Fixed and Floating amounts accrue. The Maturity Date may also be referred to as the Termination Date or End Date. For a SCSM<sup>TM</sup> Swap, the Maturity Date will be the same calendar month and date as the Effective Date.

(vii) Roll Day Convention. The date used for determining all fixed and floating Reset Dates for the life of the swap after its Effective Date. Roll Days define the beginning and end of Fixed and Floating interest accrual periods. Roll Day marks the start of a new interest accrual period, and is the day on which a Reset Rate takes effect. For a SCSM<sup>TM</sup> Swap, Roll Day is the same date of the month as the Effective Date.

(viii) Floating Reset Dates. Dates utilized to determine the Floating Rate amounts for each interest accrual period during the life of the swap after its Effective Date. The Reset Date is 2 London business days prior to the Roll Date that begin each interest accrual period.

(ix) First Period Fixing Date. The Fixed Rate is equal to Standard Coupon Fixed Rate set by the Exchange. The Floating Rate for the first interest period is fixed 2 business days prior to the Effective Date.