

SUBMISSION COVER SHEET

Registered Entity Identifier Code (optional)

Date: 9/17/2026

IMPORTANT: CHECK BOX IF CONFIDENTIAL TREATMENT IS REQUESTED. ☐

ORGANIZATION

Aristotle Exchange DCO, Inc.

FILING AS A:

☐ DCM

☐ SEF

☒ DCO

☐ SDR

☐ ECM/SPDC

TYPE OF FILING

• Rules and Rule Amendments

☒ Certification under § 40.6 (a) or § 41.24 (a)

☐ “Non-Material Agricultural Rule Change” under § 40.4 (b)(5)

☐ Notification under § 40.6 (d)

☐ Request for Approval under § 40.4 (a) or § 40.5 (a)

☐ Advance Notice of SIDCO Rule Change under § 40.10 (a)

• Products

☐ Certification under § 39.5(b), § 40.2 (a), or § 41.23 (a)

☐ Swap Class Certification under § 40.2 (d)

☐ Request for Approval under § 40.3 (a)

☐ Novel Derivative Product Notification under § 40.12 (a)

RULE NUMBERS

DESCRIPTION

Updates to the Rulebook regarding a legal name change

September 17, 2026

SUBMITTED VIA CFTC PORTAL

Mr. Christopher J. Kirkpatrick
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st St, N.W.
Washington, DC 20581

**Re: Self-Certification of Changes to Rulebook, Bylaws, and ROC Charter in Connection with
Legal Entity Name Change (Aristotle Exchange DCO, Inc.)**

Dear Mr. Kirkpatrick:

Aristotle Exchange DCO, Inc. (“Aristotle Exchange DCO” or the “Clearinghouse”) hereby submits for self-certification to the Commodity Futures Trading Commission (the “Commission”) under Commission Regulation 40.6(a), amendments to its Rulebook, Bylaws, and Regulatory Oversight Committee Charter (the “ROC Charter”) to update references to the Clearinghouse’s name in light of a legal name change, which occurred on August 31, 2026.

Explanation and Description of Changes

Aristotle Exchange DCO has changed the Clearinghouse’s legal name to Underdog Clearinghouse, Inc. (“Underdog Clearinghouse”), effective August 31, 2026. The Clearinghouse notes, too, that its affiliated designated contract market, Aristotle Exchange DCM, Inc., changed its legal name to Underdog Exchange DCM, Inc. (“Underdog Exchange” or the “Exchange”), also effective August 31, 2026.

In light of the Clearinghouse’s legal name change, the Clearinghouse is filing this self-certification to update all references to the Clearinghouse’s name, as well as the Exchange’s name, in its Rulebook, Bylaws, and ROC Charter as follows, where applicable.

Former Reference to Legal Name	New Reference to Legal Name
Aristotle Exchange DCM, Inc.	Underdog Exchange DCM, Inc.
Aristotle Exchange DCO, Inc.	Underdog Clearinghouse, Inc.
Aristotle Exchange	Underdog Exchange
Aristotle Exchange System	Underdog Exchange System

The Clearinghouse notes that the proposed amendments resulting from the change to the Clearinghouse’s name and the Exchange’s name are non-substantive in nature and do not have any material impact on the operation or substance of the Clearinghouse’s Rulebook, Bylaws, or ROC Charter.

Core Principle Compliance

The Clearinghouse's staff has assessed the amendments to the references to the Clearinghouse's name and the Exchange's name in the Clearinghouse's Rulebook, Bylaws, and ROC Charter and all such amendments' compliance with applicable provisions of the Commodity Exchange Act (the "Act"). The Clearinghouse has not identified any Derivative Clearing Organization Core Principles under Section 5 of the Act that may be potentially impacted.

Further, the Clearinghouse believes that updates to all references to the Clearinghouse's name and the Exchange's name in the Rulebook, Bylaws, and ROC Charter are consistent with Derivative Clearing Organization Core Principles A (Compliance with Rules), K (Recordkeeping), and L (Public Information) under Section 5 of the Act because the Clearinghouse is updating its rules and governing documents to reflect its new legal name, as well as the new legal name of the Exchange, thereby providing clarity to market participants as to the legal name of a designated contract market and derivatives clearing organization on which they may participate.

Public Information

A notice and copy of this submission has been concurrently posted on the Clearinghouse's website.

Opposing Views

No opposing views were expressed by the Board or market participants to this Self-Certification.

Certification

Underdog Clearinghouse, Inc. hereby certifies to the Commission, pursuant to the procedures set forth in Commission regulation § 40.6(a), that this submission complies with the Act, as amended, and the regulations promulgated thereunder.

Please contact Nick Thompson, Chief Regulatory Officer, by email at nick.thompson@underdogsports.com with any questions regarding this matter.

Very truly yours,

Underdog Clearinghouse, Inc.

By: /s/ Nick Thompson

Name: Nick Thompson

Title: Chief Regulatory Officer

Date: September 17, 2026

EXHIBIT A

Underdog Clearinghouse Rulebook (Clean Version)

**Rulebook of
Underdog Exchange DCM, Inc.
and
Underdog Clearinghouse, Inc.
Collectively “Underdog Exchange”**

Effective as of October 1, 2026

Version 1.4

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1. Jurisdiction

ANY PERSON THAT DIRECTLY OR INDIRECTLY ENTERS AN ORDER OR EFFECTS A TRANSACTION ON OR SUBJECT TO THESE RULES (i) IS BOUND BY AND SHALL COMPLY WITH THESE RULES AND APPLICABLE LAW, (ii) SUBMITS TO THE JURISDICTION OF **UNDERDOG** EXCHANGE IN RESPECT OF ANY AND ALL MATTERS ARISING FROM, RELATED TO, OR IN CONNECTION WITH, THE STATUS, ACTIONS, OR OMISSIONS OF SUCH PERSON, AND (iii) AGREES TO ASSIST **UNDERDOG** EXCHANGE IN COMPLYING WITH UNDERDOG EXCHANGE'S LEGAL AND REGULATORY OBLIGATIONS OR IN ANY INQUIRY, INVESTIGATION, AUDIT, EXAMINATION, OR PROCEEDING OF UNDERDOG EXCHANGE.

2. Definitions, Interpretation, and Amendments

a. Defined Terms

The terms defined in this Section shall for all purposes of the Rules of **Underdog** Exchange have the meanings specified herein.

- i. *"Account" means, with respect to each Participant, any account established and maintained by such Participant with the **Underdog** Clearinghouse and Exchange. **Underdog** uses a single account for both Clearinghouse and Trading functions, using the terms "Account", "Participant Clearing Account", and "Trading Account" throughout this Rulebook depending on context.*
 1. *"Participant Clearing Account" will often be used when referring to Participant's holdings which are maintained and monitored by the Clearinghouse, Available Funds, Open Contract Positions, Closed Contract Positions, Contract Profit, or Loss Amounts and the corresponding margin requirements, if any, in connection with Open Contract Positions entered into by the Participant.*
 2. *"Trading Account" will often be used within the context of the trading of Contracts on **Underdog** Exchange by the Participant or Participant's Authorized Trader and the monitoring of such activity.*
- ii. *"Affiliate" means a Person who, directly or indirectly, Controls, is Controlled by, or is under common Control with, such other Person.*
- iii. *"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, but not limited to, the CEA, CFTC Regulations, and NFA Rules.*
- iv. *"Underdog Exchange" means DCM and Clearinghouse, collectively.*
- v. *"Underdog Exchange System" means the proprietary electronic Order entry and execution systems used by Underdog Exchange for the placement and execution of Orders and the collection and transmission of information relating to Contracts. For the avoidance of doubt, the Underdog Exchange System means the electronic Order entry and execution systems used by Underdog Exchange for the placement and execution of Orders and the collection and transmission of information relating to Contracts, including any licensed software that is a part thereof from time to time, and any successor electronic trading system thereto.*
- vi. *"Authorized Trader" means any natural Person that is a Participant in the DCM and authorized by one or more Clearing Participants to exercise Trading Privileges on their Participant Clearing Account. Authorized Traders must agree to all Rules, terms,*

conditions, and policies applicable to Clearing Participants and must execute a separate agreement with the Clearing Participant and Underdog Exchange authorizing them to trade on behalf of one or more Clearing Participants.

- vii. *“Available Funds” means those funds in a Participant Clearing Account that are in excess of funds held as Margin Funds and, therefore, available for use as directed by the Participant.*
- viii. *“Bankruptcy Code” means Title 11 of the United States Code as it may be amended from time to time.*
- ix. *“Board of Directors” means the Board of Directors of Underdog Exchange DCM, Inc. or the Board of Directors of Underdog Clearinghouse, Inc. constituted from time to time in accordance with the DCM Bylaws and DCO Bylaws or the two Boards acting cooperatively or in parallel as indicated by the Entity or Entities to which the Rule containing the reference applies.*
- x. *“Business Day” means any day other than a Saturday, Sunday, or any other day on which banking institutions in Washington, D.C. are closed.*
- xi. *“CEA” means the Commodity Exchange Act as in effect from time to time.*
- xii. *“CFTC” or “Commission” means the Commodity Futures Trading Commission and includes any successor agency or authority.*
- xiii. *“CFTC Regulation” means any Rule, regulation, order, or directive and any interpretation thereof then in effect adopted by the CFTC.*
- xiv. *“Chief Compliance Officer” (for DCO) or “Chief Regulatory Officer” (for DCM) means the individual appointed by the Board of Directors to serve as the Underdog Exchange’s chief compliance officer.*
- xv. *“Clearinghouse” means Underdog Clearinghouse, Inc. (including its successors), a corporation organized under the laws of the State of Delaware and registered as a Derivatives Clearing Organization.*
- xvi. *“Closed Contract Positions” means any combination of long and short Open Contract Positions that have been offset against each other.*
- xvii. *“Contract” means any forward, swap, future, option, or any other agreement, contract, or transaction, which has been listed by DCM as generally eligible for trading on DCM pursuant to these Rules.*
- xviii. *“Contract Instrument” or “Instrument” means the tradable subset of each Contract that is not fungible with other tradable subsets of the same Contract due to differences in settlement time, strike price level, or any other applicable criteria specified in the Contract Specifications. By way of illustration, different tenors of a Contract are each a Contract Instrument.*
- xix. *“Contract Specifications” means, with respect to any Contract, the Rules or trading protocols then in effect specifying the terms and conditions for such Contract.*

- xx. *“Control” means any Person, by power of attorney or otherwise, who directly or indirectly controls trading, holds a 10 percent or greater ownership or equity interest, or is acting pursuant to an expressed or implied agreement or understanding.*
- xxi. *“DCM” means Underdog Exchange DCM, Inc., (including its successors), a corporation organized under the laws of the State of Delaware and registered as a Designated Contract Market.*
- xxii. *“DCM Bylaws” means the Bylaws of Underdog Exchange DCM, Inc., as amended, supplemented, or otherwise modified from time to time.*
- xxiii. *“DCO” means Underdog Clearinghouse, Inc., (including its successors), a corporation organized under the laws of the State of Delaware and registered as a Derivatives Clearing Organization.*
- xxiv. *“DCO Bylaws” mean the Bylaws of Underdog Clearinghouse, Inc., as amended, supplemented, or otherwise modified from time to time.*
- xxv. *“Derivatives Clearing Organization” has the meaning set forth in Section 1a(15) of the CEA.*
- xxvi. *“Director” means any member of the Board of Directors.*
- xxvii. *“Emergency” means the occurrences or circumstances which, in the opinion of the Board, require immediate action, and which threaten, or may threaten, the fair and orderly trading in, or the settlement or integrity of, any Contract, including, without limitation, the following:*
1. *any circumstance that may have a severe, adverse effect upon the functions and facilities of Underdog Exchange, including, but not limited to, acts of God, fire, flood or other natural disasters, pandemics, bomb threats, acts of terrorism or war, severely inclement weather, breakdowns or interruptions such as for power, computer, communication, transportation systems or the Internet, or failure or malfunction of Underdog Exchange System;*
 2. *any circumstance that may materially affect the performance or clearing of a Contract or its Underlying, including any threatened, attempted, or actual manipulative activity such as a corner, squeeze, congestion, or undue concentration of positions;*
 3. *any action taken by any domestic or foreign regulatory, self-regulatory, or judicial authority, or other Person exercising, or entitled to exercise, any administrative action that may have a direct impact on trading on Underdog Exchange or the legality or enforceability of any Contract;*
 4. *any other unusual, unforeseeable, or adverse circumstances with respect to which it is impracticable for Underdog Exchange to submit a reviewable Rule to the CFTC.*
- xxviii. *“Entity” means any Person other than a natural Person (e.g., a corporation, partnership, sole proprietorship, or trust).*

- xxix. *“Final Settlement” means the process by which all Open Contracts are liquidated upon Contract expiration.*
- xxx. *“Final Settlement Price” means, with respect to any Contract, the price used in Final Settlement.*
- xxxi. *“Independent Software Vendor” or “ISV” is a non-DCM Entity that offers services, tools, and displays to Participants independent of Underdog Exchange.*
- xxxii. *“Margin Eligible Asset” means U.S. dollars or any other asset that is permitted to be used under these Rules to meet the margin obligations in the applicable Contract Specifications.*
- xxxiii. *“Margin Funds” means those Margin Eligible Assets in a Participant Clearing Account that are required for Original Margin and are not otherwise available for use by the Participant.*
- xxxiv. *“Market Participant Director” means a DCO Director who has been found by the DCO Board of Directors to be an authorized representative of a Participant and suitable to be a Director pursuant to the CEA.*
- xxxv. *“Minimum Price Increment” means the smallest price change permitted for any Contract Instrument, in index points, currency, or other appropriate units as defined in the Contract Specifications.*
- xxxvi. *“NFA” means the National Futures Association and includes any successor organization.*
- xxxvii. *“Open Contract Positions” means any combination of long and short Contract Positions that have not been offset against each other.*
- xxxviii. *“Order” means any electronic instruction to buy or sell a Contract Instrument on or subject to the Rules of Underdog Exchange.*
- xxxix. *“Original Margin” means an amount sufficient to cover at all times the maximum possible loss such Participant could incur upon liquidation or expiration of its positions.*
- xl. *“Participant” means each Person that has an account with DCM and may exercise Trading Privileges, or each Person that has account with the Clearinghouse, as applicable.*
- xli. *“Participant Agreement” means the contractual agreement between a Participant and Underdog Exchange.*
- xlii. *“Participant Funds” means the aggregate of Available Funds and Margin Funds held in a Participant Clearing Account.*
- xliii. *“Person” means any natural Person, association, partnership, limited liability company, joint venture, trust, or corporation.*
- xliv. *“Price Limit” means, at each moment during trading, the lower or upper bound price level that a Contract Instrument is permitted to trade as provided in the applicable Contract Specifications.*

- xlvi. *“Position Limit” means the maximum number of Contract Instruments defined in the Contract Specifications that may be held or Controlled by a Participant and their Affiliates.*
- xlvi. *“Public Director” means an individual meeting the standards of 17 C.F.R. Part 38, Appendix B, Acceptable Practices to Core Principle 16, Section b, paragraph 2.*
- xlvi. *“Regulatory Authority” means any governmental or self-regulatory authority applicable to Underdog Exchange, including, but not limited to, the NFA, the CFTC, and applicable foreign regulators.*
- xlvi. *“Regulatory Oversight Committee” means the committee of the DCM Board of Directors constituted in accordance with Rule 3(e) herein.*
- xlix. *“Rules of Underdog Exchange” or “Rule” means any Rules, interpretations, orders, resolutions, advisories, notices, statements of policy, decisions, manuals, and directives adopted or amended, from time to time, by Underdog Exchange.*
- i. *“Settlement Bank” means a Custody and Settlement Bank as defined by CFTC Regulation §39.14(a)(2).*
- li. *“Settlement Committee” means a committee made up of at least one DCM Board member and others as may be appointed by the DCM Board to determine Market Outcomes in accordance with Rule 5.*
- lii. *“Trading Day” means any day on which Underdog Exchange is open and available for the trading of Contracts and the Clearinghouse is open and available for the clearing of Contracts.*
- liii. *“Trading Hours” means, with respect to any Contract, the hours as posted on the Website.*
- liv. *“Trading Privileges” means the right to transmit Orders for Contracts in electronic form directly to Underdog Exchange.*
- lv. *“Underlying” means the index, rate, risk, measure, instrument, differential, indicator, value, contingency, occurrence, or extent of an occurrence that determines the Final Settlement Price of a Contract.*

b. Rules of Interpretation

For all purposes of these Rules, except as otherwise expressly provided herein or unless the context otherwise requires:

- i. *the terms defined in these Rules include the plural as well as the singular and vice versa;*
- ii. *words importing gender include all genders;*
- iii. *any reference to these Rules refers to these Rules, including all appendices hereto, and the words herein, hereof, thereto, hereto, and hereunder, and words of similar import refer to these Rules and their appendices as a whole and not to any particular Rule, appendix, or any other subdivision;*
- iv. *references to days, months, and years refer to calendar days, months, and years, respectively;*

- v. *all references herein to “including” shall be deemed to be followed by the words “without limitation”;*
- vi. *any term used herein that is defined in the CEA or CFTC Regulations shall have the meaning assigned to it therein;*
- vii. *all references herein to a time of day refer to local time in the City of New York, unless otherwise indicated.*

c. Effect of Titles

The titles of these Rules have been inserted for convenience of reference only and shall not affect the meaning of these Rules.

d. Amendment of Rules

Underdog Exchange may adopt, amend, or repeal Rules from time to time. Such actions shall become effective on such date (subject to any required regulatory process) as may be determined by Underdog Exchange.

e. Contract Specifications

Notwithstanding any provision of these Rules to the contrary, the Contract Specifications with respect to a particular Contract shall govern the applicability of these Rules to trading in such Contract and, in the event of any conflict between these Rules and the Contract Specifications, the Contract Specifications shall govern with respect to trading in the relevant Contract Instrument.

3. Governance

a. General (Applies to DCM and DCO)

- i. *There will be separate Boards of Directors of Underdog Exchange DCM, Inc. and Underdog Clearinghouse, Inc. (the Clearinghouse). The Boards may meet jointly to consider matters affecting both the DCM and DCO but each Board shall vote separately on matters affecting their respective Entities and regulatory responsibilities. In the event that the DCM and DCO Boards differ on Rules changes affecting both Entities, the Rules will be amended to reflect the different Rules adopted by the Boards for the different Entities.*
- ii. *Underdog Exchange shall appoint Directors and Officers (as such term is defined in Rule 3(g) below) as provided in this Rule 3 and such Directors and Officers shall be appointed to committees and otherwise abide by the provisions of this Rule 3. Inside Directors (Directors who are neither Public Directors nor Market Participant Directors) may serve concurrently on both Boards.*
- iii. *References to the Board of Directors or Boards of Directors elsewhere in these Rules shall be interpreted to refer to the Board responsible for the portion of the Rules in which the reference occurs or to the Boards acting cooperatively or in parallel fashion for portions of the Rules affecting both Entities.*

b. DCM Board of Directors (Applies to DCM)

- i. *The business and affairs of Underdog Exchange DCM, Inc. shall be managed by the Board of Directors of Underdog Exchange DCM, Inc. in accordance with the respective bylaws and Applicable Law.*

- ii. *The DCM Board of Directors and Underdog Exchange DCM, Inc. 's Officers have the responsibility of ensuring that managers have the appropriate experience, skills, and integrity necessary to discharge operational and risk management responsibilities.*
- iii. *The DCM Board of Directors shall ensure that the Underdog Exchange DCM, Inc. 's design, Rules, overall strategy, and major decisions support the stability of the financial system, as well as the legitimate interests of Participants and relevant stakeholders. Major decisions of the DCM Board of Directors having a broad market impact shall be clearly disclosed to the public, consistent with other statutory and regulatory confidentiality obligations.*
- iv. *The DCM Board of Directors has the power and authority to call for review, and to affirm, modify, suspend, or overrule, any and all decisions and actions of committees and Officers, other than the Regulatory Oversight Committee.*
- v. *The number of Directors on the DCM Board of Directors shall be five, at least two of whom shall be Public Directors, provided that the number of Public Directors shall at all times equal no less than 35% of the entire Board of Directors, or such higher percentage as the CFTC may require. The Underdog Exchange DCM, Inc. Chief Regulatory Officer shall ensure that any changes in Board membership comply with this requirement at all times.*
- vi. *Each Director, including Public Directors, shall be appointed and serve in accordance with the DCM Bylaws.*
- vii. *The Board shall review its performance and that of its individual Directors annually and shall consider periodically using external facilitators for such review.*

c. DCO Board of Directors (Applies to DCO)

- i. *The business and affairs of Underdog Clearinghouse, Inc. shall be managed by the Board of Directors of Underdog Clearinghouse, Inc. in accordance with the respective bylaws and Applicable Law.*
- ii. *The DCO Board of Directors and Underdog Clearinghouse, Inc. 's Officers have the responsibility of ensuring that managers have the appropriate experience, skills, and integrity necessary to discharge operational and risk management responsibilities.*
- iii. *The DCO Board of Directors shall ensure that the Clearinghouse's design, Rules, overall strategy, and major decisions support the stability of the financial system, as well as the legitimate interests of Participants and relevant stakeholders. Major decisions of the Board of Directors having a broad market impact shall be clearly disclosed to the public, consistent with other statutory and regulatory confidentiality obligations.*
- iv. *The DCO Board of Directors has the power and authority to call for review, and to affirm, modify, suspend, or overrule, any and all decisions and actions of committees and Officers.*
- v. *The number of Directors on the Board of Directors shall be five, at least one of whom shall be a Market Participant Director. The Underdog Clearinghouse, Inc. Chief Compliance Officer shall ensure that any changes in Board membership comply with this requirement at all times.*

- vi. *Each Director, including Market Participant Directors, shall be appointed and serve in accordance with the DCO Bylaws.*
- vii. *The Board shall review its performance and that of its individual Directors annually and shall consider periodically using external facilitators for such review.*

d. Eligibility (Applies to DCM and DCO)

- i. *Prior to nomination to the Board of Directors, each individual shall certify that he or she is not disqualified pursuant to this Rule 3(d) in such form and manner as required by Underdog Exchange. Any individual serving on the Board of Directors shall immediately notify Underdog Exchange if such individual becomes subject to one or more of the criteria in this Rule 3(d).*
- ii. *No Person may serve as an Officer, or a member of a Board of Directors, or any disciplinary panel, arbitration panel, or oversight panel of Underdog Exchange if such Person:*
 - 1. was found within the past 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 past three years in which any of the findings or, in absence of such findings, any of the acts charged included a disciplinary offense;
 - 3. is currently suspended from trading on any contract market, is suspended or expelled from membership from any self-regulatory organization, is serving any sentence of probation or owes any portion of a fine imposed pursuant to either:
 - (i) **a finding by a final decision of a self-regulatory organization, an administrative law judge, a court of competent jurisdiction, or the CFTC that such Person committed a disciplinary offense; or**
 - (ii) **a settlement agreement in which any of the findings or, in absence of such findings, any of the acts charged included a disciplinary offense;**
 - 4. is currently subject to an agreement with the CFTC or any self-regulatory organization not to apply for registration with the CFTC or membership in any self-regulatory organization;
 - 5. is currently subject to or has had imposed on him or her within the past three (3) years a CFTC registration revocation or suspension in any capacity for any reason;
 - 6. has been convicted of any of the felonies listed in and pursuant to Section 8a(2)(D)(ii) through (iv) of the CEA;
 - 7. is currently subject to a denial, suspension, or disqualification from serving on the disciplinary panel, 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;
 - 8. is subject to a statutory disqualification pursuant to Section 8a(2) of the CEA.

- iii. *For Underdog Exchange, to qualify as a Public Director, an individual must be found, by action of the DCM Board of Directors, to have no relationship with the Underdog Exchange that reasonably could affect the independent judgment or decision making of the Director including, but not limited to, any of the following:*
1. within the last year, the individual or any member of their immediate family has been an Officer or employee of Underdog Exchange or any of its affiliates.
 2. within the last year, the individual or any member of their immediate family has been a Participant of Underdog Exchange, or a Person employed by or affiliated with a Participant.
 3. within the last year, the individual or any immediate family member of the individual, or a firm with which such individual or his or her immediate family member is affiliated received more than \$100,000 in combined annual payments from the Underdog Exchange or their affiliates, or from a member or any Person or Entity affiliated with a Participant of Underdog Exchange. Compensation for services as a Public Director shall not count towards the \$100,000 payment limit, nor shall deferred compensation for services prior to becoming a Public Director, so long as such compensation is in no way contingent, conditioned, or revocable.
- iv. *Public Directors may also serve as Directors of any Affiliate of the Underdog Exchange provided that the Public Directors otherwise meet the definition of "Public Director".*
- v. *To qualify as a Market Participant Director, an individual must be found, by action of the DCO Board of Directors, to be an Underdog Exchange market Participant and not executives, Officers, or employees of Underdog Exchange or an Affiliate thereof.*
- vi. *Market Participant Directors may also serve as Directors of any Affiliate of the Underdog Exchange provided that the Market Participant Directors otherwise meet the definition of "Market Participant Director".*
- vii. *For purposes of this Rule, the terms "self-regulatory organization", "disciplinary panel", "arbitration panel", "oversight panel", "final decision", "disciplinary offense", and "settlement agreement" have the meanings set forth in CFTC Regulation 1.63(a).*
- viii. *Board members are expected to have attained a professional level of achievement that clearly demonstrates an understanding of financial, organizational, and legal constructs necessary to the functioning of Underdog Clearinghouse, Inc.. Evidence of qualifications are sought through a review of educational background, past and current employment experience, past and current board appointments, and a review of involvement with the securities and finance industries. Board members are also expected to complement each other, so as to create a diverse leadership structure that can address the evolving needs of the organization.*
- ix. *The disciplinary panel of Underdog Exchange DCM, Inc. shall be:*
1. A standing "disciplinary committee" (as defined in CFTC Regulation 1.63(a)), consisting of at least three members, including at least one Person who would not be disqualified from serving as a Public Director. No member of the disciplinary panel shall also be a member of Underdog Exchange's compliance staff, or any Person involved in adjudicating any other stage of the same proceeding. The Board may establish more than one disciplinary panel. The Regulatory Oversight

Committee will appoint individuals for membership on the disciplinary panel. Each disciplinary panel shall include members with sufficient differing experience and member interests so as to ensure fairness and to prevent special treatment or preference for any Person.

2. Responsible for conducting hearings, rendering decisions, and imposing sanctions with respect to any disciplinary action. The disciplinary panel shall also have such other powers and perform such other duties as set forth in the Rules and as the Board may determine from time to time.
3. The disciplinary panel shall be composed of individuals who have demonstrated:
 - (i) **knowledge and experience in the financial markets;**
 - (ii) **appropriate subject matter expertise to inquire on matters before the committee and have the capacity to make independent inquiry;**
 - (iii) **sufficiently differing experience such that no group of disciplinary committee members may dominate or exercise disproportionate influence on a disciplinary panel;**
 - (iv) **the absence of any conflict of interest or bias, and any appearance thereof;**
 - (v) **availability; and,**
 - (vi) **the frequency with which a Person has served as a member of the disciplinary panel during the past two years, favoring the selection of a Person as a member of the disciplinary panel at issue who has otherwise never served or served infrequently on such disciplinary panel during the period.**

e. Regulatory Oversight Committee (Applies to DCM)

- i. *Underdog Exchange DCM, Inc. shall have a Regulatory Oversight Committee, which shall be a permanent committee of the DCM Board consisting of only Public Directors, as appointed from time to time by the chairperson of, and approved by, the Board of Directors. No fewer than two Public Directors shall serve on the Regulatory Oversight Committee.*
- ii. *Each member of the Regulatory Oversight Committee shall serve from the date of his or her appointment until the due appointment of his or her successor. The Board of Directors shall confirm one member of the Regulatory Oversight Committee as the committee's chairperson for a one-year term with the chairmanship rotating among members if there are an even number of members on the Regulatory Oversight Committee.*
- iii. *The chairperson of the Regulatory Oversight Committee shall determine the agenda for the committee. In the event that the Regulatory Oversight Committee has an even number of members, the vote of the chairperson shall control in the event of a tie vote.*
- iv. *The Regulatory Oversight Committee shall oversee Underdog Exchange DCM, Inc.'s regulatory programs on behalf of the DCM Board of Directors.*
- v. *The DCM Board shall delegate sufficient authority, dedicate sufficient resources, and allow sufficient time for the Regulatory Oversight Committee to fulfill its mandate. The*

Regulatory Oversight Committee shall make such recommendations to the Board that will, in its judgment, best promote the interests of Underdog Exchange DCM, Inc., provided that, for the avoidance of doubt, any dissenting opinions from one or more members of the Regulatory Oversight Committee shall be reported to the Board of Directors along with any such recommendations. The Regulatory Oversight Committee shall also have such other powers and perform such other duties as the Board of Directors may delegate to it from time to time.

- vi. *The Regulatory Oversight Committee shall prepare an annual report that assesses Underdog Exchange DCM, Inc.'s self-regulatory program for the Board and the CFTC. The annual report sets forth the regulatory program's expenses, describes its staffing and structure, catalogues disciplinary actions taken during the year, and reviews the performance of the disciplinary panel.*
- vii. *Without limiting the generality of the foregoing, the Regulatory Oversight Committee shall have the authority to:*
 - 1. *Monitor the regulatory program of Underdog Exchange DCM, Inc. for sufficiency, effectiveness, and independence;*
 - 2. *Oversee all facets of the regulatory program, including trade practice and market surveillance, audits, examinations, and other regulatory responsibilities with respect to Participants, and the conduct of investigations;*
 - 3. *Review the size and allocation of the regulatory budget and resources; and the number, hiring, termination, and compensation of regulatory personnel;*
 - 4. *Supervise the Chief Regulatory Officer of the DCM, who will report directly to the Regulatory Oversight Committee;*
 - 5. *Recommend changes that would ensure fair, vigorous, and effective regulation; and*
 - 6. *Review all regulatory proposals prior to implementation and advise the Board of Directors as to whether and how such changes may impact regulation.*
- viii. *Consistent with Rule 3.g.iii. if the Chief Regulatory Officer has responsibilities related to Underdog Exchange DCM, Inc. affiliates, the Chief Regulatory Officer shall disclose to the Regulatory Oversight Committee any potential conflict between the Chief Regulatory Officer's compliance responsibilities for the DCM and the CRO's responsibilities for the Affiliate, including the Chief Regulatory Officer's assessment of whether the potential conflict is material. As an example, an investigation of a Rules violation by an Underdog Exchange DCM, Inc. participant who conducts significant business with an Affiliate would represent a potential conflict of interest. The Regulatory Oversight Committee shall make an independent assessment of the materiality of the potential conflict. If in the assessment of the Chief Regulatory Officer or the Regulatory Oversight Committee a material conflict exists, the Chief Regulatory Officer shall be recused from any related investigation or other compliance action. In such a case the Regulatory Oversight Committee shall designate the Deputy Chief Compliance Officer ("DCCO") or Chief Risk Officer to supervise the investigation, reporting directly to the Regulatory Oversight Committee for that purpose. The DCCO or Chief Risk Officer shall disclose any potential conflicts of their own to the Regulatory Oversight Committee and the Regulatory Oversight Committee shall ensure that any such potential conflicts are not*

material prior to designating either substitute to supervise an investigation. Any conflict reported hereunder by the Chief Regulatory Officer or a substitute, regardless of materiality, shall be documented and tracked by the Regulatory Oversight Committee until the occurrence giving rise to the conflict has been closed or resolved.

ix. *In the event the Board of Directors fails to act upon an action or recommendation of the Regulatory Oversight Committee, the Chief Regulatory Officer shall maintain documentation 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 its inaction; and*
2. *the course of action that the Board decided to take.*

f. Ad Hoc Committees (Applies to DCM and DCO)

Underdog Exchange may create additional committees of Underdog Exchange, or panels, for such purposes as may from time to time be necessary or advisable. Members of each such committee may be members of the Boards of Directors, Participants, Authorized Traders, or such other individuals as may be qualified to serve on such committee. At least 35% of the members of each such committee designated by the DCM Board of Directors shall be individuals that would qualify as Public Directors if they were Directors of Underdog Exchange DCM, Inc. and members of each such committee designated by the DCO Board of Directors shall include market participants and individuals who are not executives, Officers, or employees of Underdog Exchange or an Affiliate.

g. Officers (Applies to DCM and DCO except where noted)

- i. *The Boards shall appoint a Chief Executive Officer, Chief Compliance Officer of the DCO, Chief Regulatory Officer of the DCM, Chief Financial Officer, and other such Officers as it may deem necessary or appropriate from time to time, collectively, the "Officers". The Boards shall appoint Officers jointly except that the DCM Board shall appoint the Chief Regulatory Officer and the DCO Board shall appoint the Chief Risk Officer and the Chief Compliance Officer.*
- ii. *The Boards may appoint an individual to hold more than one office.*
- iii. *Any Officer may also be a Director, Officer, partner, or employee of Underdog Exchange or of any of its Affiliates, subject to disclosure and resolution of conflicts of interest.*
- iv. *Officers shall have such powers and duties in the management of Underdog Exchange as the Boards may prescribe from time to time, subject to any limitations set forth in the DCM Bylaws or the DCO Bylaws, as applicable.*
- v. *Underdog Exchange shall notify the CFTC no later than two Business Days, or otherwise as required, following any departure or addition of Officers including, as applicable, the name and contact information of the Person who will assume the duties of the position permanently or the Person who will assume the duties on a temporary basis until a permanent replacement fills the position.*
- vi. *With respect to the Chief Regulatory Officer, he/she must:*

1. have the background, academic or professional qualifications and skills appropriate for fulfilling the responsibilities of the position;
 2. be an individual who would not be disqualified from registration under Section 8a(2) or 8a(3) of the CEA;
 3. report to the DCM Regulatory Oversight Committee in accordance with DCM Best Practices as applicable to Core Principle 16 of Section 5(d) of the Act; and
 4. Meet with the DCM Board of Directors or the senior Officer at least once a year.
- vii. *With respect to the Clearinghouse, the Chief Compliance Officer is responsible for:*
1. Reviewing the Clearinghouse's compliance with the core principles set forth in Section 5b of the CEA, and the CFTC's Regulations;
 2. In consultation with the Board of Directors or the Chief Executive Officer, resolving any conflicts of interest that may arise;
 3. Establishing and administering written policies and procedures reasonably designed to prevent violation of the CEA;
 4. Taking reasonable steps to ensure compliance with the CEA and CFTC Regulations relating to agreements, contracts, or transactions, and with CFTC Regulations prescribed under Section 5b of the CEA;
 5. Establishing procedures for the remediation of noncompliance issues identified by the Chief Compliance Officer through any compliance office review, look-back, internal or external audit finding, self-reported error, or validated complaint; and
 6. Establishing and following appropriate procedures for the handling, management response, remediation, retesting, and closing of noncompliance issues.

h. Indemnification of Members of the Board of Directors, Officers, and Others

Underdog Exchange will indemnify to the full extent authorized by law any Person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative in nature, by reason of the fact that such Person is or was the Underdog Exchange personnel against expenses, including attorneys' fees, judgments, fines, and amounts paid in connection with such action, suit, or proceeding. Such indemnification shall not be deemed exclusive of any other rights to which a Person may be entitled under any agreement or as a matter of law or otherwise Underdog Exchange may purchase and maintain insurance on behalf of any Person who is or was the Underdog Exchange personnel against any liability asserted against such Person and incurred by such Person in any such capacity, or arising out of such Person's status as such, whether or not Underdog Exchange would have the power to indemnify such Person against such liability under the provisions of this Rule 3. However, no Person shall be indemnified from liability for fraud, bad faith, willful misconduct, or gross negligence. Further, no Person shall be indemnified against a civil penalty imposed by the CFTC under Section 6b of the CEA.

i. Conflicts of Interest (Applies to DCM and DCO)

- i. *Each Officer and member of the Board of Directors or any disciplinary or oversight committee or subcommittee shall disclose if such Person knowingly has an interest or has a relationship with a named party in interest as defined and required by CFTC Regulation §1.69 (also referred to as "Commission Regulation").*

- ii. *No Officer or member of the Board of Directors may participate in any deliberations or vote on any action if such Person knowingly has an interest or has a relationship with a named party in interest as defined and required by Commission Regulation §1.69.*
- iii. *No Officer or member of the Board of Directors may participate in any deliberations or voting on any action if such Person knowingly has a direct and substantial financial interest in the result of the vote based upon either Underdog Exchange or non-Underdog Exchange positions that could reasonably be expected to be affected by the action.*
- iv. *The minutes of the meeting of the Board, disciplinary panel, or any oversight panel (as defined in CFTC Regulation 1.63(a)) will reflect the attendance as well as the identity and reasons, or any other information relating to, such recusal by any member who voluntarily recuses him/herself from deliberations and voting.*
- v. *Routine conflicts of interest should be resolved in the normal course of business, consistent with the general administration of internal policies and procedures of the Chief Compliance Officer/Chief Regulatory Officer /legal counsel. Any conflicts of interest that warrant escalation to the Board or CEO are resolved by the Chief Compliance Officer/Chief Regulatory Officer in consultation with the Board or CEO and relevant legal counsel.*

j. Prohibition on Use of Material, Non-Public Information (Applies to DCM and DCO)

- i. *Commission Regulation 1.59 prohibits member of the Board of Directors or committee, Officer, or employee or consultant of Underdog Exchange from using or disclosing material, non-public information obtained in connection with the performance of their duties for any purpose other than the performance of such duties.*
- ii. *No Participant who inadvertently or otherwise comes into possession of any material, non-public information will disclose to anyone such material, non-public information, or trade for such Person's account, or for or on behalf of any other account, in any commodity interest on the basis of such material, non-public information.*
- iii. *For purposes of this Rule, the terms "material information," "non-public information," "linked exchange", "commodity interest," and "related commodity interest" have the same meanings as they do in Commission Regulation §1.59.*
- iv. *Any Person who violates any provision of this Rule will be required to indemnify Underdog Exchange and hold Underdog Exchange harmless against any losses, damages, or costs caused by that violation.*
- v. *Notwithstanding anything to the contrary, the applicable Contract Specifications for each Contract or Instrument traded on Underdog Exchange may impose additional prohibitions on the use of or trading on information by any Person.*
- vi. *No employee, Officer, Directors, agents, or any committee of Underdog Exchange trade for and Person's account, or for or on behalf of any other account, in any commodity interest on the basis of any material, non-public information obtained through special access related to the performance of such Person's duties as an employee, Officers, Directors, agents, or member of the Board or committee.*
- vii. *No Participant who inadvertently or otherwise come into possession of any material, non-public information held by Underdog Exchange or any employee, Officers,*

Directors, agents, or any committee of Underdog Exchange gained through their employment by or service to Underdog Exchange will disclose to anyone such material, non-public information or trade for such Person's account, or for or on behalf of any other account, in any commodity interest on the basis of such material, nonpublic information.

k. Regulatory Cooperation (Applies to DCM and DCO)

- i. Underdog Exchange may enter into any information-sharing agreements or other arrangements or procedures, including an information-sharing agreement or other arrangement or procedure with any Person or body (including but not limited to a Regulatory Authority) if Underdog Exchange considers such agreement, arrangement, or procedures to be in furtherance of Underdog Exchange's purpose, duties, or obligations under these Rules or Applicable Law.*
- ii. The Chief Executive Officer or their delegate is authorized to provide information to an exchange or clearing organization that is a party to an information sharing agreement with Underdog Exchange, in accordance with the terms and conditions of such agreement and applicable regulations.*
- iii. All information received by Underdog Exchange with respect to any information sharing agreement, shall be held in confidence by Underdog Exchange and shall not be provided to any of its non-regulatory departments or divisions or any other Person (including to any Affiliate of Underdog Exchange), except as follows:*
 - 1. to any governmental authority responsible for regulating financial instruments in the home jurisdiction of the authority requesting information under an information sharing agreement,*
 - 2. pursuant to an order of a court, Regulatory Authority, or other lawful process, or*
 - 3. as it may be necessary for conducting any investigation or disciplinary proceeding of Underdog Exchange.*

l. Technical Services Agreement with Eventus (Applies to DCM)

The DCM has contracted with Eventus for Validus SaaS software to provide certain technical services to Underdog Exchange DCM, Inc. pursuant to a technical services agreement (the "Technical Services Agreement"). In accordance with the Technical Services Agreement, Eventus may provide reporting services to perform certain surveillance, investigative, and regulatory functions under these Rules. Underdog Exchange DCM, Inc. may provide information to Eventus Validus SaaS software in connection with the performance by Eventus Validus SaaS software of those functions.

m. Emergencies (Applies to DCM and DCO)

- i. In the event of an Emergency, the Chief Executive Officer or any individual designated by the Chief Executive Officer may place into immediate effect a temporary Emergency Rule, which may remain in effect for up to 30 calendar days and which may provide for, or may authorize the Board of Directors or any committee thereof to undertake, actions necessary or appropriate to respond to the Emergency.*
- ii. With respect to the DCM, including such actions as:*
 - 1. suspending trading;*

2. limiting trading to liquidation only;
 3. requiring a reduction in positions, in whole or in part;
 4. extending or shortening the term or expiration time of any Instrument;
 5. modifying the Underlying provided in any relevant Contract Specifications;
 6. imposing or modifying position or Price Limits with respect to a particular Contract or Instrument;
 7. modifying of a Final Settlement Price;
 8. extending, limiting or changing the hours of trading;
 9. suspending or curtailing trading in any or all Contracts or Instruments or modifying circuit breakers; or
 10. modifying or suspending any provision of these Rules.
- iii. *Any such action placed into effect in accordance with the preceding sentence shall be reviewed by the Board of Directors as soon as practicable under the circumstances and may be revoked, suspended, or modified by the Board of Directors.*
 - iv. *Any Person who is authorized to take an action in response to an Emergency, may Order under the same procedures the removal of any restriction previously imposed upon a determination by such Person that the Emergency that gave rise to such restriction has sufficiently abated to permit Underdog Exchange to resume operations in an orderly manner.*
 - v. *The Chief Regulatory Officer shall maintain documentation detailing the decision-making process with respect to, and the reasons for, any such action.*
 - vi. *The Chief Regulatory Officer will make every effort practicable, and in no event more than 24 hours after any actions are placed into effect, to notify the CFTC's Director of the Division of Market Oversight, their delegate(s), and/or other Persons designated by the Commission's Regulations of any action taken or proposed to be taken.*

4. Participants

a. General (Applies to DCM and DCO)

- i. *Only Participants of Underdog Exchange may have Trading Privileges, act as Authorized Traders, or receive incentive payments. No registered Futures Commission Merchant, registered Introducing Broker, or other intermediary may submit trades in Contracts for execution on behalf of its customers. For the avoidance of doubt, (1) registered Commodity Pool Operators or registered Commodity Trading Advisors, or Persons exempt from such registrations, shall not be precluded from exercising Trading Privileges under this Rule, and (2) ISVs are not considered intermediaries under this Rule.*
- ii. *No Person may exercise any privileges of being a Participant or an Authorized Trader unless such Person certifies that they have received, read, understood, and accepted this Rulebook and Underdog Exchange's Participant Agreement, including its Terms of Use*

and Privacy Policy, and have accepted Underdog Exchange's jurisdiction with respect to such Person's activities.

- iii. Participants do not obtain any equity or other interest in Underdog Exchange, including voting rights or rights to receive any dividends or other distributions, whether arising from a dissolution, merger, consolidation involving Underdog Exchange or otherwise.*
- iv. Each Participant, or their Authorized Traders, receiving any proprietary information from Underdog Exchange is prohibited from redistributing such information unless expressly permitted by Underdog Exchange. Participants, including their Authorized Traders, are subject to the Participant Agreement they have entered into with Underdog Exchange, which establishes Underdog intellectual property rights in, among other things, its market and pricing data (referred to in this Rule as "Market Data"), and all derivative works based thereon. Participants and Authorized Traders agree not to distribute any Underdog Exchange Market Data, nor create derivative works based upon Market Data. Notwithstanding any restrictions in this Rule or in the Participant Agreement, Participants and Authorized Traders may use Underdog Market Data for the direct purpose of trading on Underdog Exchange for their own accounts, or those accounts they have discretion over as Authorized Traders. Under no circumstance shall Participants or Authorized Traders distribute, sell, or retransmit Market Data, in any form whatsoever, including that which incorporates Market Data in anonymized or aggregated data sets, to any third party, unless they have been granted express permission in writing from Underdog Exchange. Employees and agents of Underdog Exchange shall have access to the offices of any Participant and each of its Authorized Traders during regular business hours to audit the compliance by such Participant and its Authorized Traders with the immediately preceding sentence.*
- v. Participants with Trading Privileges may be subject to any limitations or restrictions from time to time imposed by Underdog Exchange. Trading Privileges are non-transferable, non-assignable and may not be sold or leased. For the avoidance of doubt, a Participant may appoint Persons to act as Authorized Traders on the Participant's behalf. Underdog Exchange shall have the right to establish more than one class of Participants subject to and in accordance with the applicable DCM Rules including restrictions on trading in specific Contracts or categories of Contracts.*
- vi. Participants with Trading Privileges are eligible to hold long and/or short positions in Contracts only for Trading Accounts they Control and may act as their own Authorized Traders.*
- vii. A Participant may request more than one Trading Account provided that the request provides an explanation of the reason therefore and includes instructions that long and short positions held in each account(s) shall not be offset with long or short positions in the Participant's other account(s). Underdog Exchange may grant such a request in its discretion.*
- viii. Participants acting solely as Authorized Traders may access Underdog Exchange System with respect to the Accounts of one or more Participants pursuant to a power of attorney or other written instrument, which may include an electronic writing, in a form prescribed or approved by Underdog Exchange, providing such Authorized Trader with discretionary trading authority with respect to the Participant's Trading Account. Participants may at any time revoke an authorization granted by it to any Authorized Trader by informing Underdog Exchange by electronic mail.*

b. Participant Obligations and Consents (Applies to DCM and DCO)

i. Each Participant must:

1. comply with Applicable Law, including these Rules, applicable provisions of the CEA, and relevant CFTC Regulations;
2. cooperate promptly and fully with Underdog Exchange in any investigation, call for information, inquiry, audit, examination, or proceeding. Such cooperation shall include providing Underdog Exchange with access to information on the activities of such Participant in any referenced market that provides the Underlying prices for any Contract;
3. provide identity information and documentation required in the Participant application, initially and upon further request, and update all information provided in its Participant application within seven days after that information has changed;
4. cooperate with Underdog Exchange's "Anti-Money Laundering Program", "Know Your Customer Program", and "Customer Identification Program" procedures as established and amended by Underdog Exchange from time to time, including providing any information or documentation reasonably requested to verify identity, source of funds, or compliance with Applicable Law;
5. notify Underdog Exchange by electronic mail within 24 hours upon becoming aware that the Participant:
 - (i) **has access or Trading Privileges suspended, or membership denied, in any commodity, securities, or swaps exchange, brokerage, association, or Regulatory Authority.**
 - (ii) **has been convicted of, pled guilty or no contest to, or entered a plea agreement to, any felony in any domestic, foreign, or military court.**
 - (iii) **has been convicted of, pled guilty or no contest to, or entered a plea agreement to a misdemeanor in any domestic, foreign, or military court which involves embezzlement, theft, extortion, fraud, fraudulent conversion, forgery, tax evasion, counterfeiting, false pretenses, bribery, gambling, racketeering, or misappropriation of funds, securities, or properties or any transaction in or advice concerning swaps, futures, options on futures, leveraged transactions or securities.**
 - (iv) **has become the subject of a bankruptcy petition, receivership proceeding, or the equivalent, or being unable to meet any financial obligation as it becomes due.**
6. secure its username and password such that no unauthorized Person may access any secure portion of Underdog Exchange.

ii. Upon receipt of such notice identified in Rule 4.b.5 above, Underdog Exchange will, as soon as reasonably practicable, (a) review the continuing eligibility of the clearing member for clearing membership in the DCO; and (b) take any appropriate action, in its discretion, with respect to such clearing member or its positions, including but not limited to liquidation or transfer of positions, suspension, or revocation of clearing membership in the DCO.

- iii. *Each Participant shall trade on their own behalf unless they have formally designated and received Underdog approval for one or more natural Persons as Authorized Traders for each of their Accounts and is nonetheless responsible for all costs or losses incurred in its Account for Orders placed on Underdog Exchange System by any Person using the Participant's username and password, whether Orders were authorized or not by the Participant. Each Authorized Trader with discretionary trading authority with respect to the Participant's Account (i) must be a natural Person and (ii) must satisfy any other requirements as may be prescribed by Underdog Exchange from time to time. Each Authorized Trader must consent, in a form satisfactory to Underdog Exchange, to abide by the Rules and Applicable Law prior to accessing the Underdog Exchange System, and each Participant will ensure on an ongoing basis that (i) none of its Authorized Traders is subject to a disqualification pursuant to any Applicable Law (unless an appropriate exemption has been obtained with respect thereto), (ii) each of its Authorized Traders will be technically proficient, (iii) each of its Authorized Traders will conduct its business in a fair and equitable manner, and (iv) each of its Authorized Traders will conduct its business in accordance with the Rules.*
- iv. *Each Participant consents to allow Underdog Exchange to provide all information it has about the Participant to its Derivatives Clearing Organization and Settlement Bank, as well as any Regulatory Authority, law enforcement authority, or judicial tribunal, including (as may be required by information sharing agreements or other contractual, regulatory, or legal provisions) foreign regulatory or self-regulatory bodies, law enforcement authorities, or judicial tribunals without notice to the Participant.*
- v. *Each Participant consents to allow Underdog Exchange to maintain logs of IP addresses and other information for security, audit, and regulatory purposes. All Participant communications with Underdog Exchange, including keystrokes entered by the Participant on Underdog Exchange, emails and telephone calls, may be recorded without further notice, and such recordings may be provided to regulatory authorities (subject to and in compliance with Applicable Laws) and used as evidence in the event of any dispute. Such recordings will be and remain the sole property of Underdog Exchange and will, in the absence of manifest error, be accepted by the Participant as evidence of the communications so recorded. The period of retention of such recordings shall be as required by Applicable Law or any such longer period as may be determined by Underdog Exchange in its sole discretion. Further, such recordings may be used for Underdog Exchange's own purposes (including, without limitation, for purposes of monitoring levels of activities in categories of transactions) and not for the Participant's benefit.*
- vi. *If any Participant fails to satisfy these obligations, Underdog Exchange may revoke or suspend the Participant's privileges in full or in part or bring a disciplinary action that may result in fines or be subject to civil or criminal prosecution.*
- vii. *Each Participant must maintain appropriate records of its trading, including records of activity, if any, in the underlying commodity and related derivatives markets; for avoidance of doubt, Underdog Exchange may provide (but is not obligated to provide) these records to a Participant upon request by such Participant. Upon request by Underdog Exchange, each Participant agrees to furnish these records and such information concerning the Participant's business that is subject to the Rules of the DCM as the DCM deems necessary to enable the DCM to perform its obligations under Applicable Law, including information relating to (i) contracts executed on the DCM and in related derivatives markets, including in the products underlying those contracts, and*

(ii) information requested by a government authority relating to the DCM's business as a DCM or DCO and/or the DCM's compliance with Applicable Law that the DCM believes is maintained by, or otherwise in the possession of, a Participant.

viii. Each Participant shall provide to Underdog Exchange, in a timely manner, information that concerns any financial or business developments that may materially affect the Participants' ability to continue to comply with participation requirements under this section.

c. Eligibility (Applies to DCM and DCO)

i. Each applicant to become a Participant must:

1. be at least 18 years of age and has attained the age of majority in the individual's place of residence, if a natural Person or, if an Entity, be duly organized and in good standing in its jurisdiction of organization and have the legal authority and be duly authorized and empowered to become a Participant and to effect transactions on Underdog Exchange;
2. not be subject to a statutory disqualification under Sections 8a(2) or 8a(3) of the CEA;
3. satisfy such financial criteria as may be prescribed by Underdog Exchange from time to time;
4. provide a mechanism that is acceptable for transferring funds to and receiving funds from the applicant's Participant Clearing Accounts;
5. demonstrate sufficient technical and operational capabilities to fulfill any other obligations applicable to Participants or their Authorized Traders as may from time to time be required by Underdog Exchange;
6. satisfy all requirements generally applicable to Participants and Authorized Traders under these Rules and any applicable Contract Specifications and such other requirements or criteria as may from time to time be adopted by Underdog Exchange.

d. Application

i. Each application to become a Participant shall be in such form as may from time to time be prescribed by Underdog Exchange. Each applicant to become a Participant shall promptly update the application materials if any of the information provided therein becomes inaccurate or incomplete. Underdog Exchange shall act upon, and approve or disapprove, any such application without unreasonable delay. Each applicant to become a Participant shall provide:

1. the applicant's true name and address;
2. the applicant's date of birth;
3. payment to Underdog Exchange an application fee as may be prescribed by Underdog Exchange;

4. express consent to the jurisdiction of Underdog Exchange in electronic form to comply with and be bound by the Rules of Underdog Exchange and Applicable Law, including, but not limited to, Rules requiring cooperation and participation investigatory and disciplinary processes;
 5. acceptance of the disclosure document statement that explains to each applicant various risks associated with trading, and
 6. certification that the applicant has read, understands and accepts the Underdog Exchange Rulebook and Underdog Exchange's Participant Agreement, including its Terms of Use and Privacy Policy.
 7. Any additional information required to verify the applicant's identity.
- ii. *Applicants may withdraw their applications at any time without prejudice or without losing their right to reapply.*
 - iii. *Upon Underdog Exchange's approval of an applicant's Participant application, the applicant shall become a Participant and obtain Trading Privileges.*

e. Approval (Applies to DCM and DCO)

- i. *Underdog Exchange will consider each application in a fair and nondiscriminatory manner that is not anti-competitive.*
- ii. *In considering any applicant for status as a Participant Underdog Exchange may request additional information or employ such other means that it deems desirable or appropriate, including but not limited to conducting a background check, to ascertain relevant facts bearing on the applicant's qualifications.*
- iii. *Underdog Exchange may in its sole discretion deny or condition any Participant application:*
 1. If the application fails to demonstrate a capacity to adhere to all applicable Rules of Underdog Exchange or Applicable Law, including, to the extent applicable, those concerning record-keeping, reporting, finance, and trading procedures;
 2. if such Person would bring Underdog Exchange into disrepute; or
 3. for such other causes as Underdog Exchange in its discretion may determine from time to time.
- iv. *If Underdog Exchange approves a Participant application, any such Approval is contingent upon the Participant:*
 1. Selecting a unique Participant identification.
 2. Providing a password of sufficient complexity, as defined by Underdog Exchange from time to time.
 3. Maintaining, by deposit or incentive program participation, a Participant Clearing Account balance that is greater than zero.

4. Maintaining all information required by the Clearinghouse to transfer funds to and from the Participant's Clearing Account.
- v. *If Underdog Exchange declines or conditions a Participant application, then Underdog Exchange shall notify such Person by electronic mail sent to the address provided by the Person in the application specifying the basis for the decision.*
 1. Such Person may, within 28 calendar days, petition Underdog Exchange by electronic mail to reconsider the determination. The petition should describe in detail the reasons why the Participant application should be granted.
 2. Within 28 calendar days of receiving a request for reconsideration, Underdog Exchange shall confirm, reverse, or modify the denial or condition, and shall promptly notify such Person accordingly in writing.
 3. Underdog Exchange may, in its sole discretion, schedule a hearing (in person or by electronic means) or request additional information from such Person during the request for reconsideration.
 4. Underdog Exchange's decision is the final action of Underdog Exchange and is not subject to appeal.
 5. Such Person may re-apply after six months.
 6. All decisions taken by Underdog Exchange to decline a Participant application shall be documented in accordance with the appropriate books and records policy as outlined in Rule 8(z).

f. Voluntary and Involuntary Termination of Participant Status (Applies to DCM and DCO)

- i. *Each Participant may voluntarily withdraw their Participant status with Underdog Exchange at any time. Any disciplinary matter pending at the time of withdrawal shall not be terminated as a consequence of such withdrawal.*
- ii. *Underdog Exchange may, in its sole discretion and without advance notice, suspend, revoke, limit, condition, restrict, or qualify the privileges of any Participant as it deems necessary or appropriate if the Participant or any of its Authorized Traders violate the Participant Agreement, any other agreement with or Rule of Underdog Exchange. If such action is taken, then Underdog Exchange shall notify such Participant by electronic mail the basis for the decision. Any such action may be appealed in accordance with the procedures under the provisions of Rule 8, provided, however, that such sanction shall continue in effect during the appeal.*
- iii. *Any terminated Participant shall remain bound by the Rules of Underdog Exchange and Applicable Law, in each case to the extent applicable to it, and subject to the jurisdiction of Underdog Exchange with respect to any and all matters arising from, related to, or in connection with, the status, actions or omissions of such Participant and its Authorized Traders prior to such revocation or termination.*

g. Participant Communications (Applies to DCM and DCO)

- i. *Participants must provide Underdog Exchange with their current electronic mail address and notify Underdog Exchange of any changes thereto within 24 hours.*

- ii. *Each Participant will be responsible for promptly reviewing and, as applicable, responding to all electronic communications from Underdog Exchange.*
- iii. *Participants are responsible for reviewing the “Notices to Participants” section of the Underdog Exchange website on a regular basis. Underdog Exchange may, where necessary for regulatory purposes, share such data or information with one or more DCMs or swap execution facilities registered with the Commission.*
- iv. *Participants will receive electronic mail directly from Underdog Exchange with respect to any enforcement or disciplinary matter or whenever required by CFTC Rule, regulation, or order, or as otherwise required by these Rules. Underdog Exchange in its sole discretion may also send non-routine notices determined by Underdog Exchange to be important, directly to all Participants to which such notice applies.*
- v. *All routine communications from Underdog Exchange to specific Participants shall be available to such Participant electronically via the trading interface or on the Underdog Exchange website as provided in the Participant Agreement. For the avoidance of doubt, such routine, Participant-specific communications include, but are not limited to, confirmation of trades, contract settlements, assessed fees, or incentive payments.*
- vi. *Underdog Exchange will post all communications of general applicability in the “Notices to Participants” section of Underdog Exchange website. For the avoidance of doubt, these include, but are not limited to, each addition, modification, or clarification, of the Rules of Underdog Exchange or of the Contract Specifications. Except for emergency actions of Underdog Exchange (“Emergency Actions”), these shall be posted no later than the Commission’s self-certification filing requirements as set forth in Commission Regulation §40.6(a), so that each Participant may become aware of and implement any necessary preparatory measures to be taken with respect to any such addition, modification, or clarification prior to its effective date.*
- vii. *Underdog Exchange may record conversations and retain copies of electronic communications with Participants. Any such recordings may be retained by Underdog Exchange in such manner and for such periods of time as Underdog Exchange may deem necessary or appropriate but in no event less than the retention periods necessary to comply with Commission Rule §1.31.*
- viii. *Underdog Exchange may 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, although Underdog Exchange may use such data or information for business or marketing purposes if the Person from whom it collects or receives such data clearly consents to Underdog Exchange using the data or information in such manner. Underdog Exchange may not condition access to its trading facility based on a Participant’s consent to the use of proprietary data or personal information for business or marketing purposes. Nothing in this Rule shall preclude Underdog Exchange from disclosing proprietary data and personal information:*
 - 1. *As required by Applicable Law or legal process;*
 - 2. *As Underdog Exchange may deem necessary or appropriate in connection with any litigation affecting Underdog Exchange;*
 - 3. *To any Underdog Exchange representative authorized to receive such information within the scope of his or her duties;*

4. To a third party performing regulatory or operational services for Underdog Exchange, provided that such party has executed a confidentiality and non-disclosure agreement in a form approved by Underdog Exchange;
5. To a duly authorized representative of the CFTC lawfully requesting Proprietary Data and Personal Information;
6. In a manner in which a Participant consents to such disclosure;
7. Pursuant to the terms of an information-sharing agreement; or
8. As permitted by CFTC Regulations.

h. Public Communications (Applies to DCM and DCO)

i. The following shall be published on the Underdog Exchange website:

1. Complete and current copies of the Rules of Underdog Exchange and Contract Specifications including terms and conditions for available Contracts.
2. Daily settlement prices, Final Settlement Prices, volume, open interest, and opening and closing ranges for actively traded Contracts once daily consistent with CFTC Regulation §16.02.
3. Notices to Participants with respect to each addition to, modification of, or clarification of the Rules, fees, including Contract Specifications for new Contracts, except that if confidential treatment is sought with respect to any information, only the public version of such filing shall be disclosed.
4. Additional reports from time to time in accordance with, and as specified in, these Rules or applicable Contract Specifications.
5. Any other information that is relevant to participation in the clearing and settlement activities of the Derivatives Clearing Organization.

ii. The location on the Underdog Exchange website designated for public communications shall be clearly labeled on Underdog Exchange home page and readily available to the general public in a timely manner. All communications to be posted will be approved by the Chief Compliance Officer .

i. Limitation on Trading by Affiliates

i. Underdog Exchange, pursuant to approval by the Board, permits an Affiliate to participate on the Underdog Exchange platform, subject to the following provisions:

1. The Affiliate is a Participant of Underdog Exchange System.
2. Underdog Exchange has ensured the Affiliate does not have access to Underdog Exchange's material non-public information, and Underdog Exchange ensures the Affiliate's access to information is limited to public information available to all Participants. (The provision of information to common Directors of Underdog Exchange, any Affiliate or the holding company shall not constitute a violation of this proscription.) Underdog Exchange ensures the Affiliate maintains operational

independence from Underdog Exchange. Operational independence means that the Affiliate member must:

- (i) **Have and maintain operations, including servers, databases, accounts, tools, software, and development tooling, separate from Underdog Exchange;**
 - (ii) **Have no access to Underdog Exchange's operations;**
 - (iii) **Be subject to all of the Rules in this Rulebook, including the Rules regarding Participants (see Rule 4);**
 - (iv) **Have access to the Underdog Exchange System limited to that set forth in the Rules in this Rulebook (see Rule 4);**
 - (v) **Not have access to material non-public information, including but not limited to information regarding Order flow, trading, settlement, contracts, and compliance; and**
 - (vi) **Have and maintain physical separation from Underdog Exchange.**
3. All capital Underlying trading by an Affiliate will not originate from sources of Underdog Exchange.
4. Any algorithms employed by any Affiliate(s) must not be readily exploitable (e.g., be not readily subject to manipulation, hacking)
5. Affiliate Entities trading on the Underdog Exchange System as Participants may have multiple purposes, and there may be multiple Affiliate Entities trading as Participants on the Underdog Exchange System.
- (i) **The Affiliate participates on the Underdog Exchange System and provides liquidity to the Underdog Exchange System by placing Orders on either (or both) sides of a market at competitive price levels. The Affiliate's trading activity includes aggressing and/or passive trading. The Affiliate's business purpose is profitability, and liquidity provision is a significant part of its business model. The Affiliate's capitalization derives from the holding company that owns the Underdog Exchange and Entity, and one or more employees of Underdog Exchange serve on the Board, the Affiliate, and the holding company that owns both.**
 - (ii) **The Affiliate has no obligation to trade all or even any contracts at any time, and other Participants should not rely on the potential presence of the Affiliate to make markets or otherwise augment or provide liquidity in any contract.**
 - (iii) **If additional Affiliates of Underdog Exchange commence trading on the Underdog Exchange platform , or if the information about the trading activities of the Affiliate changes materially, Underdog Exchange has put in place necessary controls to ensure that it updates this Rulebook and notifies the marketplace promptly to disclose any Affiliate's purpose in trading on the Underdog Exchange platform , and provides a summary of the procedures in place to manage and disclose actual or potential conflicts of interest and effects on trading to ensure market integrity and fairness are preserved.**

5. Trading

a. Contracts (Applies to DCM)

- i. Underdog Exchange may list such Contracts for trading as it determines in its discretion, the Contract Specifications for which are as established within Rule 11.*
- ii. Such specifications for each Contract will establish and govern such procedures and requirements as necessary, including but not limited to the Underlying, Trading Day, Trading Hours, First Listing Day, Last Trading Day, Minimum Price Increment, Price Limit(s), Final Settlement, Position Limits, position accountability levels (as described in Rule 5(g)), and margin requirements.*
- iii. Participants may not modify Contract Specifications in any respect.*
- iv. If any event or any circumstance which may have a material impact on the reliability or transparency of a Contract's Underlying related to the Contract arises, Underdog Exchange retains the authority to designate a new Underlying for that Contract and to change any associated Contract Specifications or Rules after the first day of trading. That new Underlying must be objective and verifiable. Underdog Exchange will announce any such decision on its website.*
- v. Prior to Settlement of any contract, Underdog Exchange may, at its sole discretion, initiate a review of the contract or market outcome. Such review will be conducted by the Settlement Committee and consider any activities or events that materially impact the reliability or transparency of the market or contract. If such review will significantly delay the settlement of any contract, Underdog Exchange will post to the Notices to Participants section of Underdog Exchange information regarding the review. Underdog Exchange, through the review process, will have full discretion to resolve the market or contract outcome and shall be considered final.*

b. Trading Privileges (Applies to DCM and DCO as defined below)

- i. Financial Requirements (Applies to DCM and DCO)*
 - 1. Participants are required to have sufficient funds on deposit with the Clearinghouse such that any executed Orders will be accepted by the Clearinghouse.
 - 2. To facilitate compliance with this Rule, Underdog Exchange, in its sole discretion and from its own funds, may advance funds for immediate use to a Participant's Clearing Account provided that:
 - (i) Such advance is administrative in nature due to the normal course of timing of banking transactions and is not a loan.**
 - (ii) Such Participant has Trading Privileges and submitted a bona-fide funds deposit request (the "Funds Deposit Request").**
 - (iii) Such Funds Deposit Request is being processed in the normal course of banking transactions by the Clearinghouse.**
 - (iv) Such advanced amount shall not exceed the lesser of the Funds Deposit Request or U.S.D. \$1,000.00 and shall be available for no more than five Business Days or such additional time that Underdog Exchange, in its sole discretion, shall allow.**

3. Participants who fail to meet the financial requirements of this Rule, including any failure to timely repay advanced funds, shall be subject to suspension of Trading Privileges and liquidation of their accounts without notice and shall be subject to further disciplinary processes pursuant to Rule 8.

ii. *Market Access (Applies to DCM and DCO)*

Underdog Exchange System is accessed by Participants and their Authorized Traders electronically through one or more of the following connection methods. Accordingly, Participants and their Authorized Traders will have market access to submit Orders, deposit or withdraw funds, receive trade confirmations, and view open positions, account balances, and fees paid, through one or more of these interfaces.

1. *Exchange Graphic User Interface:* Underdog Exchange may provide a graphic user interface that is managed by Underdog Exchange and its personnel via web browser, mobile device, desktop application, or other means. During the Participant application process, an applicant, to become a Participant, will be required to register a user identification (“**User ID**”) and password. The Participant will be required to enter the User ID and password to log onto and access secure portions of the website, including the Underdog Exchange System. Each time the Participant submits its unique User ID and password to Underdog Exchange in order to log onto the Underdog Exchange System, the Participant affirms that it understands, and agrees to be bound by, these Rules and other policies and procedures of Underdog Exchange, as amended.
2. *Exchange Programming Interface:* Underdog Exchange may provide an application programming interface that is managed by Underdog Exchange to Independent Software Vendors. To access the Underdog Exchange System, each ISV must execute such agreements as Underdog Exchange requires from time to time and meet objective minimum standards as Underdog Exchange in its discretion shall determine, including, but not limited to, financial minimums, functional usability, technical competency, and client support.
3. *Independent Software Vendor Interface:* ISVs may provide a graphic user interface that is managed by the ISV and its personnel via web browser, mobile device, desktop application, or other means as permitted by Underdog Exchange. Participants choosing to use such interfaces may be subject to fees, agreements, service levels, and restrictions in addition to those of Underdog Exchange. Orders placed via an ISV interface are not valid until received and acknowledged by Underdog Exchange System and Participants (and not Underdog Exchange) are solely responsible for all errors, omissions, or failures of the ISV system or consequential trading errors when using an ISV interface. For the avoidance of doubt, Affiliates of Underdog Exchange are permitted to connect to the Underdog Exchange System as ISVs, *provided* that any such Affiliate is found, by action of the Board of Directors to have access on terms and conditions that are not preferential relative to other ISVs and do not provide the Affiliate with any advantages or benefits not available to other ISVs, and that such Affiliate has represented that it does not utilize any systems or features that are not available to other ISVs.
4. *Participant Application Programming Interface:* Underdog Exchange may provide an application programming interface that is managed by Underdog Exchange to Participants. To use such an interface, Participants must execute such agreements as Underdog Exchange requires from time to time and meet objective

minimum standards as Underdog Exchange in its discretion shall determine including, but not limited to, financial minimums, volume minimums, technical competency, and capacity restrictions. The Participant authorizes Underdog Exchange to rely upon any instruction received through use of its User IDs without further inquiry, and Underdog Exchange shall not be liable to the Participant for any actions taken based on instructions received through such User IDs, even if such instructions were not authorized by the Participant. The Participant will be liable for any and all costs, expenses, losses or other amounts that may result from actions taken, including transactions executed on Underdog Exchange, by any Person, authorized or not, using its User ID and password or the ID and/or password of any Authorized Trader. Underdog Exchange will not be responsible in any way for unauthorized transactions in a Participant's Account.

iii. Limitations on Market Access (Applies to DCM and DCO except Item 3 below applies to DCM only)

1. Market Access will be suspended during periods that Underdog Exchange schedules for routine maintenance of Underdog Exchange System and during any announced periods of non-routine maintenance. If trading is suspended either for routine or non-routine maintenance, notice will be given to Participants as promptly as practicable by the posting of a "Notice to Participants" on Underdog Exchange's website.
2. Notwithstanding anything in these Rules to the contrary, Underdog Exchange, in its sole discretion, may summarily limit, condition, restrict, qualify, or deny access to Underdog Exchange System, including limiting the rate of messages accepted by Underdog Exchange System from any or all Participant(s). Underdog Exchange implements throttling of activity on the Underdog website, which includes trade messages. Participants who submit Orders or any other messages directly to Underdog Exchange must implement sufficient controls. These controls should prevent excessive messaging or other activities that could be considered detrimental or disruptive to the market or Underdog Exchange.
3. Rules governing denials, suspension and revocations of a member's and a Person with Trading Privileges' access privileges to the DCM, including when such actions are part of a disciplinary or Emergency Action by the DCM shall be enforced impartially.

iv. Impartial access by members, Persons with Trading Privileges and Independent Software Vendors (Applies to DCM)

1. Underdog Exchange will provide its members, Persons with Trading Privileges, and Independent Software Vendors with impartial access to its markets and services, including: (1) Access criteria that are impartial, transparent, and applied in a non-discriminatory manner; and (2) Comparable fee structures for members, Persons with Trading Privileges and Independent Software Vendors receiving equal access to, or services from, the DCM.

c. Orders (Applies to DCM)

i. Order Entry

1. The Authorized Traders of each Participant shall enter Orders via secure electronic transmission directly or indirectly to Underdog Exchange System by providing all information required by such system.
2. Upon receipt of such Orders by Underdog Exchange System, Underdog Exchange shall maintain an electronic record of such Orders.
3. Each Participant shall be responsible for all Orders placed for their Trading Account(s), whether authorized or unauthorized by the Participant.
4. Participants who are not individuals shall maintain audit trail information for a minimum of five years and have the ability to produce audit trail data in a standard format upon request of the DCM.

ii. Permitted Order Types

1. Except as provided in Rule 5(c)(iii), all Orders must be entered and executed on the Underdog Exchange System and through the central limit Order book.
2. Limit Orders, such that the Order specifies a purchase or sale of a Contract at a specified price or better: a Limit Order will be executed when entered to the extent that there are opposite Orders open in Underdog Exchange System, with any balance to remain as an open Order until it is executed or is cancelled.
3. Marketable Limit Orders, such that the Order specifies a purchase or sale a Contract at the best bid or best offer in Underdog Exchange System at the time it is received by Underdog Exchange System: a Marketable Limit Order will be executed when entered to the extent that there are opposite Orders open in Underdog Exchange System, with any balance cancelled.
4. Cancellation Orders, such that an Order already in Underdog Exchange System is removed from the system and is no longer available to be matched: Cancellation will become effective only upon the issuance of an acknowledgement by Underdog Exchange System. An Order may be cancelled unless it has been executed or has otherwise expired.
5. Fill or Kill Orders such that the Order specifies a purchase or sale of a Contract at a specified price and quantity, and is filled only when its entire quantity is matched with an opposing Order, otherwise cancelled immediately.
6. Request for Quote - A Participant (referred to for the purpose of this Rule as the "Requester") may use Underdog Exchange's pre-execution communications system to create a one-sided Request for Quote ("RFQ") message to express interest in a market for Order quantities greater than the RFQ size threshold specified within a Contract's specifications. This message must contain the following information, which is public to all other Participants
 - (i) **The market in which the Requester desires a quote;**
 - (ii) **The size of quote desired by the Requester, measured in number of contracts or in total cost;**
 - (iii) **A unique ID code, pseudonymously identifying the Requester. This code will remain consistent for a single Participant across different RFQs (e.g.,**

PARTICIPANT A9BCD), but contains no information that would reveal the identity of the Participant. Participants may opt to hide this ID code until Order execution in step (iv) below;

- (iv) All Participants (referred to for the purpose of this Rule as the “Quoter”) may choose to respond to the RFQ with a structured response (“Quote”). This Quote must contain the price that the Quoter is willing to offer to buy or the price that the Quoter is willing to sell the contract, and contain a unique ID code, as described in the paragraph above, that identifies the Quoter. This Quote is private and visible only to the Requester. For a fully collateralized contract, a Quoter may only respond with a Quote that the Quoter has sufficient collateral to match at the specified price and quantity and full execution would not result in any Position Limit violations;**
- (v) A Requester may choose to accept Quote, provided that (i) in the case of a fully collateralized contract, the Requester has sufficient collateral to match at the specified price and quantity and (ii) full execution would not result in any position limit violations. A Requestor may only accept the Quote for an amount less than or equal to its full size. Upon acceptance, a message specifying the accepted side of the Quote and the number of contracts accepted will be sent back to the Quoter, who will have ten (10) seconds to confirm that the Quoter wishes to proceed. If the Quote is not confirmed by the Quoter within these ten (10) seconds, the Quote will be treated as void. In the event that multiple Quotes are sent in response to the RFQ, the Requester will only be able to accept the Quote with the best price. Quotes may also be rejected by the Requester;**
- (vi) When all or a portion of a Quote for the Contract is accepted by the Requester and confirmed by the Quoter, the DCM creates an order book for the Quote for the Contract that is accepted, which is made available to all Participants, in the central limit Order book. The Quote for the Contract that is accepted by the Requester rests in the central limit Order book for a period of five (5) seconds (or another period of time as set forth in these Rules) before the Contract is executed, provided that the Requester's order shall execute in its entirety at the accepted price or better and shall not be displaced; any Order resting at a price equal to or better than the accepted price at the time the accepted Quote is entered shall have priority over the Quoter's order pursuant to the priority of Orders rules set forth in Rule 5(d), and thereafter the Quoter's order may be displaced during such period only by an Order that improves the accepted price;**
- (vii) A party to pre-execution communications shall not disclose the details of such communication to any Person who is not a party to the communications;**
- (viii) A party to private pre-execution communications shall not enter, modify, or cancel Orders on any market to take advantage of information conveyed during such communications, except in accordance with this Rule**
- (ix) Participants may only create a Quote and/or a RFQ for the purpose of executing bona fide Transactions; and**
- (x) Underdog Exchange may identify certain markets to be High Volatility Markets (“HVM”). In an HVM, upon Quote acceptance, a Quoter will have three (3) seconds to confirm that it wishes to proceed, rather than the usual ten (10) seconds. After a Quote is confirmed in an HVM, the accepted Quote will rest in the central limit Order book for one (2) seconds before execution,**

rather than the usual five (5) seconds. Underdog Exchange will indicate if a market is considered to be HVM through its website.

iii. Exceptions

1. Except as provided in this Rule 5(c)(iii) no Participant or their Authorized Traders may enter a pre-discussed, pre-arranged, pre-negotiated, or non-competitive transaction into Underdog Exchange System. Pre-execution communications conducted pursuant to the Request for Quote order type are permitted and shall not constitute a violation of this paragraph.

d. Order Matching Priority (Applies to DCM)

- i. An Order at a better price will always have priority over Orders at inferior prices, where such Orders are eligible to match pursuant to order type quantity requirements.*
- ii. Among Orders at the same price that are eligible to match pursuant to order type quantity requirements, priority will be given to the Order that was first received by the DCM.*
- iii. Cancelled Orders that are replaced by new Orders with identical Contract Instrument parameters lose their time priority.*

e. Errors (Applies to DCM except where noted below)

i. Notification

If a Participant or Authorized Trader believes that an Order was incorrectly rejected or executed by Underdog Exchange System, then such Participant or Authorized Trader may request review of the Order by:

1. Notifying DCM within 10 minutes by email to the email address provided on DCM's website;
2. Providing the confirmation number or other unique identifying characteristics for the Order;
3. Stating the grounds for the disagreement;
4. Stating the outcome or system behavior that was expected; and
5. Providing any other information that the Participant or Authorized Trader believes is pertinent to their claim.

ii. Review

1. Upon receipt of an error notification, DCM will review its electronic audit trail to determine, in its sole discretion, if the Underdog Exchange System incorrectly rejected or processed the Order:
 - (i) On the same Business Day if the request was received prior to 12:00 Noon Eastern Standard Time on a Business Day.**
 - (ii) By the end of the following Business Day if such request was received after 12:00 Noon Eastern Standard Time on a Business Day or on any day that is not a Business Day.**

2. The determination of DCM in its absolute and sole discretion is final.
3. If the review reveals that the Order was correctly processed by the Underdog Exchange System, then DCM in its sole discretion may resolve the Participant's review request as follows:
 - (i) **If the system behavior should have reasonably been anticipated or is due to any fault of the Participant or the Authorized Trader, make no adjustments.**
 - (ii) **If the system behavior could not reasonably be anticipated or is due to no fault by the Participant or the Authorized Trader, DCM in its sole and absolute discretion may make a monetary adjustment from its own funds, that DCM in its sole and absolute discretion believes represents a fair and equitable resolution of the Order's handling.**
 - (iii) **No adjustments to another Participants' positions shall be undertaken.**
4. If the review reveals that the Order was incorrectly handled, then DCM in its sole and absolute discretion may resolve the Participant's error by:
 - (i) **cancelling such trade in the Participant Trading Accounts of all directly affected Participants; or**
 - (ii) **making a monetary adjustment, which in the sole and absolute discretion of Underdog Exchange and from its own funds, that Underdog Exchange in its sole and absolute discretion believes represents a fair and equitable resolution of the Order's handling.**

iii. Limitation of Liability (Applies to DCM and DCO)

1. EXCEPT AS OTHERWISE PROVIDED IN THESE RULES, AND EXCEPT IN INSTANCES WHERE THERE HAS BEEN A FINDING OF WILLFUL MISCONDUCT OR GROSS NEGLIGENCE, IN WHICH CASE THE PARTY FOUND TO HAVE ENGAGED IN SUCH CONDUCT CANNOT AVAIL ITSELF OF THE PROTECTIONS IN THIS RULE, NEITHER UNDERDOG EXCHANGE (INCLUDING ITS AFFILIATES AND ANY CONTRACTORS AND SUB-CONTRACTORS PROVIDING SERVICES TO UNDERDOG EXCHANGE) NOR ANY OF THEIR RESPECTIVE DIRECTORS, OFFICERS, EMPLOYEES, OR AGENTS SHALL BE LIABLE TO ANY OTHER PERSON, INCLUDING ANY PARTICIPANT OR PERSON ASSOCIATED WITH A PARTICIPANT (INCLUDING ANY AUTHORIZED TRADER), FOR ANY LOSSES, DAMAGES, COSTS, OR EXPENSES (INCLUDING LOSS OF PROFITS, LOSS OF USE, DIRECT, INDIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES), ARISING FROM (A) ANY FAILURE OR MALFUNCTION, INCLUDING ANY INABILITY TO ENTER OR CANCEL ORDERS, OF THE UNDERDOG EXCHANGE SYSTEM OR ANY UNDERDOG EXCHANGE SERVICES OR FACILITIES USED TO SUPPORT THE UNDERDOG EXCHANGE SYSTEM, OR (B) ANY FAULT IN DELIVERY, DELAY, OMISSION, SUSPENSION, INACCURACY OR TERMINATION, OR ANY OTHER CAUSE, IN CONNECTION WITH THE FURNISHING, PERFORMANCE, MAINTENANCE, USE OF OR INABILITY TO USE ALL OR ANY PART OF UNDERDOG EXCHANGE SYSTEM OR ANY UNDERDOG EXCHANGE SERVICES OR FACILITIES USED TO SUPPORT THE UNDERDOG EXCHANGE SYSTEM. THE FOREGOING

SHALL APPLY REGARDLESS OF WHETHER A CLAIM ARISES IN CONTRACT, TORT, NEGLIGENCE, STRICT LIABILITY, OR OTHERWISE.

2. THERE ARE NO EXPRESS OR IMPLIED WARRANTIES OR REPRESENTATIONS PROVIDED BY UNDERDOG EXCHANGE (INCLUDING ITS AFFILIATES AND ANY CONTRACTORS AND SUBCONTRACTORS PROVIDING SERVICES TO UNDERDOG EXCHANGE), RELATING TO THE UNDERDOG EXCHANGE SYSTEM OR ANY UNDERDOG EXCHANGE SERVICES OR FACILITIES USED TO SUPPORT THE UNDERDOG EXCHANGE SYSTEM, INCLUDING WARRANTIES OF MERCHANTABILITY AND WARRANTIES OF FITNESS FOR A PARTICULAR PURPOSE OR USE. THE SERVICES OF UNDERDOG EXCHANGE ARE BEING PROVIDED ON AN “AS IS” BASIS AT THE SOLE RISK OF THE PARTICIPANT AND ANY PERSON ASSOCIATED WITH THE PARTICIPANT (INCLUDING ANY AUTHORIZED TRADER). NEITHER UNDERDOG EXCHANGE (INCLUDING ITS AFFILIATES AND ANY CONTRACTORS AND SUBCONTRACTORS PROVIDING SERVICES TO UNDERDOG EXCHANGE) NOR ANY OF THEIR RESPECTIVE DIRECTORS, OFFICERS, EMPLOYEES, OR AGENTS MAKE ANY WARRANTY WITH RESPECT TO, AND NO SUCH PARTY SHALL HAVE ANY LIABILITY TO ANY PARTICIPANT OR ANY PERSON ASSOCIATED WITH A PARTICIPANT (INCLUDING ANY AUTHORIZED TRADER) FOR, THE ACCURACY, TIMELINESS, COMPLETENESS, RELIABILITY, PERFORMANCE, OR CONTINUED AVAILABILITY OF THE UNDERDOG EXCHANGE SYSTEM OR UNDERDOG EXCHANGE, DELAYS, OMISSIONS OR INTERRUPTIONS IN UNDERDOG EXCHANGE SERVICES, OR THE CREDITWORTHINESS OF ANY OTHER PARTICIPANT OR ANY PERSON ASSOCIATED WITH A PARTICIPANT (INCLUDING ANY AUTHORIZED TRADER). UNDERDOG EXCHANGE SHALL HAVE NO DUTY OR OBLIGATION TO VERIFY ANY INFORMATION DISPLAYED ON THE UNDERDOG EXCHANGE SYSTEM OR OTHERWISE. EACH PARTICIPANT AND EACH PERSON ASSOCIATED WITH A PARTICIPANT (INCLUDING ANY AUTHORIZED TRADER) ACKNOWLEDGES AND AGREES THAT UNDERDOG EXCHANGE (INCLUDING ITS AFFILIATES AND ANY CONTRACTORS AND SUBCONTRACTORS PROVIDING SERVICES TO UNDERDOG EXCHANGE) DOES NOT AND SHALL NOT SERVE AS THE PRIMARY BASIS FOR ANY DECISIONS MADE BY SUCH PARTICIPANT OR PERSON ASSOCIATED WITH A PARTICIPANT (INCLUDING ANY AUTHORIZED TRADER), AS THE CASE MAY BE, AND IS NOT AN ADVISOR OR FIDUCIARY OF SUCH PARTICIPANT OR PERSON ASSOCIATED WITH A PARTICIPANT (INCLUDING ANY AUTHORIZED TRADER), AS THE CASE MAY BE.
3. EXCEPT AS OTHERWISE PROVIDED IN THESE RULES, ANY LIABILITY OF UNDERDOG EXCHANGE WILL BE LIMITED TO DIRECT, OUT-OF-POCKET LOSSES DIRECTLY CAUSED BY THE ACTS OR OMISSIONS OF UNDERDOG EXCHANGE OR ITS DIRECTORS, OFFICERS, EMPLOYEES OR AGENTS; PROVIDED THAT THE TOTAL COMBINED AGGREGATE LIABILITY OF UNDERDOG EXCHANGE AND ITS DIRECTORS, OFFICERS, EMPLOYEES, OR AGENTS TO ANY ONE PARTICIPANT SHALL NOT, TAKEN TOGETHER WITH ANY LIABILITY OF THE

CLEARINGHOUSE TO SUCH PARTICIPANT RESULTING FROM THE ACTS OR OMISSIONS OF THE CLEARINGHOUSE OR ITS DIRECTORS, OFFICERS, EMPLOYEES OR AGENTS, EXCEED \$2,500.00 FOR ALL LOSSES FROM ALL CAUSES SUFFERED ON A SINGLE CALENDAR DAY; \$5,000.00 FOR ALL LOSSES SUFFERED FROM ALL CAUSES IN A SINGLE CALENDAR MONTH; AND \$50,000.00 FOR ALL LOSSES SUFFERED FROM ALL CAUSES IN A SINGLE CALENDAR YEAR.

4. ANY DISPUTE ARISING OUT OF THE USE OF THE UNDERDOG EXCHANGE SYSTEM OR UNDERDOG EXCHANGE SERVICES OR FACILITIES USED TO SUPPORT UNDERDOG EXCHANGE SYSTEM IN WHICH UNDERDOG EXCHANGE (INCLUDING ITS AFFILIATES AND ANY CONTRACTORS AND SUBCONTRACTORS PROVIDING SERVICES TO UNDERDOG EXCHANGE) OR ANY OF THEIR RESPECTIVE DIRECTORS, OFFICERS, EMPLOYEES, OR AGENTS IS A PARTY SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK. ANY ACTIONS, SUITS, OR PROCEEDINGS AGAINST ANY OF THE FOREGOING MUST BE BROUGHT WITHIN TWO YEARS FROM THE TIME THEY FIRST ARISE, AND ANY SUCH ACTION, SUIT, OR PROCEEDING MAY ONLY BE BROUGHT IN ANY FEDERAL OR STATE COURTS LOCATED IN THE BOROUGH OF MANHATTAN IN THE STATE 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 RULES OF UNDERDOG EXCHANGE.
5. ANY PARTICIPANT OR PERSON ASSOCIATED WITH A PARTICIPANT (INCLUDING ANY AUTHORIZED TRADER) WHO FAILS TO PREVAIL IN A LAWSUIT OR OTHER LEGAL PROCEEDING INSTITUTED BY SUCH PERSON AGAINST UNDERDOG EXCHANGE (INCLUDING ITS AFFILIATES) OR ANY OF ITS DIRECTORS, COMMITTEE MEMBERS, OFFICERS, EMPLOYEES, AGENTS OR CONTRACTORS, AND RELATED TO THE BUSINESS OF UNDERDOG EXCHANGE, WILL PAY TO UNDERDOG EXCHANGE ALL REASONABLE EXPENSES, INCLUDING ATTORNEYS' FEES, INCURRED BY UNDERDOG EXCHANGE IN THE DEFENSE OF SUCH PROCEEDING TO THE EXTENT THAT SUCH EXPENSES EXCEED FIFTY THOUSAND DOLLARS (\$50,000.00). THIS PROVISION WILL NOT APPLY TO DISCIPLINARY ACTIONS BY UNDERDOG EXCHANGE, ADMINISTRATIVE APPEALS OF UNDERDOG EXCHANGE ACTIONS, OR IN ANY SPECIFIC INSTANCE WHERE THE BOARD OF DIRECTORS HAS GRANTED A WAIVER OF THIS PROVISION.
6. NOTWITHSTANDING ANY OF THE FOREGOING PROVISIONS, THIS RULE 5 SHALL IN NO WAY LIMIT THE LIABILITY OF ANY PERSON ARISING FROM ANY VIOLATION OF SUCH PERSON OF THE CEA OR CFTC REGULATIONS THEREUNDER.

f. ISV Access (Applies to DCM)

- i. *Underdog Exchange will provide ISVs with access to the Underdog Exchange platform and its data in a fair and nondiscriminatory manner; provided, however, that each ISV*

shall comply with Underdog Exchange's criteria governing such access. Such access criteria shall be impartial and transparent.

- ii. For the avoidance of doubt, Affiliates of Underdog Exchange are permitted to connect to the Underdog Exchange System as ISVs, provided that any such Affiliate is found, by action of the Board of Directors to have access on terms and conditions that are not preferential relative to other ISVs and do not provide the Affiliate with any advantages or benefits not available to other ISVs, and that such Affiliate has represented that it does not utilize any systems or features that are not available to other ISVs*

g. Position Limits and Position Accountability (Applies to DCM)

i. Position Limits

1. Position Limits may be established by Underdog Exchange from time to time for any Contract or Contract Instrument.
2. The maximum position will be set forth in the Contract Specifications of any Contract with such limits.
3. No Person shall be permitted to enter into any transaction on Underdog Exchange that would cause such Person to exceed any position limit, except that:
 - (i) Upon application from a Participant, for hedging or other good cause shown, Underdog Exchange in its sole discretion may exempt the Participant from a limit on a temporary or permanent basis.**
 - (ii) Any exemption may include new limits.**
 - (iii) Underdog Exchange shall have the authority to review and rescind any exemption.**
4. For purposes of this Rule 5(g)(i), Underdog Exchange will aggregate the Trading Accounts for all Participants as provided by Commission Regulation §150.4.

ii. Position Accountability (Applies to DCM)

1. Underdog Exchange may, at any time, require a Participant and its Authorized Traders who owns or Controls positions in contracts traded on Underdog Exchange to provide information relating to the nature and size of such Person's position; the trading strategy employed with respect to the position; information supporting a determination of the hedging nature of the position; and such other position information as may be requested.
2. Underdog Exchange may order the reduction of any such position of a Participant who fails to provide the information as directed, or in its discretion, order that a position above the position accountability threshold not be increased.
3. Underdog Exchange shall adopt for each contract, as is necessary and appropriate, position accountability for speculators.

h. Publication of Trading Information (Applies to DCM)

- i. *Self-cleared Contracts: All Contracts listed by Underdog Exchange qualify as “Exclusively self-cleared contracts” within the meaning of CFTC Regulation §16.00.*
- ii. *Public Market Data: Trading volume, open interest, prices, and critical dates will be published by Underdog Exchange on its website, consistent with CFTC Regulation §16.01.*
- iii. *Errors or Omissions: Underdog Exchange shall file corrections to errors or omissions in data as required by CFTC Regulation §16.06.*

i. Fees (Applies to DCM and DCO)

- i. *Participants may be charged fees in connection with the trading of Contracts, processing of Participant deposits and withdrawals, and other fees in such amounts as may be posted on Underdog Exchange’s website. Routine withdrawals will be processed via electronic funds transfer (“ACH”). Withdrawals by alternate methods may incur additional fees.*
- ii. *Underdog Exchange shall have the sole authority to set the times and amounts of any fees to be paid by Participants.*
- iii. *The Clearinghouse may deduct directly from the Participant Clearing Account DCM fees or expenses incurred by Participants.*
- iv. *If a Participant fails to pay when due any DCM and Clearinghouse fees or other amounts due on such Participant, and such payment obligation remains unsatisfied for thirty (30) Business Days after its due date, Underdog Exchange as it deems necessary or appropriate may suspend, revoke, limit, condition, restrict, or qualify the Trading Privileges of such Participant and its Authorized Traders.*

j. Incentive Programs (Applies to DCM and DCO)

- i. *Underdog Exchange may from time to time adopt one or more programs under which one or more Participants or Authorized Traders may be designated as Incentive Program Participants with respect to one or more Contracts, and may be granted certain benefits in return for assuming obligations in order to provide liquidity, timely access to markets, or orderliness in the market or markets for such Contract. Any such program may provide for any or all of the following:*
 - 1. *qualifications, including any minimum net capital requirements, that any such Incentive Program Participant must satisfy;*
 - 2. *the procedure by which Participants or Authorized Traders may seek and receive designation as Incentive Program Participants;*
 - 3. *the obligations of such Incentive Program Participants, including any applicable minimum bid and offer commitments; and*
 - 4. *the benefits accruing to such Incentive Program Participants, including priority in the execution of transactions effected by Participants or Authorized Traders in their capacity as Incentive Program Participants, reduced transaction fees or the receipt of compensatory payments from Underdog Exchange.*

6. Clearing and Settling Contracts (Applies to DCO)

a. Clearinghouse

- i. The number of Directors on the Board of Directors shall be five, at least two of whom shall be Public Directors, provided that the number of Public Directors shall at all times equal no less than 35% of the entire Board of Directors, or such higher percentage as the CFTC may require. At least two Directors on the Board of Directors shall be Market Participant Directors.*
- ii. The Clearinghouse shall be the DCO for the clearance and settlement of all contracts traded on Underdog Exchange, unless otherwise provided in the Contract Specifications.*
- iii. Each Participant of Underdog Exchange shall clear its own positions.*

b. Participant Clearing Accounts

- i. Each Clearing Participant shall maintain at least one proprietary Participant Clearing Account to maintain its Margin Funds, Open Contract Positions, Closed Contract Positions, Contract Profit, or Loss Amounts.*
- ii. A Participant may, subject to the prior approval of Underdog Exchange, maintain more than one proprietary Participant Clearing Account. The positions in such separate accounts shall not net with each other nor shall they off-set.*
- iii. Funds held in Participant Clearing Accounts shall be considered Member Property, as such term is defined in the Bankruptcy Code.*
- iv. Except as provided in Rule 6(b)(v), Underdog Exchange shall at all times account for, segregate, and maintain at a Settlement Bank all funds held in Participant Clearing Accounts.*
- v. Notwithstanding paragraph 6(b)(iv), Underdog Exchange may maintain an Underdog Exchange proprietary account that:*
 - 1. receives fees or other Participant payments owed to Underdog Exchange,*
 - 2. receives the proceeds of investments as provided in Rule 6(k)(ii),*
 - 3. provides funds to Participants as provided in Rule 5(b)(i)(2).*

c. Deposits to and Withdrawals from Participant Accounts

- i. Participants may make deposits to their Participant Clearing Accounts through the Underdog Exchange platform. At the discretion of the Exchange, deposits may only be in the form of cash, ACH, wire transfer, or other bank transfers such as RTP (real time payments). Such transfers may be initiated or fulfilled by a bank or bank equivalent such as a credit union, savings and loan or other federal or state-chartered depository of U.S. funds. All deposits must be made in U.S. dollars. Crypto currencies, foreign currencies, credit card transactions, and securities are not acceptable for deposits.*
- ii. Deposits are available for a Participant's use no later than three (3) Settlement Bank Business Days after the Clearinghouse has received notification from its Settlement Bank*

such funds have been deposited with the Clearinghouse, unless Underdog Exchange has made an advance.

- iii. Participants are responsible for all transfers of funds to their Accounts and any reversal of such transfer constitutes a violation of these Rules unless remediated in a manner acceptable to the Clearinghouse in its sole discretion.*
- iv. Participants may use Participant Funds as Margin Funds upon*
 - 1. receipt of such funds by the Clearinghouse, and*
 - 2. authorization by Underdog Exchange as provided in Rule 5(b)(i)(2).*
- v. Participants may request withdrawal of Available Funds through the Underdog Exchange platform.*
- vi. Upon receipt of a withdrawal request by Underdog Exchange, a Participant's Available Funds will be reduced immediately by the withdrawal request amount.*
- vii. The amount of any such withdrawal request shall be reduced to reflect a Participant's then outstanding obligations, if any, to Underdog Exchange.*
- viii. Before processing withdrawal requests, the Clearinghouse, in its sole discretion, may require additional information from a Participant to comply with Applicable Law.*
- ix. A withdrawal request may be denied in whole or in part if Participant funds are related to a pending investigation or if Participant's Trading Account or privileges are restricted or suspended for valid reasons pursuant to these Rules or the Participant Agreement.*
- x. Withdrawals occur, and funds are available through electronic transfer to the Participants originating bank account, no later than the next Settlement Bank Business Day after a Participant has submitted a withdrawal notification if the Participant submits a withdrawal notification prior to noon ET. Withdrawal requests after noon ET each day will be processed for settlement on the following Business Day. Withdrawal requests processed for the convenience of the Participant via an alternative method may be delayed to accommodate the individual request.*
- xi. Participants withdrawal of funds that fail to meet the following criteria may be delayed:*
 - 1. more than 30 days from date of deposit of funds.*
 - 2. account contains complete banking information.*
 - 3. account contains complete verified tax information such as SSN.*
 - 4. designate to remit funds to same bank account from which Participants funds were deposited.*
 - 5. use of ACH.*
 - 6. Participant does not have an outstanding advance.*
- xii. Except as otherwise provided herein, collateral must be and remain unencumbered. Each Participant posting collateral hereby grants to Underdog Exchange a continuing first*

priority security interest in, lien on, right of setoff against and collateral assignment of all of such Participant's right, title and interest in and to any property and collateral deposited with Underdog Exchange by the Participant, whether now owned or existing or hereafter acquired or arising, including without limitation the following: (i) such Participant's Participant Account and all securities entitlements held therein and all funds held in a Collateral Account; and (ii) all proceeds of the foregoing. A Participant shall execute any documents required by Underdog Exchange to create, perfect and enforce such lien.

d. Settlement Bank

- i. The Clearinghouse will designate at least one Settlement Bank for the purpose of holding Member Property.*
- ii. To be designated as a Custody and Settlement Bank a financial institution must meet such criteria as the Clearinghouse may from time to time require, which shall address the capitalization, creditworthiness, access to liquidity, operational reliability, and the regulation or supervision of the Custody and Settlement Bank. A bank, trust company or other institution which has been designated by the Board as a Custody and Settlement Bank may act as such until such designation is suspended or terminated in accordance with paragraph (iii) below.*
- iii. If a bank, trust company or other institution does not meet, or no longer meets, all of the requirements set forth in, or established by the Clearinghouse or the Board pursuant to, this Rule 6(d), or if the Board determines, based on such facts or circumstances as the Board may deem relevant or appropriate, that it would not be in the best interests of the Clearinghouse or its Participants for such bank, trust company or other institution, as the case may be, to act, or continue to act, as an approved financial institution, or Settlement Bank, as the case may be, the Board may suspend or terminate the status of such bank, trust company or approved financial institution, or Settlement Bank, as the case may be.*

e. Acceptance for Clearance

- i. Every Participant shall at all times have funds sufficient to cover the maximum possible loss such Participant could incur upon liquidation or expiration of its positions. For the avoidance of doubt, Open Contract Positions are not marked-to-market, and no variation margin is collected.*
- ii. The following assets may be used by Participants to meet their margin obligations, subject to the applicable Contract Rules: (a) U.S. Dollars on deposit at a Custody and Settlement bank; (b) Any other assets that may be designated as eligible Margin Funds in the applicable Contract.*
- iii. Upon the matching of a Participant's Order by the DCM, but prior to acceptance for clearance, the Clearinghouse shall confirm the required trade details, including sufficiency of the eligible Margin Funds in the Clearing Participant's Account to fund the Original Margin for such positions, if executed.*
- iv. If the Clearinghouse determines that any pending match or portion thereof contains a material error or is otherwise not eligible for clearing, then the Clearinghouse shall not accept such pending match for clearing and will notify Underdog Exchange of such non-acceptance and the reason thereof and such match shall be void ab initio.*

- v. *If the Clearinghouse accepts such pending match for clearing, then in its capacity as a registered Derivatives Clearing Organization, the Clearinghouse shall immediately, through the process of novation, be substituted as, and assume the position of, seller to the Participant buying and buyer to the Participant selling such contract.*
- vi. *Upon such substitution, the buying and selling Participants shall be released from their obligations to each other, and such Participants shall be deemed to have bought the contracts from or sold the contracts to the Clearinghouse, as the case may be, and the Clearinghouse shall have all the rights and be subject to all the liabilities of such Participant with respect to such transaction.*
- vii. *Such substitution shall be effective in law for all purposes.*
- viii. *Contracts with the same terms and conditions submitted to the Clearinghouse for clearing are economically equivalent within the Clearinghouse and may be offset with each other within the Clearinghouse.*

f. Opening Positions and Position Close Out

- i. *Before the Clearinghouse establishes an opening position with any Participant in an individual contract, it shall calculate the margin requirement for such position. On execution of the transaction, the Clearinghouse shall collect from the Participant's Available Funds the necessary sum to provide for full collateralization of the position. Should the Participant lack sufficient Available Funds to cover this opening position in full, the Clearinghouse shall reduce the Participant's Order to such point that sufficient funds are available to execute the trade, thus mainlining the full collateralization of the Position resulting from the Order.*
- ii. *When the Clearinghouse, pursuant to a new Order from the Participant, seeks to establish a further Position with the same Participant in the same contract, it shall calculate the Participant's new margin requirement based on the Participant's combined Position in the contract resulting from the transaction. In the event that on execution, the Participant's new margin requirement exceeds that of the previous margin requirement the Clearinghouse shall collect the difference from the Participant's Available Funds. Should the Participant on execution lack sufficient Available Funds to cover this difference in full, the Clearinghouse shall reduce the Participant's Order, prior to execution, to such point that sufficient funds are available to execute the trade, thus maintaining the full collateralization of the resulting Position. Should the Participant's new margin requirement on execution be less than that of the previous margin requirement, the Clearinghouse shall return to such Participant's Available Funds the difference between the two requirements.*
- iii. *When the Clearinghouse seeks to close out any Position, resulting from a sale by the Participant or expiration of the contract, in whole or in part, with any Participant, it shall calculate the Participant's new margin requirement based on the combined Position in the contract. Should the Participant's new margin requirement on execution be less than that of the previous margin requirement, the Clearinghouse shall return to such Participant's Available Funds the difference between the two requirements. Should the Participant's new margin requirement on execution exceed that of the previous margin requirement, the Clearinghouse shall collect the difference from the Participant's Available Funds. Should the Participant lack sufficient Available Funds to cover this difference in full, the Clearinghouse shall reduce the Participant's sale Order to such point that sufficient funds become available to execute the trade thus maintaining the full*

collateralization of the resulting position. In other words, Participants will be prevented from closing any position, in whole or in part, in the event that their new margin requirement exceeds the previous margin requirement, and that the Participant on execution lacks sufficient Available Funds to cover this difference in full. Participants wishing to close such Positions will need either to a) deposit additional funds to cover this difference in full or b) close one or more Positions in other contracts linked to the contract in question, with the effect that, subsequent to the closure of such Position(s), the new margin requirement is sufficiently reduced so that difference between it and the Original Margin requirement can be collected from the Participant's Available Funds.

g. Settling at Expiration

- i. The Clearinghouse shall maintain, on its system, a record of each Participant's account balances and Contract.*
- ii. Upon expiration of each Contract, position close-out shall be made in accordance with the relevant Contract Specifications provided that Underdog Exchange may, in its sole discretion, permit two or more Participants to enter into arrangements to settle any Contract between such Participants on terms different from those set forth in the relevant Contract Specifications.*

h. Reports

- i. Each Participant shall have access to the information in their Participant Clearing Account on a continuous basis whenever logged on to the Underdog Exchange System.*
- ii. Each Participant shall be responsible for reconciling the Participant's records with Participant Clearing Account balances provided by Underdog Exchange.*

i. Transfers of Positions

- i. Positions may be transferred between two or more Clearing Participant Accounts provided that:*
 - 1. the transfer constitutes a change from one account to another account where the underlying beneficial ownership in such accounts remains the same;*
 - 2. 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;*
 - 3. to transfer an existing Contract through operation of law from death or bankruptcy;*
 - 4. in the judgment of the Clearinghouse, such transfer is in the best interest of Underdog Exchange.*
- ii. Any position transferred shall be reported by Underdog Exchange as a "Transfer Trade" and carried on the books of the Clearinghouse at the original trade dates and prices.*

j. Taxes

Each Participant shall pay all taxes, fees, assessments, or other charges associated with any Contract to which such Participant is a party or in which such Participant holds a position, in accordance with the terms of such Contract. In the event that the Clearinghouse is asserted to be liable or is held liable for any such tax, fee, assessment, or charge, the Participant tendering such Contract for clearing shall be responsible for the payment of any such tax, fee, assessment, or charge.

k. Investment of Participant Funds

- i. *All Member Property that is invested by the Clearinghouse shall be held in Instruments that comply with CFTC Regulations §§1.25 and 39.15(e). The Clearinghouse shall have no obligation to inform the Participant of any such investments or of the results or performance of such investments and shall be entitled to retain any profits from or return on such investments.*
- ii. *All Member Property invested as provided in Rule 6(k)(i) shall be for the account and risk of Underdog Exchange and any income, gains, and losses on such investments shall belong to Underdog Exchange.*
- iii. *Selection of options from the above list shall be made by the Underdog Exchange CFO and periodically reviewed by the Board.*
- iv. *The CFO shall maintain and make available to the Board, the investment reports from all member funds invested by the Underdog Exchange. The CFO shall present to the board annually, a report on investment selection and results for the previous and current year.*
- v. *The Underdog Exchange will manage the permitted investments consistent with the objectives of preserving principal and maintaining liquidity. As the Underdog Exchange is fully collateralized, there is no need to allow for the sale of the above securities to meet margin calls. The pooled nature of the deposited funds by members eliminates the need to provide separate investment monitoring or reporting on a member basis.*
- vi. *All Instruments selected for investment of member funds will be from the list above shall be in compliance with the regulations listed in 17 CFR § 1.25 - Investment of customer funds.*

7. Prohibited Participant Conduct (Applies to DCM and DCO)

a. Violations

- ii. *Violation of any of the provisions in this Rule 7 may result in temporary or permanent suspension of Trading Privileges for a Participant, Authorized Trader or any other Person or Entity that participates on Underdog Exchange. Underdog Exchange may summarily impose disciplinary action if the Chief Compliance Officer believes such action is necessary to protect other market Participants, Underdog Exchange, or the market in general.*
- iii. *Underdog Exchange will notify the Participant whose Trading Privileges are to be summarily suspended by electronic mail before the action is taken, or if prior notice is not practicable, at the earliest opportunity. This notice shall state:*
 - 1. The action taken or to be taken;
 - 2. The reason(s) for the action;

3. The effective date and time, and duration if known; and
 4. That the Participant may contest such suspension as provided in this Rule 7.
- iv. *The Participant may contest a summary suspension by responding to the notification email with evidence or explanation that the suspension was based on a mistake or misunderstanding of the Participant's actions, was supported by insufficient reasons, or was otherwise inappropriate. The Chief Compliance Officer shall review the information provided by the Participant and either affirm, modify, or reverse the summary suspension. The Chief Compliance Officer shall inform the Participant of his decision and action on the appeal and inform that Participant that further proceedings will be available under Rule 8.*
 - v. *The Underdog Exchange compliance department ("Compliance Department") ordinarily will initiate a disciplinary proceeding under Rule 8 following a summary suspension of Trading Privileges.*
 - vi. *Where a Rule violation is found to have occurred, no more than one warning letter may be issued to the same Person or Entity per rolling 12-month period for the same violation.*

b. General Conduct

- i. *Each Participant shall abide by all requirements contained in these Rules of Underdog Exchange and in the Underdog Exchange Participant Agreement.*
- ii. *Each Participant shall engage in conduct or practices consistent with just and equitable principles of trade.*
- iii. *No Participant may operate or solicit in any capacity that may require registration with the CFTC without being properly registered.*
- iv. *No Participant shall, directly or indirectly, engage in any activity, intentionally or recklessly, that adversely affects the integrity of the Underdog Exchange platform or its Underlying systems.*

c. Prohibited Communication

- i. *No Person shall make any statement that presents a risk of harm to any other Participant, the public, or Underdog Exchange including any members of their staffs.*
- ii. *No Person shall make any false statements on any Participant application or information request.*
- iii. *No Participant shall make any misstatement of a material fact to Underdog Exchange including any members of their staffs.*
- iv. *Except as permitted under Rule 5(c)(iii), no Participant shall directly or indirectly discuss or pre-arrange any trade or the timing of Order entry.*
- v. *No Participant shall create any appearance of a partnership, agency, employment, or Affiliate relationship with Underdog Exchange.*

d. Fraudulent Acts

- i. *No Participant shall make, or attempt to make, any fraudulent or misleading communications relating to the purchase or sale of any Contract.*
- ii. *No Participant shall make a false representation to a third-party financial institution that results in any reversal of a deposit.*
- iii. *No Participant shall engage, or attempt to engage, in any fraudulent act or engage, or attempt to engage, in any scheme to defraud, deceive, or trick in connection with or related to any trade on or other activity related to Underdog Exchange.*
- iv. *No Participant shall intentionally or recklessly engage, or attempt to engage, in any manipulative or disruptive trading practices prohibited by the CEA or by the Commission pursuant to Commission regulations as defined in Commission Regulation § 38.152.*

e. Fictitious Transactions

- i. *No Person shall enter into or attempt to enter into any trade on the Underdog Exchange platform that:*
 - 1. Is bidding or offering with the intent to cancel the bid or offer before execution, a practice commonly known as “spoofing”;
 - 2. Unnaturally inflates trading volume;
 - 3. Manipulates, attempts to manipulate, or has the effect of manipulation of prices;
 - 4. Intentionally or recklessly leads to price distortion, market congestion, or to disorderly market prices;
 - 5. Intentionally or recklessly violates bids or offers or in any way circumvents the Underdog Exchange platform’s Order processing, trade Ordering, trade execution systems, or otherwise circumvents exposure of the Order to open and competitive bidding on the Underdog Exchange platform ;
 - 6. Does not result in a change in beneficial ownership; or
 - 7. Has some other illegitimate purpose including but not limited to “money passing”, “wash trading”, or “front-running” as such terms are defined by the Commission and any regulations promulgated thereunder or as commonly understood by the industry.

f. Limitations on Trading with Certain Information

- i. *No Person shall enter an Order for any Contract, directly or indirectly, based upon material, non-public information obtained in violation of a legal duty owed by one Person to another.*
- ii. *No Participant shall enter an Order for any Contract, directly or indirectly, if such Participant Controls or has access to material non-public information which could affect the Final Settlement Price of the Underlying in such Contract.*

g. Off Exchange Trading

- i. No Person shall enter into or agree to transfer, assign, or dispose of any Contracts other than as provided in these Rules.*

h. Deposit and Withdrawal of Funds

- i. No Participant shall deposit funds or allow funds to be deposited into their account from any source other than their own funds.*
- ii. No Participant shall deposit funds without account balance sufficient to complete such deposit.*
- iii. No Participant may withdraw funds or allow funds to be withdrawn from their account into any source other than an account in their own name.*
- iv. No Participant shall knowingly make any false or misleading representation to any third party concerning any deposit made into that Participant's account, where such representation could reasonably be expected to result in a chargeback, reversal, or stoppage of payment to the Participant's account.*

i. Prohibited Conduct

- i. No Participant shall act in a manner, intentionally or recklessly, contrary to just and equitable principles of trade or otherwise contrary to the best interests of the market.*

8. Rule Enforcement and Disciplinary Process (Applies to DCM and DCO)

- a. Any Person that directly or indirectly affects a transaction on Underdog Exchange, or any Participant, Authorized Trader, Independent Software Providers (ISVs), Person or Entity shall be subject to Underdog Exchange's jurisdiction for matters of discipline and Rule enforcement.**
- b. The Compliance Department shall investigate unusual trading activity or other activity that the Compliance Department has reasonable cause to believe could constitute a violation of these Rules, or upon the receipt of a request from Commission staff.**
- c. The Compliance Department has the authority to examine books and records of Persons under investigation and will endeavor to complete any investigation within twelve months, unless there exists significant reason to extend it beyond such period.**
- d. Upon the conclusion of any investigation, the Compliance Department will draft a document detailing the facts that led to the opening of the investigation, the facts that were found during the investigation, and the Compliance Department's analysis and conclusion. The Compliance Department will maintain a log of all investigations and their disposition. The Compliance Department will prepare a written report of each investigation, regardless of whether the evidence gathered during any inquiry or investigation forms a reasonable basis to believe that a violation within Underdog 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. Any written report of investigation will include the reasons for initiating the investigation (including a summary of the complaint, if any), all relevant facts and evidence gathered, and the recommendation of the Compliance Department. For each potential Participant or other Person or Entity subject to Underdog Exchange jurisdiction ("Respondent"), the Compliance Department will recommend either (i) closing the investigation without further action, (ii) summary action, (iii) resolving the investigation through an informal disposition, including the issuance of a warning letter or (iv) initiating disciplinary proceedings. An informal disposition (including the issuance of a warning letter) will not constitute a finding of a violation or a sanction.**
- e. The Chief Compliance Officer will review promptly each completed investigation report to determine whether a reasonable basis exists to believe that a violation within Underdog Exchange's jurisdiction has occurred or is about to occur. Such determination will be made by the Chief Compliance Officer within ten (10) Business Days of receipt of the applicable investigation report. If the Chief Compliance Officer**

determines that additional investigation or evidence is needed to decide whether a reasonable basis exists to believe that a violation within Underdog Exchange's jurisdiction has occurred or is about to occur, the Chief Compliance Officer will direct the Compliance Department to conduct further investigation.

- f. **If the Compliance Department concludes that there is reasonable cause to believe a Participant, or any other Person and Entity subject to Underdog Exchange Rules, has violated Underdog Exchange's Rules or other applicable statutes or regulations, the Compliance Department will submit to the Participant whose activity is the subject of the investigation a notice of charges, by electronic mail to that Participant's last known email address, that will include:**
 - i. *The reason the investigation was initiated;*
 - ii. *The charges or a summary of the charges, including the Rule or Rules alleged to have been violated;*
 - iii. *The response, if any, or a summary of the response;*
 - iv. *A summary of the investigation conducted;*
 - v. *Findings of fact and the Compliance Department's conclusions as to each charge, including which of these Rules the Participant or its authorized representative violated, if any;*
 - vi. *A summary of the Participant's, and any relevant authorized representative's, disciplinary history, if any;*
 - vii. *The period within which a hearing on the charges may be requested;*
 - viii. *The penalty, if any, proposed by Underdog Exchange; and*
 - ix. *The email address of the Compliance Department to submit any answer.*
- g. **If the Compliance Department initiates an investigation, which includes suspected conflicts of interest, in which any Affiliate of Underdog Exchange is a subject, the Chief Regulatory Officer shall notify the Commission's Division of Market Oversight or Division of Clearing and Risk as applicable of that fact. At the conclusion of any such investigation, the Chief Regulatory Officer shall provide the Commission's Division of Market Oversight or Division of Clearing and Risk as applicable with a copy of the documentation specified in Rule 8(f).**
- h. **Upon notice of a disciplinary action, a Participant or any other Person and Entity subject to Underdog Exchange Rules, has the right to:**
 - i. *Retain and be represented by counsel. However, Respondent may not be represented by any member of Underdog Exchange's Board of Directors or disciplinary panel, any employee of Underdog Exchange, or any Person substantially related to the Underlying investigations, such as material witness or Respondent.*
 - ii. *Examine all relevant books, documents, or other evidence in the possession or under the control of Underdog Exchange, except any documents that:*
 - 1. *Are privileged and/or that constitute attorney work product;*
 - 2. *Will not be offered in evidence in any disciplinary proceedings;*
 - 3. *May disclose a technique or guideline used in examinations, investigations, or enforcement proceedings; or*

4. Disclose the identity of a confidential source.
 5. May impede or delay any inquiry, investigation, disciplinary proceeding, appeal from a disciplinary proceeding, summary imposition of fines, summary suspension or other summary action.
- a. **The Participant, or any other Person and Entity subject to Underdog Exchange Rules, whose activity is the subject of the investigation may answer by:**
 - i. *Contesting any findings and conclusions within 15 days by sending a detailed response to and relevant information about each charge via electronic mail to the Compliance Department;*
 - ii. *Requesting to enter into settlement negotiations within 15 days by submitting this request via electronic mail to the Compliance Department, which may be withdrawn at any time before it is accepted by the Compliance Department and shall not prejudice a Participant or otherwise affect subsequent procedures in the disciplinary process; or*
 - iii. *Accepting the proposed penalty or not contesting the proposed penalty within 15 days, without admission of any Rule violation. Participant will be sent a copy of the notice of disciplinary action by electronic mail to that Participant's last known email address.*
 - j. **If the Participant, or any other Person and Entity subject to Underdog Exchange Rules, contests the findings, then Underdog Exchange will empanel a disciplinary panel, consisting of at least three individuals, at least one of whom would qualify to serve as Public Director, appointed by the Board at the recommendation of the Chief Regulatory Officer, will conduct hearings requested. No member of any disciplinary panel may (i) have a financial, personal or other direct interest or involvement in the matter under such disciplinary panel's consideration, (ii) be a member of the Compliance Department, or (iii) be involved in adjudicating any other stage of the applicable proceeding under the disciplinary panel's consideration. Underdog Exchange's enforcement and compliance staffs must be parties to the hearing, and the enforcement staff must present their case on those charges and sanctions that are the subject of the hearing as required under §38.707 Hearings. In accordance with §38.707 the record must be one that is capable of being accurately transcribed; however, it need not be transcribed unless the transcript is requested by Commission staff or the Respondent, the decision is appealed pursuant to the Rules of the DCM or is reviewed by the Commission pursuant to Section 8c of the CEA or 17 CFR Part 9. The DCM's enforcement and compliance staffs must be parties to the hearing, and the enforcement staff must present their case on those charges and sanctions that are the subject of the hearing as required under §38.707 Hearings.**
 - k. **No Underdog Exchange Officer or employee shall interfere with or attempt to influence the process or resolution of any disciplinary action, except to the extent provided under these Rules.**
 - l. **The disciplinary panel will conduct a hearing by electronic means within 30 Business Days of receipt of the response by the Respondent. The Respondent is entitled to appear personally at the hearing, to cross-examine any Persons appearing as witnesses at the hearing, and to call witnesses and to present such evidence as may be relevant to the charges.**
 - m. **Prior to the hearing, the parties may submit proposed findings, briefs, exhibits, and affidavits.**
 - n. **The formal Rules of evidence shall not apply, but the hearing must be fair. The Compliance Department shall present its case on all charges and sanctions that are the subject of the hearing.**
 - o. **During the hearing, the parties may present witnesses.**
 - i. *Persons within Underdog Exchange's jurisdiction who are called as witnesses must participate in the hearing and produce evidence, as requested.*
 - ii. *Underdog Exchange shall make reasonable efforts to secure the presence of all other Persons called as witnesses.*

- p. Within 30 Business Days after that hearing, the disciplinary panel will issue findings, which will be delivered to the Respondent by electronic mail to the Respondent's last known email address. The findings of the disciplinary panel will contain the following information:**
- i. A summary of the charges and any answer to the charges;*
 - ii. A summary of the evidence received;*
 - iii. Findings and conclusions with respect to each charge;*
 - iv. An indication of each specific Rule that the Participant was found to have violated;*
 - v. A declaration of any penalty to be imposed on the Participant as the result of the findings and conclusions;*
 - vi. The effective date and duration of that penalty; and*
 - vii. A statement that the Respondent has the right to appeal any adverse decision by the panel to an appeals panel ("Appeals Panel") and must do so within 15 days. The decision will become final unless timely notice of appeal is filed.*
- q. The Participant or the Compliance Department may appeal the disciplinary panel's decision within 15 days by filing an appeal via electronic mail to the other Party. Any penalties imposed by the disciplinary panel will be stayed pending appeal unless the disciplinary panel determines that such stay would be detrimental to Underdog Exchange, Participants, or the public.**
- r. Underdog Exchange will empanel an Appeals Panel of three individuals with one individual acting as the chairperson whose members are drawn from individuals that would be eligible to serve as Underdog Exchange Public Directors.**
- s. The Appeals Panel will review the hearing record and any information submitted by the Compliance Department and the Participant on appeal and issue its decision, which shall be final on the date of such issuance. The Participant shall be notified of the decision by electronic mail to the Participant's last known email address.**
- t. The hearing record, any information submitted on appeal, and the Appeals Panel's decision shall be preserved as the record on appeal. The decision will contain:**
- i. A statement that any Person aggrieved by the action may have a right to appeal the action pursuant to Part 9 of 17 CFR, within 30 days of service, and*
 - ii. A statement that any Person aggrieved by the action may petition the Commission for a stay pursuant to Part 9 of 17 CFR, within 10 days of service.*
 - iii. The hearing record, in accordance with Regulation §38.707, shall be capable of being accurately transcribed; however, it need not be transcribed unless the transcript is requested by Commission staff or the Respondent, the decision is appealed pursuant to the Rules of Underdog Exchange, or is reviewed by the Commission pursuant to Section 8c of the CEA or Part 9 of 17 CFR. In all other instances a summary record of a hearing is permitted.*
- u. Underdog Exchange will post on its website a public notice of the disciplinary action in accordance with Commission Regulation §9.11.**
- v. The disciplinary action will be considered final on the date the notice of the disciplinary action is published.**

- w. Underdog Exchange shall provide notice of the disciplinary action, appeal determination, or settlement in which sanctions are imposed to the Participant, no later than two Business Days after it becomes final.
- x. Underdog Exchange shall submit to the Commission any Rule violation that constitutes a disciplinary offense by a member of the Board of Directors or any committee as defined in Commission Regulation §1.63.
- y. Underdog Exchange trading system will record and store for a period of not less than five years in a searchable, read-only database a record of all data entered into the Underdog Exchange trading system, including the Participant's identity and the information in Rule 5(c). Such records shall be maintained in a readily available manner during the first two years. Underdog Exchange shall conduct market surveillance and trade practice surveillance using this data with programs designed to alert Underdog Exchange when potentially unusual trading activity takes place. Underdog Exchange, through the Compliance Department, will initiate review and, where appropriate, investigate such unusual trading activity. The Compliance Department will also investigate any time it has other reason to believe that inappropriate activity of any sort is taking place on the Underdog Exchange platform or its website. Such records shall be made available for inspection by the Underdog Exchange, CFTC, or DOJ.
- z. Underdog Exchange shall keep, or cause to be kept, complete and accurate books and records of accounts of the Underdog Exchange, including all books and records required to be maintained pursuant to the CEA, and the CFTC Regulations, in a form and manner that is acceptable to the Commission. The Underdog Exchange shall retain all such books and records for at least five years and shall make such books and records readily accessible for inspection by the CFTC and the U.S. Department of Justice during the first two years of such five-year period.
- aa. Upon request, Underdog Exchange will provide information to the US Securities and Exchange Commission, the US Department of Justice, or any representative of a prudential regulator as authorized under Applicable Law, in the manner and form required. This includes records relating to Swaps as defined in Section 1a(47)(A)(v) of the CEA open to inspection and examination by the US Securities and Exchange Commission.
- bb. The Underdog Exchange shall establish a program for effective enforcement of its audit trail and recordkeeping requirements, thus satisfying all the requirements of §38.553. The enforcement program will, through reviews conducted no less than annually, identify members, firms, and Persons subject to the Underdog Exchange recordkeeping Rules that have failed to maintain high levels of compliance with such requirements, and levy necessary sanctions when deficiencies are found. Sanctions shall be sufficient enough to deter recidivist behavior. No more than one warning letter may be issued to the same Person or Entity found to have committed the same Rule violation within a rolling twelve-month period. Audit trail and recordkeeping reviews shall include reviews of randomly selected samples of front-end audit trail data for Order routing systems; a review of the process by which Participant Identifications are assigned and Participant Identification records are maintained; a review of usage patterns associated with Participant Identifications to monitor for violations of Participant Identification Rules; and reviews of account numbers and customer type indicator codes in trade records to test for accuracy and improper use.
- cc. A Respondent or potential Respondent may at any time propose in writing an offer of settlement to anticipated or instituted disciplinary proceedings. Any offer of settlement should contain proposed findings and sanctions and be signed by the Respondent or potential Respondent and submitted to the Compliance Department. 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 Underdog Exchange over it and over the subject matter of the proceedings and consent to the entry of the findings and sanctions imposed. If a Respondent or potential Respondent submits an offer of settlement, the Compliance Department will forward the offer to the Chief Compliance Officer with a recommendation on whether to accept or reject the offer. If the Chief Compliance Officer conditionally accepts an offer of settlement, the settlement will become final upon the expiration of twenty (20) Business Days after an order of the disciplinary proceedings consistent with the terms of the offer of settlement is served on the Respondent .
- dd. Disciplinary sanctions imposed by Underdog Exchange or its disciplinary panels must be commensurate with the violations committed and must be clearly sufficient to deter recidivism or similar violations by other market Participants. All disciplinary sanctions, including sanctions imposed pursuant to an accepted settlement offer, must take into account the Respondent's disciplinary history. In the event of demonstrated harm to any other party, any disciplinary sanction must also include full restitution, except where the amount of restitution, or to whom it should be provided, cannot be reasonably determined.

- ee. Regardless of the outcome of any disciplinary proceeding, the disciplinary panel may order a Respondent to pay some or all of the costs associated with the disciplinary proceedings that the disciplinary panel believes were unnecessarily caused by the Respondent. Costs may include costs associated with the inquiry or investigation, the prosecution by the Compliance Department, legal and professional assistance, the hearing and administrative and other expenses incurred by the disciplinary panel. The disciplinary panel may only award costs against Underdog Exchange if it concludes that the Underdog Exchange has behaved in a manifestly unreasonable manner in the commencement or conduct of the disciplinary proceedings in question. The disciplinary panel must limit any award of costs against Underdog Exchange to an amount that it concludes is reasonable and appropriate, but does not exceed the Respondent's costs for external legal or other external professional assistance.

9. Arbitration (Applies to DCM and DCO)

- a. Except as otherwise provided in the Rules of Underdog Exchange, Participants must arbitrate all controversies arising in connection with their Underdog Exchange business, including between or among themselves, to the extent permitted by Applicable Law, as the sole means to resolve claims, subject to these Rules. Controversies involving violations or alleged violations of Underdog Exchange Rules are not subject to arbitration; controversies involving Underdog Exchange Rules are subject to Rule 8 (Rule Enforcement and Disciplinary Process).
- b. If you reside in or access Underdog Exchange at time while located in the United States, controversies subject to this Rule shall be construed under and be subject to the Federal Arbitration Act, notwithstanding any other choice of law set out in these Rules. Controversies between Participants or between Underdog Exchange and Participants shall be resolved through binding arbitration administered by the JAMS ("JAMS". JAMS shall administer any arbitration under its Comprehensive Arbitration Rules and Procedures in effect at the time arbitration is sought ("JAMS Rules"). The parties further agree that, to the extent applicable, the JAMS Mass Arbitration Procedures and Guidelines shall apply. The JAMS Rules referenced above are available at <https://www.jamsadr.com/adr-rules-procedures/>. Any arbitration proceeding shall be commenced and administered in New York, New York.
- c. Any failure on the part of any Participant to arbitrate a case subject to arbitration, or the commencement by any such Participant of a suit in any court prior to arbitrating a case subject to arbitration, violates the Rules of Underdog Exchange and subjects such Participant to disciplinary proceedings pursuant to Rules 7 and 8.
- d. Underdog Exchange may summarily suspend a Participant, without prior notice, who fails to satisfy an arbitration award rendered in any arbitration.
- e. Any arbitrator selected in connection with such arbitration must qualify as a Public Director (if the individual is a Director of Underdog Exchange) and must have reasonable prior experience in the operation and regulation of exchanges and clearinghouses providing execution and clearing services in connection with commodity futures contracts, commodity options or swaps, and with respect to the Rules of the CFTC and exchanges and clearinghouses generally
- f. **Penalties**
 - i. *Any failure on the part of a Participant to arbitrate a dispute subject to this Rule 9, or the commencement by any such Participant of a suit in any court prior to arbitrating a case that is required to be arbitrated pursuant to this Rule 9, violates these Rules and shall subject such Participant to disciplinary proceedings pursuant to Rule 8.*
 - ii. *The Chief Compliance Officer, in consultation with the Regulatory Oversight Committee, may summarily suspend, pursuant to Rule 7, a Participant that fails to timely satisfy an arbitration award rendered in any arbitration pursuant to this Rule 9.*

17. Waiver of Class Action and Collective Action, Waiver of Jury Trial (Applies to DCM and DCO)

- a. **WAIVER OF CLASS RELIEF AND COLLECTIVE ACTION**

- i. *TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, NEITHER A PARTICIPANT NOR UNDERDOG EXCHANGE SHALL BE ENTITLED TO BRING, CONSOLIDATE, JOIN OR COORDINATE DISPUTES BY OR AGAINST OTHER INDIVIDUALS OR ENTITIES, OR PARTICIPATE IN ANY COLLECTIVE ARBITRATION OR ARBITRATE OR LITIGATE ANY DISPUTE IN A REPRESENTATIVE CAPACITY. PARTICIPANTS MAY ONLY ARBITRATE OR LITIGATE ON AN INDIVIDUAL BASIS ONLY AND FOR THEIR OWN LOSSES ONLY. UNDER THIS AGREEMENT, PARTICIPANTS MAY NOT PROCEED IN ARBITRATION OR COURT AS A CLASS REPRESENTATIVE, MEMBER OR PART OF ANY PROPOSED CLASS, COLLECTIVE ACTION OR MASS ARBITRATION, PRIVATE ATTORNEY GENERAL SUIT, QUI TAM ACTION OR ANY REPRESENTATIVE PROCEEDING, OR OTHERWISE SEEK TO RECOVER ON BEHALF OF OTHERS OR FOR THE BENEFIT OR USE OF OTHERS IN ANY TYPE OF CLAIM OR ACTION. PARTICIPANT AND UNDERDOG EXCHANGE ARE EACH WAIVING RESPECTIVE RIGHTS TO PARTICIPATE IN A CLASS ACTION. BY ACCEPTING THIS AGREEMENT, PARTICIPANTS GIVE UP YOUR RIGHT TO PARTICIPATE IN ANY PAST, PENDING OR FUTURE CLASS ACTION OR ANY OTHER CONSOLIDATED OR REPRESENTATIVE PROCEEDING, INCLUDING ANY PROCEEDING EXISTING AS OF THE DATE YOU AGREED TO THIS AGREEMENT.*

b. WAIVER OF JURY TRIAL

- i. *EACH OF PARTICIPANT AND UNDERDOG EXCHANGE HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO UNDERDOG EXCHANGE OR ANY TRANSACTIONS BETWEEN THE PARTIES, WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY.*

17. Contract Specifications (Applies to DCM and DCO)

- a. Each Contract will meet such specifications, and all trading in such Contract will be subject to such procedures and requirements, as set forth in the Rules governing such Contract.
- b. Eligibility for trading and clearing on the Underdog Exchange will be determined in accordance with CFTC Regulation 39.12.
- c. Halted Markets – In the event that any market irregularities are declared by the Chief Executive Officer or Chief Compliance Officer, or to prevent or reduce the potential risk of price distortions or market disruptions, a market may be paused or halted for trading, and the Commission will be notified, if required, pursuant to Commission Regulations. An explanation will be posted on the Notices to Participants section of the website within a reasonable amount of time but no later than 24 hours after the initiation of the halt.
- d. Discretion to Refrain from Listing Contracts –Underdog Exchange may, in its discretion, temporarily refrain from the listing of any Contract due to the unavailability of the Underlying upon which the Contract is based, or any other condition Underdog Exchange determines may be detrimental to the listing of the Contract.
- e. Any change in instructions, order, ruling, directive, or law issued or enacted by any court or agency of the Federal Government of the United States that conflicts with the Rules contained in this Rulebook shall take precedence, immediately become a part of these Rules, and be effective for all currently traded and newly listed Contracts.

19. Regulatory Records Retention. (Applies to DCM and DCO)

In accordance with CFTC Rule 1.31 and 1.35, the Underdog Exchange shall maintain all Regulatory Records, including oral and paper records, of all activities relating to the business of Underdog Exchange:

- a. **Generally.** All regulatory records shall be maintained in a form and manner that ensures the authenticity and reliability of such regulatory records.
- b. **Duration of Retention.** For a period of no less than five years.
- c. **Electronic Regulatory Records.** Underdog Exchange will establish and maintain appropriate systems and controls that ensure the authenticity and reliability of electronic regulatory records, including without limitation:
 - i. *a system that maintains the security, signature and data as necessary to ensure the authenticity of the information contained in electronic regulatory records and to monitor compliance with the CEA and CFTC Rule 1.31;*
 - ii. *a system that ensures Underdog Exchange is able to produce electronic regulatory records in accordance with CFTC Rule 1.31 and ensure the availability of such regulatory records in the event of an Emergency or other disruption of the records Entity's electronic record retention systems;*
 - iii. *an up to date inventory that identifies and describes each system that maintains information necessary for accessing or producing electronic regulatory records.*
- d. **Inspection and production of Regulatory Records.**

Underdog Exchange will have a system in place to produce or make accessible for inspection all Regulatory records in accordance with the following requirements.

- i. *Inspection. All regulatory records shall be open to inspection by a representative of the CFTC or the USDOJ.*
- ii. *Production of paper Regulatory Records. Underdog Exchange's Recordkeeping and Record Retention Policy prohibits the use of paper records. If, despite this prohibition, Underdog Exchange employees maintain paper records, Underdog Exchange will produce Regulatory Records exclusively created and maintained on paper promptly upon request of a CFTC representative.*
- iii. *Production of electronic regulatory records. Upon request by the CFTC Underdog Exchange will produce Electronic Regulatory Records in the form and medium requested promptly, upon request.*

EXHIBIT B

Underdog Clearinghouse Rulebook

(Redline Version)

Rulebook of

Underdog Exchange DCM, Inc.

and

Underdog Clearinghouse, Inc.

Collectively “Underdog Exchange”

Effective as of October 1, 2026

Version 1.4

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1. Jurisdiction

ANY PERSON THAT DIRECTLY OR INDIRECTLY ENTERS AN ORDER OR EFFECTS A TRANSACTION ON OR SUBJECT TO THESE RULES (i) IS BOUND BY AND SHALL COMPLY WITH THESE RULES AND APPLICABLE LAW, (ii) SUBMITS TO THE JURISDICTION OF UNDERDOG EXCHANGE IN RESPECT OF ANY AND ALL MATTERS ARISING FROM, RELATED TO, OR IN CONNECTION WITH, THE STATUS, ACTIONS, OR OMISSIONS OF SUCH PERSON, AND (iii) AGREES TO ASSIST UNDERDOG EXCHANGE IN COMPLYING WITH UNDERDOG EXCHANGE'S LEGAL AND REGULATORY OBLIGATIONS OR IN ANY INQUIRY, INVESTIGATION, AUDIT, EXAMINATION, OR PROCEEDING OF UNDERDOG EXCHANGE.

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2. Definitions, Interpretation, and Amendments

a. Defined Terms

The terms defined in this Section shall for all purposes of the Rules of Underdog Exchange have the meanings specified herein.

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- i. "Account" means, with respect to each Participant, any account established and maintained by such Participant with the Underdog Clearinghouse and Exchange. Underdog uses a single account for both Clearinghouse and Trading functions, using the terms "Account", "Participant Clearing Account", and "Trading Account" throughout this Rulebook depending on context.
 1. "Participant Clearing Account" will often be used when referring to Participant's holdings which are maintained and monitored by the Clearinghouse, Available Funds, Open Contract Positions, Closed Contract Positions, Contract Profit, or Loss Amounts and the corresponding margin requirements, if any, in connection with Open Contract Positions entered into by the Participant.
 2. "Trading Account" will often be used within the context of the trading of Contracts on Underdog Exchange by the Participant or Participant's Authorized Trader and the monitoring of such activity.
- ii. "Affiliate" means a Person who, directly or indirectly, Controls, is Controlled by, or is under common Control with, such other Person.
- iii. "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, but not limited to, the CEA, CFTC Regulations, and NFA Rules.
- iv. "Underdog Exchange" means DCM and Clearinghouse, collectively.

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- v. “Underdog Exchange System” means the proprietary electronic Order entry and execution systems used by Underdog Exchange for the placement and execution of Orders and the collection and transmission of information relating to Contracts. For the avoidance of doubt, the Underdog Exchange System means the electronic Order entry and execution systems used by Underdog Exchange for the placement and execution of Orders and the collection and transmission of information relating to Contracts, including any licensed software that is a part thereof from time to time, and any successor electronic trading system thereto.
- vi. “Authorized Trader” means any natural Person that is a Participant in the DCM and authorized by one or more Clearing Participants to exercise Trading Privileges on their Participant Clearing Account. Authorized Traders must agree to all Rules, terms, conditions, and policies applicable to Clearing Participants and must execute a separate agreement with the Clearing Participant and Underdog Exchange authorizing them to trade on behalf of one or more Clearing Participants.
- vii. “Available Funds” means those funds in a Participant Clearing Account that are in excess of funds held as Margin Funds and, therefore, available for use as directed by the Participant.
- viii. “Bankruptcy Code” means Title 11 of the United States Code as it may be amended from time to time.
- ix. “Board of Directors” means the Board of Directors of Underdog Exchange DCM, Inc. or the Board of Directors of Underdog Clearinghouse, Inc. constituted from time to time in accordance with the DCM Bylaws and DCO Bylaws or the two Boards acting cooperatively or in parallel as indicated by the Entity or Entities to which the Rule containing the reference applies.
- x. “Business Day” means any day other than a Saturday, Sunday, or any other day on which banking institutions in Washington, D.C. are closed.
- xi. “CEA” means the Commodity Exchange Act as in effect from time to time.
- xii. “CFTC” or “Commission” means the Commodity Futures Trading Commission and includes any successor agency or authority.
- xiii. “CFTC Regulation” means any Rule, regulation, order, or directive and any interpretation thereof then in effect adopted by the CFTC.
- xiv. “Chief Compliance Officer” (for DCO) or “Chief Regulatory Officer” (for DCM) means the individual appointed by the Board of Directors to serve as the Underdog Exchange’s chief compliance officer.
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- xv. “Clearinghouse” means Underdog Clearinghouse, Inc. (including its successors), a corporation organized under the laws of the State of Delaware and registered as a Derivatives Clearing Organization.
- xvi. “Closed Contract Positions” means any combination of long and short Open Contract Positions that have been offset against each other.
- xvii. “Contract” means any forward, swap, future, option, or any other agreement, contract, or transaction, which has been listed by DCM as generally eligible for trading on DCM pursuant to these Rules.
- xviii. “Contract Instrument” or “Instrument” means the tradable subset of each Contract that is not fungible with other tradable subsets of the same Contract due to differences in settlement time, strike price level, or any other applicable criteria specified in the Contract Specifications. By way of illustration, different tenors of a Contract are each a Contract Instrument.
- xix. “Contract Specifications” means, with respect to any Contract, the Rules or trading protocols then in effect specifying the terms and conditions for such Contract.
- xx. “Control” means any Person, by power of attorney or otherwise, who directly or indirectly controls trading, holds a 10 percent or greater ownership or equity interest, or is acting pursuant to an expressed or implied agreement or understanding.
- xxi. “DCM” means Underdog Exchange DCM, Inc., (including its successors), a corporation organized under the laws of the State of Delaware and registered as a Designated Contract Market.
- xxii. “DCM Bylaws” means the Bylaws of Underdog Exchange DCM, Inc., as amended, supplemented, or otherwise modified from time to time.
- xxiii. “DCO” means Underdog Clearinghouse, Inc., (including its successors), a corporation organized under the laws of the State of Delaware and registered as a Derivatives Clearing Organization.
- xxiv. “DCO Bylaws” mean the Bylaws of Underdog Clearinghouse, Inc., as amended, supplemented, or otherwise modified from time to time.
- xxv. “Derivatives Clearing Organization” has the meaning set forth in Section 1a(15) of the CEA.
- xxvi. “Director” means any member of the Board of Directors.
- xxvii. “Emergency” means the occurrences or circumstances which, in the opinion of the Board, require immediate action, and which threaten, or

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may threaten, the fair and orderly trading in, or the settlement or integrity of, any Contract, including, without limitation, the following:

1. any circumstance that may have a severe, adverse effect upon the functions and facilities of Underdog Exchange, including, but not limited to, acts of God, fire, flood or other natural disasters, pandemics, bomb threats, acts of terrorism or war, severely inclement weather, breakdowns or interruptions such as for power, computer, communication, transportation systems or the Internet, or failure or malfunction of Underdog Exchange System;
2. any circumstance that may materially affect the performance or clearing of a Contract or its Underlying, including any threatened, attempted, or actual manipulative activity such as a corner, squeeze, congestion, or undue concentration of positions;
3. any action taken by any domestic or foreign regulatory, self-regulatory, or judicial authority, or other Person exercising, or entitled to exercise, any administrative action that may have a direct impact on trading on Underdog Exchange or the legality or enforceability of any Contract;
4. any other unusual, unforeseeable, or adverse circumstances with respect to which it is impracticable for Underdog Exchange to submit a reviewable Rule to the CFTC.

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xxviii. "Entity" means any Person other than a natural Person (e.g., a corporation, partnership, sole proprietorship, or trust).

xxix. "Final Settlement" means the process by which all Open Contracts are liquidated upon Contract expiration.

xxx. "Final Settlement Price" means, with respect to any Contract, the price used in Final Settlement.

xxxi. "Independent Software Vendor" or "ISV" is a non-DCM Entity that offers services, tools, and displays to Participants independent of Underdog Exchange.

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xxxii. "Margin Eligible Asset" means U.S. dollars or any other asset that is permitted to be used under these Rules to meet the margin obligations in the applicable Contract Specifications.

xxxiii. "Margin Funds" means those Margin Eligible Assets in a Participant Clearing Account that are required for Original Margin and are not otherwise available for use by the Participant.

- xxxiv. “Market Participant Director” means a DCO Director who has been found by the DCO Board of Directors to be an authorized representative of a Participant and suitable to be a Director pursuant to the CEA.
- xxxv. “Minimum Price Increment” means the smallest price change permitted for any Contract Instrument, in index points, currency, or other appropriate units as defined in the Contract Specifications.
- xxxvi. “NFA” means the National Futures Association and includes any successor organization.
- xxxvii. “Open Contract Positions” means any combination of long and short Contract Positions that have not been offset against each other.
- xxxviii. “Order” means any electronic instruction to buy or sell a Contract Instrument on or subject to the Rules of Underdog Exchange.
- xxxix. “Original Margin” means an amount sufficient to cover at all times the maximum possible loss such Participant could incur upon liquidation or expiration of its positions.
- xl. “Participant” means each Person that has an account with DCM and may exercise Trading Privileges, or each Person that has account with the Clearinghouse, as applicable.
- xli. “Participant Agreement” means the contractual agreement between a Participant and Underdog Exchange.
- xlii. “Participant Funds” means the aggregate of Available Funds and Margin Funds held in a Participant Clearing Account.
- xliii. “Person” means any natural Person, association, partnership, limited liability company, joint venture, trust, or corporation.
- xliv. “Price Limit” means, at each moment during trading, the lower or upper bound price level that a Contract Instrument is permitted to trade as provided in the applicable Contract Specifications.
- xlv. “Position Limit” means the maximum number of Contract Instruments defined in the Contract Specifications that may be held or Controlled by a Participant and their Affiliates.
- xlvi. “Public Director” means an individual meeting the standards of 17 C.F.R. Part 38, Appendix B, Acceptable Practices to Core Principle 16, Section b, paragraph 2.

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xlvi. “Regulatory Authority” means any governmental or self-regulatory authority applicable to Underdog Exchange, including, but not limited to, the NFA, the CFTC, and applicable foreign regulators.

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xlvi. “Regulatory Oversight Committee” means the committee of the DCM Board of Directors constituted in accordance with Rule 3(e) herein.

xlix. “Rules of Underdog Exchange” or “Rule” means any Rules, interpretations, orders, resolutions, advisories, notices, statements of policy, decisions, manuals, and directives adopted or amended, from time to time, by Underdog Exchange.

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i. “Settlement Bank” means a Custody and Settlement Bank as defined by CFTC Regulation §39.14(a)(2).

ii. “Settlement Committee” means a committee made up of at least one DCM Board member and others as may be appointed by the DCM Board to determine Market Outcomes in accordance with Rule 5.

iii. “Trading Day” means any day on which Underdog Exchange is open and available for the trading of Contracts and the Clearinghouse is open and available for the clearing of Contracts.

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iiii. “Trading Hours” means, with respect to any Contract, the hours as posted on the Website.

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lv. “Trading Privileges” means the right to transmit Orders for Contracts in electronic form directly to Underdog Exchange.

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lv. “Underlying” means the index, rate, risk, measure, instrument, differential, indicator, value, contingency, occurrence, or extent of an occurrence that determines the Final Settlement Price of a Contract.

b. Rules of Interpretation

For all purposes of these Rules, except as otherwise expressly provided herein or unless the context otherwise requires:

- i. the terms defined in these Rules include the plural as well as the singular and vice versa;
- ii. words importing gender include all genders;
- iii. any reference to these Rules refers to these Rules, including all appendices hereto, and the words herein, hereof, thereto, hereto, and hereunder, and words of similar import refer to these Rules and their appendices as a whole and not to any particular Rule, appendix, or any other subdivision;

- iv. references to days, months, and years refer to calendar days, months, and years, respectively;
- v. all references herein to “including” shall be deemed to be followed by the words “without limitation”;
- vi. any term used herein that is defined in the CEA or CFTC Regulations shall have the meaning assigned to it therein;
- vii. all references herein to a time of day refer to local time in the City of New York, unless otherwise indicated.

c. Effect of Titles

The titles of these Rules have been inserted for convenience of reference only and shall not affect the meaning of these Rules.

d. Amendment of Rules

Underdog Exchange may adopt, amend, or repeal Rules from time to time. Such actions shall become effective on such date (subject to any required regulatory process) as may be determined by Underdog Exchange.

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e. Contract Specifications

Notwithstanding any provision of these Rules to the contrary, the Contract Specifications with respect to a particular Contract shall govern the applicability of these Rules to trading in such Contract and, in the event of any conflict between these Rules and the Contract Specifications, the Contract Specifications shall govern with respect to trading in the relevant Contract Instrument.

3. Governance

a. General (Applies to DCM and DCO)

- i. There will be separate Boards of Directors of Underdog Exchange DCM, Inc. and Underdog Clearinghouse, Inc. (the Clearinghouse). The Boards may meet jointly to consider matters affecting both the DCM and DCO but each Board shall vote separately on matters affecting their respective Entities and regulatory responsibilities. In the event that the DCM and DCO Boards differ on Rules changes affecting both Entities, the Rules will be amended to reflect the different Rules adopted by the Boards for the different Entities.
- ii. Underdog Exchange shall appoint Directors and Officers (as such term is defined in Rule 3(g) below) as provided in this Rule 3 and such Directors and Officers shall be appointed to committees and otherwise abide by the provisions of this Rule 3. Inside Directors (Directors who

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are neither Public Directors nor Market Participant Directors) may serve concurrently on both Boards.

- iii. References to the Board of Directors or Boards of Directors elsewhere in these Rules shall be interpreted to refer to the Board responsible for the portion of the Rules in which the reference occurs or to the Boards acting cooperatively or in parallel fashion for portions of the Rules affecting both Entities.

b. DCM Board of Directors (Applies to DCM)

- i. The business and affairs of Underdog Exchange DCM, Inc. shall be managed by the Board of Directors of Underdog Exchange DCM, Inc. in accordance with the respective bylaws and Applicable Law.
- ii. The DCM Board of Directors and Underdog Exchange DCM, Inc.'s Officers have the responsibility of ensuring that managers have the appropriate experience, skills, and integrity necessary to discharge operational and risk management responsibilities.
- iii. The DCM Board of Directors shall ensure that the Underdog Exchange DCM, Inc.'s design, Rules, overall strategy, and major decisions support the stability of the financial system, as well as the legitimate interests of Participants and relevant stakeholders. Major decisions of the DCM Board of Directors having a broad market impact shall be clearly disclosed to the public, consistent with other statutory and regulatory confidentiality obligations.
- iv. The DCM Board of Directors has the power and authority to call for review, and to affirm, modify, suspend, or overrule, any and all decisions and actions of committees and Officers, other than the Regulatory Oversight Committee.
- v. The number of Directors on the DCM Board of Directors shall be five, at least two of whom shall be Public Directors, provided that the number of Public Directors shall at all times equal no less than 35% of the entire Board of Directors, or such higher percentage as the CFTC may require. The Underdog Exchange DCM, Inc. Chief Regulatory Officer shall ensure that any changes in Board membership comply with this requirement at all times.
- vi. Each Director, including Public Directors, shall be appointed and serve in accordance with the DCM Bylaws.
- vii. The Board shall review its performance and that of its individual Directors annually and shall consider periodically using external facilitators for such review.

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c. DCO Board of Directors (Applies to DCO)

- i. The business and affairs of Underdog Clearinghouse, Inc. shall be managed by the Board of Directors of Underdog Clearinghouse, Inc. in accordance with the respective bylaws and Applicable Law.
- ii. The DCO Board of Directors and Underdog Clearinghouse, Inc.'s Officers have the responsibility of ensuring that managers have the appropriate experience, skills, and integrity necessary to discharge operational and risk management responsibilities.
- iii. The DCO Board of Directors shall ensure that the Clearinghouse's design, Rules, overall strategy, and major decisions support the stability of the financial system, as well as the legitimate interests of Participants and relevant stakeholders. Major decisions of the Board of Directors having a broad market impact shall be clearly disclosed to the public, consistent with other statutory and regulatory confidentiality obligations.
- iv. The DCO Board of Directors has the power and authority to call for review, and to affirm, modify, suspend, or overrule, any and all decisions and actions of committees and Officers.
- v. The number of Directors on the Board of Directors shall be five, at least one of whom shall be a Market Participant Director. The Underdog Clearinghouse, Inc. Chief Compliance Officer shall ensure that any changes in Board membership comply with this requirement at all times.
- vi. Each Director, including Market Participant Directors, shall be appointed and serve in accordance with the DCO Bylaws.
- vii. The Board shall review its performance and that of its individual Directors annually and shall consider periodically using external facilitators for such review.

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d. Eligibility (Applies to DCM and DCO)

- i. Prior to nomination to the Board of Directors, each individual shall certify that he or she is not disqualified pursuant to this Rule 3(d) in such form and manner as required by Underdog Exchange. Any individual serving on the Board of Directors shall immediately notify Underdog Exchange if such individual becomes subject to one or more of the criteria in this Rule 3(d).
- ii. No Person may serve as an Officer, or a member of a Board of Directors, or any disciplinary panel, arbitration panel, or oversight panel of Underdog Exchange if such Person:

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1. was found within the past 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 past three years in which any of the findings or, in absence of such findings, any of the acts charged included a disciplinary offense;
 3. is currently suspended from trading on any contract market, is suspended or expelled from membership from any self-regulatory organization, is serving any sentence of probation or owes any portion of a fine imposed pursuant to either:
 - (i) a finding by a final decision of a self-regulatory organization, an administrative law judge, a court of competent jurisdiction, or the CFTC that such Person committed a disciplinary offense; or
 - (ii) a settlement agreement in which any of the findings or, in absence of such findings, any of the acts charged included a disciplinary offense;
 4. is currently subject to an agreement with the CFTC or any self-regulatory organization not to apply for registration with the CFTC or membership in any self-regulatory organization;
 5. is currently subject to or has had imposed on him or her within the past three (3) years a CFTC registration revocation or suspension in any capacity for any reason;
 6. has been convicted of any of the felonies listed in and pursuant to Section 8a(2)(D)(ii) through (iv) of the CEA;
 7. is currently subject to a denial, suspension, or disqualification from serving on the disciplinary panel, 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;
 8. is subject to a statutory disqualification pursuant to Section 8a(2) of the CEA.
- iii. For Underdog Exchange, to qualify as a Public Director, an individual must be found, by action of the DCM Board of Directors, to have no relationship with the Underdog Exchange that reasonably could affect the independent judgment or decision making of the Director including, but not limited to, any of the following:

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1. within the last year, the individual or any member of their immediate family has been an Officer or employee of Underdog Exchange or any of its affiliates. Deleted: Aristotle
2. within the last year, the individual or any member of their immediate family has been a Participant of Underdog Exchange, or a Person employed by or affiliated with a Participant. Deleted: Aristotle
3. within the last year, the individual or any immediate family member of the individual, or a firm with which such individual or his or her immediate family member is affiliated received more than \$100,000 in combined annual payments from the Underdog Exchange or their affiliates, or from a member or any Person or Entity affiliated with a Participant of Underdog Exchange. Deleted: Aristotle
Compensation for services as a Public Director shall not count towards the \$100,000 payment limit, nor shall deferred compensation for services prior to becoming a Public Director, so long as such compensation is in no way contingent, conditioned, or revocable. Deleted: Aristotle
- iv. Public Directors may also serve as Directors of any Affiliate of the Underdog Exchange provided that the Public Directors otherwise meet the definition of “Public Director”. Deleted: Aristotle
- v. To qualify as a Market Participant Director, an individual must be found, by action of the DCO Board of Directors, to be an Underdog Exchange market Participant and not executives, Officers, or employees of Underdog Exchange or an Affiliate thereof. Deleted: Aristotle
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- vi. Market Participant Directors may also serve as Directors of any Affiliate of the Underdog Exchange provided that the Market Participant Directors otherwise meet the definition of “Market Participant Director”. Deleted: Aristotle
- vii. For purposes of this Rule, the terms “self-regulatory organization”, “disciplinary panel”, “arbitration panel”, “oversight panel”, “final decision”, “disciplinary offense”, and “settlement agreement” have the meanings set forth in CFTC Regulation 1.63(a).
- viii. Board members are expected to have attained a professional level of achievement that clearly demonstrates an understanding of financial, organizational, and legal constructs necessary to the functioning of Underdog Clearinghouse, Inc.. Evidence of qualifications are sought through a review of educational background, past and current employment experience, past and current board appointments, and a review of involvement with the securities and finance industries. Board members are also expected to complement each other, so as to create a diverse Deleted: Aristotle
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leadership structure that can address the evolving needs of the organization.

ix. The disciplinary panel of Underdog Exchange DCM, Inc. shall be:

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1. A standing “disciplinary committee” (as defined in CFTC Regulation 1.63(a)), consisting of at least three members, including at least one Person who would not be disqualified from serving as a Public Director. No member of the disciplinary panel shall also be a member of Underdog Exchange’s compliance staff, or any Person involved in adjudicating any other stage of the same proceeding. The Board may establish more than one disciplinary panel. The Regulatory Oversight Committee will appoint individuals for membership on the disciplinary panel. Each disciplinary panel shall include members with sufficient differing experience and member interests so as to ensure fairness and to prevent special treatment or preference for any Person.
2. Responsible for conducting hearings, rendering decisions, and imposing sanctions with respect to any disciplinary action. The disciplinary panel shall also have such other powers and perform such other duties as set forth in the Rules and as the Board may determine from time to time.
3. The disciplinary panel shall be composed of individuals who have demonstrated:
 - (i) knowledge and experience in the financial markets;
 - (ii) appropriate subject matter expertise to inquire on matters before the committee and have the capacity to make independent inquiry;
 - (iii) sufficiently differing experience such that no group of disciplinary committee members may dominate or exercise disproportionate influence on a disciplinary panel;
 - (iv) the absence of any conflict of interest or bias, and any appearance thereof;
 - (v) availability; and,
 - (vi) the frequency with which a Person has served as a member of the disciplinary panel during the past two years, favoring the selection of a Person as a member of the disciplinary panel at issue who has otherwise never served or served infrequently on such disciplinary panel during the period.

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e. **Regulatory Oversight Committee (Applies to DCM)**

- i. Underdog Exchange DCM, Inc. shall have a Regulatory Oversight Committee, which shall be a permanent committee of the DCM Board consisting of only Public Directors, as appointed from time to time by the chairperson of, and approved by, the Board of Directors. No fewer than two Public Directors shall serve on the Regulatory Oversight Committee.
- ii. Each member of the Regulatory Oversight Committee shall serve from the date of his or her appointment until the due appointment of his or her successor. The Board of Directors shall confirm one member of the Regulatory Oversight Committee as the committee's chairperson for a one-year term with the chairmanship rotating among members if there are an even number of members on the Regulatory Oversight Committee.
- iii. The chairperson of the Regulatory Oversight Committee shall determine the agenda for the committee. In the event that the Regulatory Oversight Committee has an even number of members, the vote of the chairperson shall control in the event of a tie vote.
- iv. The Regulatory Oversight Committee shall oversee Underdog Exchange DCM, Inc.'s regulatory programs on behalf of the DCM Board of Directors.
- v. The DCM Board shall delegate sufficient authority, dedicate sufficient resources, and allow sufficient time for the Regulatory Oversight Committee to fulfill its mandate. The Regulatory Oversight Committee shall make such recommendations to the Board that will, in its judgment, best promote the interests of Underdog Exchange DCM, Inc., provided that, for the avoidance of doubt, any dissenting opinions from one or more members of the Regulatory Oversight Committee shall be reported to the Board of Directors along with any such recommendations. The Regulatory Oversight Committee shall also have such other powers and perform such other duties as the Board of Directors may delegate to it from time to time.
- vi. The Regulatory Oversight Committee shall prepare an annual report that assesses Underdog Exchange DCM, Inc.'s self-regulatory program for the Board and the CFTC. The annual report sets forth the regulatory program's expenses, describes its staffing and structure, catalogues disciplinary actions taken during the year, and reviews the performance of the disciplinary panel.
- vii. Without limiting the generality of the foregoing, the Regulatory Oversight Committee shall have the authority to:
 1. Monitor the regulatory program of Underdog Exchange DCM, Inc. for sufficiency, effectiveness, and independence;

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2. Oversee all facets of the regulatory program, including trade practice and market surveillance, audits, examinations, and other regulatory responsibilities with respect to Participants, and the conduct of investigations;
 3. Review the size and allocation of the regulatory budget and resources; and the number, hiring, termination, and compensation of regulatory personnel;
 4. Supervise the Chief Regulatory Officer of the DCM, who will report directly to the Regulatory Oversight Committee;
 5. Recommend changes that would ensure fair, vigorous, and effective regulation; and
 6. Review all regulatory proposals prior to implementation and advise the Board of Directors as to whether and how such changes may impact regulation.
- viii. Consistent with Rule 3.g.iii. if the Chief Regulatory Officer has responsibilities related to Underdog Exchange DCM, Inc. affiliates, the Chief Regulatory Officer shall disclose to the Regulatory Oversight Committee any potential conflict between the Chief Regulatory Officer's compliance responsibilities for the DCM and the CRO's responsibilities for the Affiliate, including the Chief Regulatory Officer's assessment of whether the potential conflict is material. As an example, an investigation of a Rules violation by an Underdog Exchange DCM, Inc. participant who conducts significant business with an Affiliate would represent a potential conflict of interest. The Regulatory Oversight Committee shall make an independent assessment of the materiality of the potential conflict. If in the assessment of the Chief Regulatory Officer or the Regulatory Oversight Committee a material conflict exists, the Chief Regulatory Officer shall be recused from any related investigation or other compliance action. In such a case the Regulatory Oversight Committee shall designate the Deputy Chief Compliance Officer ("DCCO") or Chief Risk Officer to supervise the investigation, reporting directly to the Regulatory Oversight Committee for that purpose. The DCCO or Chief Risk Officer shall disclose any potential conflicts of their own to the Regulatory Oversight Committee and the Regulatory Oversight Committee shall ensure that any such potential conflicts are not material prior to designating either substitute to supervise an investigation. Any conflict reported hereunder by the Chief Regulatory Officer or a substitute, regardless of materiality, shall be documented and tracked by the Regulatory Oversight Committee until the occurrence giving rise to the conflict has been closed or resolved.

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- ix. In the event the Board of Directors fails to act upon an action or recommendation of the Regulatory Oversight Committee, the Chief Regulatory Officer shall maintain documentation 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 its inaction; and
 2. the course of action that the Board decided to take.

f. Ad Hoc Committees (Applies to DCM and DCO)

Underdog Exchange may create additional committees of Underdog Exchange, or panels, for such purposes as may from time to time be necessary or advisable. Members of each such committee may be members of the Boards of Directors, Participants, Authorized Traders, or such other individuals as may be qualified to serve on such committee. At least 35% of the members of each such committee designated by the DCM Board of Directors shall be individuals that would qualify as Public Directors if they were Directors of Underdog Exchange DCM, Inc. and members of each such committee designated by the DCO Board of Directors shall include market participants and individuals who are not executives, Officers, or employees of Underdog Exchange or an Affiliate.

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g. Officers (Applies to DCM and DCO except where noted)

- i. The Boards shall appoint a Chief Executive Officer, Chief Compliance Officer of the DCO, Chief Regulatory Officer of the DCM, Chief Financial Officer, and other such Officers as it may deem necessary or appropriate from time to time, collectively, the "Officers". The Boards shall appoint Officers jointly except that the DCM Board shall appoint the Chief Regulatory Officer and the DCO Board shall appoint the Chief Risk Officer and the Chief Compliance Officer.
- ii. The Boards may appoint an individual to hold more than one office.
- iii. Any Officer may also be a Director, Officer, partner, or employee of Underdog Exchange or of any of its Affiliates, subject to disclosure and resolution of conflicts of interest.
- iv. Officers shall have such powers and duties in the management of Underdog Exchange as the Boards may prescribe from time to time, subject to any limitations set forth in the DCM Bylaws or the DCO Bylaws, as applicable.
- v. Underdog Exchange shall notify the CFTC no later than two Business Days, or otherwise as required, following any departure or addition of

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Officers including, as applicable, the name and contact information of the Person who will assume the duties of the position permanently or the Person who will assume the duties on a temporary basis until a permanent replacement fills the position.

- vi. With respect to the Chief Regulatory Officer, he/she must:
 - 1. have the background, academic or professional qualifications and skills appropriate for fulfilling the responsibilities of the position;
 - 2. be an individual who would not be disqualified from registration under Section 8a(2) or 8a(3) of the CEA;
 - 3. report to the DCM Regulatory Oversight Committee in accordance with DCM Best Practices as applicable to Core Principle 16 of Section 5(d) of the Act; and
 - 4. Meet with the DCM Board of Directors or the senior Officer at least once a year.
- vii. With respect to the Clearinghouse, the Chief Compliance Officer is responsible for:
 - 1. Reviewing the Clearinghouse's compliance with the core principles set forth in Section 5b of the CEA, and the CFTC's Regulations;
 - 2. In consultation with the Board of Directors or the Chief Executive Officer, resolving any conflicts of interest that may arise;
 - 3. Establishing and administering written policies and procedures reasonably designed to prevent violation of the CEA;
 - 4. Taking reasonable steps to ensure compliance with the CEA and CFTC Regulations relating to agreements, contracts, or transactions, and with CFTC Regulations prescribed under Section 5b of the CEA;
 - 5. Establishing procedures for the remediation of noncompliance issues identified by the Chief Compliance Officer through any compliance office review, look-back, internal or external audit finding, self-reported error, or validated complaint; and
 - 6. Establishing and following appropriate procedures for the handling, management response, remediation, retesting, and closing of noncompliance issues.

h. Indemnification of Members of the Board of Directors, Officers, and Others

Underdog Exchange will indemnify to the full extent authorized by law any Person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative in nature, by reason of the fact that such Person is or was the Underdog Exchange personnel against expenses, including attorneys' fees, judgments, fines, and amounts paid in connection with such action, suit, or proceeding. Such indemnification shall not be deemed exclusive of any other rights to which a Person may be entitled under any agreement or as a matter of law or otherwise

Underdog Exchange may purchase and maintain insurance on behalf of any Person who is or was the Underdog Exchange personnel against any liability asserted against such Person and incurred by such Person in any such capacity, or arising out of such Person's status as such, whether or not Underdog Exchange would have the power to indemnify such Person against such liability under the provisions of this Rule 3. However, no Person shall be indemnified from liability for fraud, bad faith, willful misconduct, or gross negligence. Further, no Person shall be indemnified against a civil penalty imposed by the CFTC under Section 6b of the CEA.

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i. Conflicts of Interest (Applies to DCM and DCO)

- i. Each Officer and member of the Board of Directors or any disciplinary or oversight committee or subcommittee shall disclose if such Person knowingly has an interest or has a relationship with a named party in interest as defined and required by CFTC Regulation §1.69 (also referred to as "Commission Regulation").
- ii. No Officer or member of the Board of Directors may participate in any deliberations or vote on any action if such Person knowingly has an interest or has a relationship with a named party in interest as defined and required by Commission Regulation §1.69.
- iii. No Officer or member of the Board of Directors may participate in any deliberations or voting on any action if such Person knowingly has a direct and substantial financial interest in the result of the vote based upon either Underdog Exchange or non-Underdog Exchange positions that could reasonably be expected to be affected by the action.
- iv. The minutes of the meeting of the Board, disciplinary panel, or any oversight panel (as defined in CFTC Regulation 1.63(a)) will reflect the attendance as well as the identity and reasons, or any other information relating to, such recusal by any member who voluntarily recuses him/herself from deliberations and voting.
- v. Routine conflicts of interest should be resolved in the normal course of business, consistent with the general administration of internal policies and procedures of the Chief Compliance Officer/Chief Regulatory Officer /legal counsel. Any conflicts of interest that warrant escalation to the Board or CEO are resolved by the Chief Compliance Officer/Chief Regulatory Officer in consultation with the Board or CEO and relevant legal counsel.

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j. Prohibition on Use of Material, Non-Public Information (Applies to DCM and DCO)

- i. Commission Regulation 1.59 prohibits member of the Board of Directors or committee, Officer, or employee or consultant of Underdog Exchange from using or disclosing material, non-public information obtained in connection with the performance of their duties for any purpose other than the performance of such duties.
- ii. No Participant who inadvertently or otherwise comes into possession of any material, non-public information will disclose to anyone such material, non-public information, or trade for such Person's account, or for or on behalf of any other account, in any commodity interest on the basis of such material, non-public information.
- iii. For purposes of this Rule, the terms "material information," "non-public information," "linked exchange", "commodity interest," and "related commodity interest" have the same meanings as they do in Commission Regulation §1.59.
- iv. Any Person who violates any provision of this Rule will be required to indemnify Underdog Exchange and hold Underdog Exchange harmless against any losses, damages, or costs caused by that violation.
- v. Notwithstanding anything to the contrary, the applicable Contract Specifications for each Contract or Instrument traded on Underdog Exchange may impose additional prohibitions on the use of or trading on information by any Person.
- vi. No employee, Officer, Directors, agents, or any committee of Underdog Exchange trade for and Person's account, or for or on behalf of any other account, in any commodity interest on the basis of any material, non-public information obtained through special access related to the performance of such Person's duties as an employee, Officers, Directors, agents, or member of the Board or committee.
- vii. No Participant who inadvertently or otherwise come into possession of any material, non-public information held by Underdog Exchange or any employee, Officers, Directors, agents, or any committee of Underdog Exchange gained through their employment by or service to Underdog Exchange will disclose to anyone such material, non-public information or trade for such Person's account, or for or on behalf of any other account, in any commodity interest on the basis of such material, nonpublic information.

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k. Regulatory Cooperation (Applies to DCM and DCO)

i. Underdog Exchange may enter into any information-sharing agreements or other arrangements or procedures, including an information-sharing agreement or other arrangement or procedure with any Person or body (including but not limited to a Regulatory Authority) if Underdog Exchange considers such agreement, arrangement, or procedures to be in furtherance of Underdog Exchange's purpose, duties, or obligations under these Rules or Applicable Law.

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ii. The Chief Executive Officer or their delegate is authorized to provide information to an exchange or clearing organization that is a party to an information sharing agreement with Underdog Exchange, in accordance with the terms and conditions of such agreement and applicable regulations.

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iii. All information received by Underdog Exchange with respect to any information sharing agreement, shall be held in confidence by Underdog Exchange and shall not be provided to any of its non-regulatory departments or divisions or any other Person (including to any Affiliate of Underdog Exchange), except as follows:

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1. to any governmental authority responsible for regulating financial instruments in the home jurisdiction of the authority requesting information under an information sharing agreement,
2. pursuant to an order of a court, Regulatory Authority, or other lawful process, or
3. as it may be necessary for conducting any investigation or disciplinary proceeding of Underdog Exchange.

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l. Technical Services Agreement with Eventus (Applies to DCM)

The DCM has contracted with Eventus for Validus SaaS software to provide certain technical services to Underdog Exchange DCM, Inc. pursuant to a technical services agreement (the "Technical Services Agreement"). In accordance with the Technical Services Agreement, Eventus may provide reporting services to perform certain surveillance, investigative, and regulatory functions under these Rules. Underdog Exchange DCM, Inc. may provide information to Eventus Validus SaaS software in connection with the performance by Eventus Validus SaaS software of those functions.

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m. Emergencies (Applies to DCM and DCO)

i. In the event of an Emergency, the Chief Executive Officer or any individual designated by the Chief Executive Officer may place into immediate effect a temporary Emergency Rule, which may remain in effect for up to 30 calendar days and which may provide for, or may authorize the Board of Directors or any committee thereof to undertake, actions necessary or appropriate to respond to the Emergency.

- ii. With respect to the DCM, including such actions as:
 - 1. suspending trading;
 - 2. limiting trading to liquidation only;
 - 3. requiring a reduction in positions, in whole or in part;
 - 4. extending or shortening the term or expiration time of any Instrument;
 - 5. modifying the Underlying provided in any relevant Contract Specifications;
 - 6. imposing or modifying position or Price Limits with respect to a particular Contract or Instrument;
 - 7. modifying of a Final Settlement Price;
 - 8. extending, limiting or changing the hours of trading;
 - 9. suspending or curtailing trading in any or all Contracts or Instruments or modifying circuit breakers; or
 - 10. modifying or suspending any provision of these Rules.
- iii. Any such action placed into effect in accordance with the preceding sentence shall be reviewed by the Board of Directors as soon as practicable under the circumstances and may be revoked, suspended, or modified by the Board of Directors.
- iv. Any Person who is authorized to take an action in response to an Emergency, may Order under the same procedures the removal of any restriction previously imposed upon a determination by such Person that the Emergency that gave rise to such restriction has sufficiently abated to permit Underdog Exchange to resume operations in an orderly manner.
- v. The Chief Regulatory Officer shall maintain documentation detailing the decision-making process with respect to, and the reasons for, any such action.
- vi. The Chief Regulatory Officer will make every effort practicable, and in no event more than 24 hours after any actions are placed into effect, to notify the CFTC's Director of the Division of Market Oversight, their delegate(s), and/or other Persons designated by the Commission's Regulations of any action taken or proposed to be taken.

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4. Participants

a. General (Applies to DCM and DCO)

- i. Only Participants of Underdog Exchange may have Trading Privileges, act as Authorized Traders, or receive incentive payments. No registered Futures Commission Merchant, registered Introducing Broker, or other intermediary may submit trades in Contracts for execution on behalf of its customers. For the avoidance of doubt, (1) registered Commodity Pool Operators or registered Commodity Trading Advisors, or Persons exempt from such registrations, shall not be precluded from exercising Trading Privileges under this Rule, and (2) ISVs are not considered intermediaries under this Rule.
- ii. No Person may exercise any privileges of being a Participant or an Authorized Trader unless such Person certifies that they have received, read, understood, and accepted this Rulebook and Underdog Exchange's Participant Agreement, including its Terms of Use and Privacy Policy, and have accepted Underdog Exchange's jurisdiction with respect to such Person's activities.
- iii. Participants do not obtain any equity or other interest in Underdog Exchange, including voting rights or rights to receive any dividends or other distributions, whether arising from a dissolution, merger, consolidation involving Underdog Exchange or otherwise.
- iv. Each Participant, or their Authorized Traders, receiving any proprietary information from Underdog Exchange is prohibited from redistributing such information unless expressly permitted by Underdog Exchange. Participants, including their Authorized Traders, are subject to the Participant Agreement they have entered into with Underdog Exchange, which establishes Underdog intellectual property rights in, among other things, its market and pricing data (referred to in this Rule as "Market Data"), and all derivative works based thereon. Participants and Authorized Traders agree not to distribute any Underdog Exchange Market Data, nor create derivative works based upon Market Data. Notwithstanding any restrictions in this Rule or in the Participant Agreement, Participants and Authorized Traders may use Underdog Market Data for the direct purpose of trading on Underdog Exchange for their own accounts, or those accounts they have discretion over as Authorized Traders. Under no circumstance shall Participants or Authorized Traders distribute, sell, or retransmit Market Data, in any form whatsoever, including that which incorporates Market Data in anonymized or aggregated data sets, to any third party, unless they have been granted express permission in writing from Underdog Exchange. Employees and agents of Underdog Exchange shall have access to the offices of any Participant and each of its Authorized Traders during regular business hours to audit the compliance by such Participant and its Authorized Traders with the immediately preceding sentence.

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- v. Participants with Trading Privileges may be subject to any limitations or restrictions from time to time imposed by Underdog Exchange. Trading Privileges are non-transferable, non-assignable and may not be sold or leased. For the avoidance of doubt, a Participant may appoint Persons to act as Authorized Traders on the Participant's behalf. Underdog Exchange shall have the right to establish more than one class of Participants subject to and in accordance with the applicable DCM Rules including restrictions on trading in specific Contracts or categories of Contracts.
- vi. Participants with Trading Privileges are eligible to hold long and/or short positions in Contracts only for Trading Accounts they Control and may act as their own Authorized Traders.
- vii. A Participant may request more than one Trading Account provided that the request provides an explanation of the reason therefore and includes instructions that long and short positions held in each account(s) shall not be offset with long or short positions in the Participant's other account(s). Underdog Exchange may grant such a request in its discretion.
- viii. Participants acting solely as Authorized Traders may access Underdog Exchange System with respect to the Accounts of one or more Participants pursuant to a power of attorney or other written instrument, which may include an electronic writing, in a form prescribed or approved by Underdog Exchange, providing such Authorized Trader with discretionary trading authority with respect to the Participant's Trading Account. Participants may at any time revoke an authorization granted by it to any Authorized Trader by informing Underdog Exchange by electronic mail.

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b. Participant Obligations and Consents (Applies to DCM and DCO)

- i. Each Participant must:
1. comply with Applicable Law, including these Rules, applicable provisions of the CEA, and relevant CFTC Regulations;
 2. cooperate promptly and fully with Underdog Exchange in any investigation, call for information, inquiry, audit, examination, or proceeding. Such cooperation shall include providing Underdog Exchange with access to information on the activities of such Participant in any referenced market that provides the Underlying prices for any Contract;
 3. provide identity information and documentation required in the Participant application, initially and upon further request, and update all information provided in its Participant application within seven days after that information has changed;

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4. cooperate with Underdog Exchange’s “Anti-Money Laundering Program”, “Know Your Customer Program”, and “Customer Identification Program” procedures as established and amended by Underdog Exchange from time to time, including providing any information or documentation reasonably requested to verify identity, source of funds, or compliance with Applicable Law;
5. notify Underdog Exchange by electronic mail within 24 hours upon becoming aware that the Participant:
- (i) has access or Trading Privileges suspended, or membership denied, in any commodity, securities, or swaps exchange, brokerage, association, or Regulatory Authority.
 - (ii) has been convicted of, pled guilty or no contest to, or entered a plea agreement to, any felony in any domestic, foreign, or military court.
 - (iii) has been convicted of, pled guilty or no contest to, or entered a plea agreement to a misdemeanor in any domestic, foreign, or military court which involves embezzlement, theft, extortion, fraud, fraudulent conversion, forgery, tax evasion, counterfeiting, false pretenses, bribery, gambling, racketeering, or misappropriation of funds, securities, or properties or any transaction in or advice concerning swaps, futures, options on futures, leveraged transactions or securities.
 - (iv) has become the subject of a bankruptcy petition, receivership proceeding, or the equivalent, or being unable to meet any financial obligation as it becomes due.
6. secure its username and password such that no unauthorized Person may access any secure portion of Underdog Exchange.
- ii. Upon receipt of such notice identified in Rule 4.b.5 above, Underdog Exchange will, as soon as reasonably practicable, (a) review the continuing eligibility of the clearing member for clearing membership in the DCO; and (b) take any appropriate action, in its discretion, with respect to such clearing member or its positions, including but not limited to liquidation or transfer of positions, suspension, or revocation of clearing membership in the DCO.
- iii. Each Participant shall trade on their own behalf unless they have formally designated and received Underdog approval for one or more natural Persons as Authorized Traders for each of their Accounts and is nonetheless responsible for all costs or losses incurred in its Account for Orders placed on Underdog Exchange System by any Person using the

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Participant's username and password, whether Orders were authorized or not by the Participant. Each Authorized Trader with discretionary trading authority with respect to the Participant's Account (i) must be a natural Person and (ii) must satisfy any other requirements as may be prescribed by Underdog Exchange from time to time. Each Authorized Trader must consent, in a form satisfactory to Underdog Exchange, to abide by the Rules and Applicable Law prior to accessing the Underdog Exchange System, and each Participant will ensure on an ongoing basis that (i) none of its Authorized Traders is subject to a disqualification pursuant to any Applicable Law (unless an appropriate exemption has been obtained with respect thereto), (ii) each of its Authorized Traders will be technically proficient, (iii) each of its Authorized Traders will conduct its business in a fair and equitable manner, and (iv) each of its Authorized Traders will conduct its business in accordance with the Rules.

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- iv. Each Participant consents to allow Underdog Exchange to provide all information it has about the Participant to its Derivatives Clearing Organization and Settlement Bank, as well as any Regulatory Authority, law enforcement authority, or judicial tribunal, including (as may be required by information sharing agreements or other contractual, regulatory, or legal provisions) foreign regulatory or self-regulatory bodies, law enforcement authorities, or judicial tribunals without notice to the Participant.

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- v. Each Participant consents to allow Underdog Exchange to maintain logs of IP addresses and other information for security, audit, and regulatory purposes. All Participant communications with Underdog Exchange, including keystrokes entered by the Participant on Underdog Exchange, emails and telephone calls, may be recorded without further notice, and such recordings may be provided to regulatory authorities (subject to and in compliance with Applicable Laws) and used as evidence in the event of any dispute. Such recordings will be and remain the sole property of Underdog Exchange and will, in the absence of manifest error, be accepted by the Participant as evidence of the communications so recorded. The period of retention of such recordings shall be as required by Applicable Law or any such longer period as may be determined by Underdog Exchange in its sole discretion. Further, such recordings may be used for Underdog Exchange's own purposes (including, without limitation, for purposes of monitoring levels of activities in categories of transactions) and not for the Participant's benefit.

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- vi. If any Participant fails to satisfy these obligations, Underdog Exchange may revoke or suspend the Participant's privileges in full or in part or bring a disciplinary action that may result in fines or be subject to civil or criminal prosecution.

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vii. Each Participant must maintain appropriate records of its trading, including records of activity, if any, in the underlying commodity and related derivatives markets; for avoidance of doubt, Underdog Exchange may provide (but is not obligated to provide) these records to a Participant upon request by such Participant. Upon request by Underdog Exchange, each Participant agrees to furnish these records and such information concerning the Participant's business that is subject to the Rules of the DCM as the DCM deems necessary to enable the DCM to perform its obligations under Applicable Law, including information relating to (i) contracts executed on the DCM and in related derivatives markets, including in the products underlying those contracts, and (ii) information requested by a government authority relating to the DCM's business as a DCM or DCO and/or the DCM's compliance with Applicable Law that the DCM believes is maintained by, or otherwise in the possession of, a Participant.

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viii. Each Participant shall provide to Underdog Exchange, in a timely manner, information that concerns any financial or business developments that may materially affect the Participants' ability to continue to comply with participation requirements under this section.

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c. Eligibility (Applies to DCM and DCO)

i. Each applicant to become a Participant must:

1. be at least 18 years of age and has attained the age of majority in the individual's place of residence, if a natural Person or, if an Entity, be duly organized and in good standing in its jurisdiction of organization and have the legal authority and be duly authorized and empowered to become a Participant and to effect transactions on Underdog Exchange;
2. not be subject to a statutory disqualification under Sections 8a(2) or 8a(3) of the CEA;
3. satisfy such financial criteria as may be prescribed by Underdog Exchange from time to time;
4. provide a mechanism that is acceptable for transferring funds to and receiving funds from the applicant's Participant Clearing Accounts;
5. demonstrate sufficient technical and operational capabilities to fulfill any other obligations applicable to Participants or their Authorized Traders as may from time to time be required by Underdog Exchange;

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6. satisfy all requirements generally applicable to Participants and Authorized Traders under these Rules and any applicable Contract Specifications and such other requirements or criteria as may from time to time be adopted by Underdog Exchange.

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d. Application

- i. Each application to become a Participant shall be in such form as may from time to time be prescribed by Underdog Exchange. Each applicant to become a Participant shall promptly update the application materials if any of the information provided therein becomes inaccurate or incomplete. Underdog Exchange shall act upon, and approve or disapprove, any such application without unreasonable delay. Each applicant to become a Participant shall provide:
1. the applicant's true name and address;
 2. the applicant's date of birth;
 3. payment to Underdog Exchange an application fee as may be prescribed by Underdog Exchange;
 4. express consent to the jurisdiction of Underdog Exchange in electronic form to comply with and be bound by the Rules of Underdog Exchange and Applicable Law, including, but not limited to, Rules requiring cooperation and participation investigatory and disciplinary processes;
 5. acceptance of the disclosure document statement that explains to each applicant various risks associated with trading, and
 6. certification that the applicant has read, understands and accepts the Underdog Exchange Rulebook and Underdog Exchange's Participant Agreement, including its Terms of Use and Privacy Policy.
 7. Any additional information required to verify the applicant's identity.
- ii. Applicants may withdraw their applications at any time without prejudice or without losing their right to reapply.
- iii. Upon Underdog Exchange's approval of an applicant's Participant application, the applicant shall become a Participant and obtain Trading Privileges.

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e. Approval (Applies to DCM and DCO)

- i. Underdog Exchange will consider each application in a fair and nondiscriminatory manner that is not anti-competitive. Deleted: Aristotle
- ii. In considering any applicant for status as a Participant Underdog Exchange may request additional information or employ such other means that it deems desirable or appropriate, including but not limited to conducting a background check, to ascertain relevant facts bearing on the applicant's qualifications. Deleted: Aristotle
- iii. Underdog Exchange may in its sole discretion deny or condition any Participant application: Deleted: Aristotle
 - 1. If the application fails to demonstrate a capacity to adhere to all applicable Rules of Underdog Exchange or Applicable Law, including, to the extent applicable, those concerning record-keeping, reporting, finance, and trading procedures; Deleted: Aristotle
 - 2. if such Person would bring Underdog Exchange into disrepute; or Deleted: Aristotle
 - 3. for such other causes as Underdog Exchange in its discretion may determine from time to time. Deleted: Aristotle
- iv. If Underdog Exchange approves a Participant application, any such Approval is contingent upon the Participant: Deleted: Aristotle
 - 1. Selecting a unique Participant identification.
 - 2. Providing a password of sufficient complexity, as defined by Underdog Exchange from time to time. Deleted: Aristotle
 - 3. Maintaining, by deposit or incentive program participation, a Participant Clearing Account balance that is greater than zero.
 - 4. Maintaining all information required by the Clearinghouse to transfer funds to and from the Participant's Clearing Account.
- v. If Underdog Exchange declines or conditions a Participant application, then Underdog Exchange shall notify such Person by electronic mail sent to the address provided by the Person in the application specifying the basis for the decision. Deleted: Aristotle
 - 1. Such Person may, within 28 calendar days, petition Underdog Exchange by electronic mail to reconsider the determination. The petition should describe in detail the reasons why the Participant application should be granted. Deleted: Aristotle
 - 2. Within 28 calendar days of receiving a request for reconsideration, Underdog Exchange shall confirm, reverse, or modify the denial or Deleted: Aristotle

condition, and shall promptly notify such Person accordingly in writing.

3. Underdog Exchange may, in its sole discretion, schedule a hearing (in person or by electronic means) or request additional information from such Person during the request for reconsideration.
4. Underdog Exchange's decision is the final action of Underdog Exchange and is not subject to appeal.
5. Such Person may re-apply after six months.
6. All decisions taken by Underdog Exchange to decline a Participant application shall be documented in accordance with the appropriate books and records policy as outlined in Rule 8(z).

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f. Voluntary and Involuntary Termination of Participant Status (Applies to DCM and DCO)

- i. Each Participant may voluntarily withdraw their Participant status with Underdog Exchange at any time. Any disciplinary matter pending at the time of withdrawal shall not be terminated as a consequence of such withdrawal.
- ii. Underdog Exchange may, in its sole discretion and without advance notice, suspend, revoke, limit, condition, restrict, or qualify the privileges of any Participant as it deems necessary or appropriate if the Participant or any of its Authorized Traders violate the Participant Agreement, any other agreement with or Rule of Underdog Exchange. If such action is taken, then Underdog Exchange shall notify such Participant by electronic mail the basis for the decision. Any such action may be appealed in accordance with the procedures under the provisions of Rule 8, provided, however, that such sanction shall continue in effect during the appeal.
- iii. Any terminated Participant shall remain bound by the Rules of Underdog Exchange and Applicable Law, in each case to the extent applicable to it, and subject to the jurisdiction of Underdog Exchange with respect to any and all matters arising from, related to, or in connection with, the status, actions or omissions of such Participant and its Authorized Traders prior to such revocation or termination.

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g. Participant Communications (Applies to DCM and DCO)

- i. Participants must provide Underdog Exchange with their current electronic mail address and notify Underdog Exchange of any changes thereto within 24 hours.

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- ii. Each Participant will be responsible for promptly reviewing and, as applicable, responding to all electronic communications from Underdog Exchange.
- iii. Participants are responsible for reviewing the “Notices to Participants” section of the Underdog Exchange website on a regular basis. Underdog Exchange may, where necessary for regulatory purposes, share such data or information with one or more DCMs or swap execution facilities registered with the Commission.
- iv. Participants will receive electronic mail directly from Underdog Exchange with respect to any enforcement or disciplinary matter or whenever required by CFTC Rule, regulation, or order, or as otherwise required by these Rules. Underdog Exchange in its sole discretion may also send non-routine notices determined by Underdog Exchange to be important, directly to all Participants to which such notice applies.
- v. All routine communications from Underdog Exchange to specific Participants shall be available to such Participant electronically via the trading interface or on the Underdog Exchange website as provided in the Participant Agreement. For the avoidance of doubt, such routine, Participant-specific communications include, but are not limited to, confirmation of trades, contract settlements, assessed fees, or incentive payments.
- vi. Underdog Exchange will post all communications of general applicability in the “Notices to Participants” section of Underdog Exchange website. For the avoidance of doubt, these include, but are not limited to, each addition, modification, or clarification, of the Rules of Underdog Exchange or of the Contract Specifications. Except for emergency actions of Underdog Exchange (“Emergency Actions”), these shall be posted no later than the Commission’s self-certification filing requirements as set forth in Commission Regulation §40.6(a), so that each Participant may become aware of and implement any necessary preparatory measures to be taken with respect to any such addition, modification, or clarification prior to its effective date.
- vii. Underdog Exchange may record conversations and retain copies of electronic communications with Participants. Any such recordings may be retained by Underdog Exchange in such manner and for such periods of time as Underdog Exchange may deem necessary or appropriate but in no event less than the retention periods necessary to comply with Commission Rule §1.31.
- viii. Underdog Exchange may 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

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obligations, although Underdog Exchange may use such data or information for business or marketing purposes if the Person from whom it collects or receives such data clearly consents to Underdog Exchange using the data or information in such manner. Underdog Exchange may not condition access to its trading facility based on a Participant's consent to the use of proprietary data or personal information for business or marketing purposes. Nothing in this Rule shall preclude Underdog Exchange from disclosing proprietary data and personal information:

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1. As required by Applicable Law or legal process;
2. As Underdog Exchange may deem necessary or appropriate in connection with any litigation affecting Underdog Exchange;
3. To any Underdog Exchange representative authorized to receive such information within the scope of his or her duties;
4. To a third party performing regulatory or operational services for Underdog Exchange, provided that such party has executed a confidentiality and non-disclosure agreement in a form approved by Underdog Exchange;
5. To a duly authorized representative of the CFTC lawfully requesting Proprietary Data and Personal Information;
6. In a manner in which a Participant consents to such disclosure;
7. Pursuant to the terms of an information-sharing agreement; or
8. As permitted by CFTC Regulations.

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h. Public Communications (Applies to DCM and DCO)

- i. The following shall be published on the Underdog Exchange website:
 1. Complete and current copies of the Rules of Underdog Exchange and Contract Specifications including terms and conditions for available Contracts.
 2. Daily settlement prices, Final Settlement Prices, volume, open interest, and opening and closing ranges for actively traded Contracts once daily consistent with CFTC Regulation §16.02.
 3. Notices to Participants with respect to each addition to, modification of, or clarification of the Rules, fees, including Contract Specifications for new Contracts, except that if confidential treatment is sought with respect to any information, only the public version of such filing shall be disclosed.

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4. Additional reports from time to time in accordance with, and as specified in, these Rules or applicable Contract Specifications.
 5. Any other information that is relevant to participation in the clearing and settlement activities of the Derivatives Clearing Organization.
- ii. The location on the Underdog Exchange website designated for public communications shall be clearly labeled on Underdog Exchange home page and readily available to the general public in a timely manner. All communications to be posted will be approved by the Chief Compliance Officer .

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i. Limitation on Trading by Affiliates

- i. Underdog Exchange, pursuant to approval by the Board, permits an Affiliate to participate on the Underdog Exchange platform, subject to the following provisions:

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1. The Affiliate is a Participant of Underdog Exchange System.
2. Underdog Exchange has ensured the Affiliate does not have access to Underdog Exchange's material non-public information, and Underdog Exchange ensures the Affiliate's access to information is limited to public information available to all Participants. (The provision of information to common Directors of Underdog Exchange, any Affiliate or the holding company shall not constitute a violation of this proscription.) Underdog Exchange ensures the Affiliate maintains operational independence from Underdog Exchange. Operational independence means that the Affiliate member must:
 - (i) Have and maintain operations, including servers, databases, accounts, tools, software, and development tooling, separate from Underdog Exchange;
 - (ii) Have no access to Underdog Exchange's operations;
 - (iii) Be subject to all of the Rules in this Rulebook, including the Rules regarding Participants (see Rule 4);
 - (iv) Have access to the Underdog Exchange System limited to that set forth in the Rules in this Rulebook (see Rule 4);
 - (v) Not have access to material non-public information, including but not limited to information regarding Order flow, trading, settlement, contracts, and compliance; and

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- (vi) Have and maintain physical separation from Underdog Exchange.
- 3. All capital Underlying trading by an Affiliate will not originate from sources of Underdog Exchange.
- 4. Any algorithms employed by any Affiliate(s) must not be readily exploitable (e.g., be not readily subject to manipulation, hacking)
- 5. Affiliate Entities trading on the Underdog Exchange System as Participants may have multiple purposes, and there may be multiple Affiliate Entities trading as Participants on the Underdog Exchange System.
 - (i) The Affiliate participates on the Underdog Exchange System and provides liquidity to the Underdog Exchange System by placing Orders on either (or both) sides of a market at competitive price levels. The Affiliate's trading activity includes aggressing and/or passive trading. The Affiliate's business purpose is profitability, and liquidity provision is a significant part of its business model. The Affiliate's capitalization derives from the holding company that owns the Underdog Exchange and Entity, and one or more employees of Underdog Exchange serve on the Board, the Affiliate, and the holding company that owns both.
 - (ii) The Affiliate has no obligation to trade all or even any contracts at any time, and other Participants should not rely on the potential presence of the Affiliate to make markets or otherwise augment or provide liquidity in any contract.
 - (iii) If additional Affiliates of Underdog Exchange commence trading on the Underdog Exchange platform , or if the information about the trading activities of the Affiliate changes materially, Underdog Exchange has put in place necessary controls to ensure that it updates this Rulebook and notifies the marketplace promptly to disclose any Affiliate's purpose in trading on the Underdog Exchange platform , and provides a summary of the procedures in place to manage and disclose actual or potential conflicts of interest and effects on trading to ensure market integrity and fairness are preserved.

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5. Trading

a. Contracts (Applies to DCM)

i. Underdog Exchange may list such Contracts for trading as it determines in its discretion, the Contract Specifications for which are as established within Rule 11.

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ii. Such specifications for each Contract will establish and govern such procedures and requirements as necessary, including but not limited to the Underlying, Trading Day, Trading Hours, First Listing Day, Last Trading Day, Minimum Price Increment, Price Limit(s), Final Settlement, Position Limits, position accountability levels (as described in Rule 5(g)), and margin requirements.

iii. Participants may not modify Contract Specifications in any respect.

iv. If any event or any circumstance which may have a material impact on the reliability or transparency of a Contract's Underlying related to the Contract arises, Underdog Exchange retains the authority to designate a new Underlying for that Contract and to change any associated Contract Specifications or Rules after the first day of trading. That new Underlying must be objective and verifiable. Underdog Exchange will announce any such decision on its website.

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v. Prior to Settlement of any contract, Underdog Exchange may, at its sole discretion, initiate a review of the contract or market outcome. Such review will be conducted by the Settlement Committee and consider any activities or events that materially impact the reliability or transparency of the market or contract. If such review will significantly delay the settlement of any contract, Underdog Exchange will post to the Notices to Participants section of Underdog Exchange information regarding the review. Underdog Exchange, through the review process, will have full discretion to resolve the market or contract outcome and shall be considered final.

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b. Trading Privileges (Applies to DCM and DCO as defined below)

i. Financial Requirements (Applies to DCM and DCO)

1. Participants are required to have sufficient funds on deposit with the Clearinghouse such that any executed Orders will be accepted by the Clearinghouse.

2. To facilitate compliance with this Rule, Underdog Exchange, in its sole discretion and from its own funds, may advance funds for immediate use to a Participant's Clearing Account provided that:

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(i) Such advance is administrative in nature due to the normal course of timing of banking transactions and is not a loan.

- (ii) Such Participant has Trading Privileges and submitted a bona-fide funds deposit request (the “Funds Deposit Request”).
- (iii) Such Funds Deposit Request is being processed in the normal course of banking transactions by the Clearinghouse.
- (iv) Such advanced amount shall not exceed the lesser of the Funds Deposit Request or U.S.D. \$1,000.00 and shall be available for no more than five Business Days or such additional time that Underdog Exchange, in its sole discretion, shall allow.

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- 3. Participants who fail to meet the financial requirements of this Rule, including any failure to timely repay advanced funds, shall be subject to suspension of Trading Privileges and liquidation of their accounts without notice and shall be subject to further disciplinary processes pursuant to Rule 8.

ii. Market Access (Applies to DCM and DCO)

Underdog Exchange System is accessed by Participants and their Authorized Traders electronically through one or more of the following connection methods. Accordingly, Participants and their Authorized Traders will have market access to submit Orders, deposit or withdraw funds, receive trade confirmations, and view open positions, account balances, and fees paid, through one or more of these interfaces.

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- 1. *Exchange Graphic User Interface:* Underdog Exchange may provide a graphic user interface that is managed by Underdog Exchange and its personnel via web browser, mobile device, desktop application, or other means. During the Participant application process, an applicant, to become a Participant, will be required to register a user identification (“**User ID**”) and password. The Participant will be required to enter the User ID and password to log onto and access secure portions of the website, including the Underdog Exchange System. Each time the Participant submits its unique User ID and password to Underdog Exchange in order to log onto the Underdog Exchange System, the Participant affirms that it understands, and agrees to be bound by, these Rules and other policies and procedures of Underdog Exchange, as amended.
- 2. *Exchange Programming Interface:* Underdog Exchange may provide an application programming interface that is managed by Underdog Exchange to Independent Software Vendors. To access the Underdog Exchange System, each ISV must execute such agreements as Underdog Exchange requires from time to time and

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meet objective minimum standards as Underdog Exchange in its discretion shall determine, including, but not limited to, financial minimums, functional usability, technical competency, and client support.

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3. *Independent Software Vendor Interface:* ISVs may provide a graphic user interface that is managed by the ISV and its personnel via web browser, mobile device, desktop application, or other means as permitted by Underdog Exchange. Participants choosing to use such interfaces may be subject to fees, agreements, service levels, and restrictions in addition to those of Underdog Exchange. Orders placed via an ISV interface are not valid until received and acknowledged by Underdog Exchange System and Participants (and not Underdog Exchange) are solely responsible for all errors, omissions, or failures of the ISV system or consequential trading errors when using an ISV interface. For the avoidance of doubt, Affiliates of Underdog Exchange are permitted to connect to the Underdog Exchange System as ISVs, *provided* that any such Affiliate is found, by action of the Board of Directors to have access on terms and conditions that are not preferential relative to other ISVs and do not provide the Affiliate with any advantages or benefits not available to other ISVs, and that such Affiliate has represented that it does not utilize any systems or features that are not available to other ISVs.

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4. *Participant Application Programming Interface:* Underdog Exchange may provide an application programming interface that is managed by Underdog Exchange to Participants. To use such an interface, Participants must execute such agreements as Underdog Exchange requires from time to time and meet objective minimum standards as Underdog Exchange in its discretion shall determine including, but not limited to, financial minimums, volume minimums, technical competency, and capacity restrictions. The Participant authorizes Underdog Exchange to rely upon any instruction received through use of its User IDs without further inquiry, and Underdog Exchange shall not be liable to the Participant for any actions taken based on instructions received through such User IDs, even if such instructions were not authorized by the Participant. The Participant will be liable for any and all costs, expenses, losses or other amounts that may result from actions taken, including transactions executed on Underdog Exchange, by any Person, authorized or not, using its User ID and password or the ID and/or password of any Authorized Trader. Underdog Exchange will not be responsible in any way for unauthorized transactions in a Participant's Account.

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iii. Limitations on Market Access (Applies to DCM and DCO except Item 3 below applies to DCM only)

1. Market Access will be suspended during periods that Underdog Exchange schedules for routine maintenance of Underdog Exchange System and during any announced periods of non-routine maintenance. If trading is suspended either for routine or non-routine maintenance, notice will be given to Participants as promptly as practicable by the posting of a “Notice to Participants” on Underdog Exchange’s website.
2. Notwithstanding anything in these Rules to the contrary, Underdog Exchange, in its sole discretion, may summarily limit, condition, restrict, qualify, or deny access to Underdog Exchange System, including limiting the rate of messages accepted by Underdog Exchange System from any or all Participant(s). Underdog Exchange implements throttling of activity on the Underdog website, which includes trade messages. Participants who submit Orders or any other messages directly to Underdog Exchange must implement sufficient controls. These controls should prevent excessive messaging or other activities that could be considered detrimental or disruptive to the market or Underdog Exchange.
3. Rules governing denials, suspension and revocations of a member’s and a Person with Trading Privileges’ access privileges to the DCM, including when such actions are part of a disciplinary or Emergency Action by the DCM shall be enforced impartially.

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iv. Impartial access by members, Persons with Trading Privileges and Independent Software Vendors (Applies to DCM)

1. Underdog Exchange will provide its members, Persons with Trading Privileges, and Independent Software Vendors with impartial access to its markets and services, including: (1) Access criteria that are impartial, transparent, and applied in a non-discriminatory manner; and (2) Comparable fee structures for members, Persons with Trading Privileges and Independent Software Vendors receiving equal access to, or services from, the DCM.

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c. Orders (Applies to DCM)

i. Order Entry

1. The Authorized Traders of each Participant shall enter Orders via secure electronic transmission directly or indirectly to Underdog Exchange System by providing all information required by such system.

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2. Upon receipt of such Orders by Underdog Exchange System, Underdog Exchange shall maintain an electronic record of such Orders.
3. Each Participant shall be responsible for all Orders placed for their Trading Account(s), whether authorized or unauthorized by the Participant.
4. Participants who are not individuals shall maintain audit trail information for a minimum of five years and have the ability to produce audit trail data in a standard format upon request of the DCM.

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ii. Permitted Order Types

1. Except as provided in Rule 5(c)(iii), all Orders must be entered and executed on the Underdog Exchange System and through the central limit Order book.
2. Limit Orders, such that the Order specifies a purchase or sale of a Contract at a specified price or better: a Limit Order will be executed when entered to the extent that there are opposite Orders open in Underdog Exchange System, with any balance to remain as an open Order until it is executed or is cancelled.
3. Marketable Limit Orders, such that the Order specifies a purchase or sale a Contract at the best bid or best offer in Underdog Exchange System at the time it is received by Underdog Exchange System: a Marketable Limit Order will be executed when entered to the extent that there are opposite Orders open in Underdog Exchange System, with any balance cancelled.
4. Cancellation Orders, such that an Order already in Underdog Exchange System is removed from the system and is no longer available to be matched: Cancellation will become effective only upon the issuance of an acknowledgement by Underdog Exchange System. An Order may be cancelled unless it has been executed or has otherwise expired.
5. Fill or Kill Orders such that the Order specifies a purchase or sale of a Contract at a specified price and quantity, and is filled only when its entire quantity is matched with an opposing Order, otherwise cancelled immediately.
6. Request for Quote - A Participant (referred to for the purpose of this Rule as the "Requester") may use Underdog Exchange's pre-execution communications system to create a one-sided Request for Quote ("RFQ") message to express interest in a market for

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Order quantities greater than the RFQ size threshold specified within a Contract's specifications. This message must contain the following information, which is public to all other Participants

- (i) The market in which the Requester desires a quote;
- (ii) The size of quote desired by the Requester, measured in number of contracts or in total cost;
- (iii) A unique ID code, pseudonymously identifying the Requester. This code will remain consistent for a single Participant across different RFQs (e.g., PARTICIPANT A9BCD), but contains no information that would reveal the identity of the Participant. Participants may opt to hide this ID code until Order execution in step (iv) below;
- (iv) All Participants (referred to for the purpose of this Rule as the "Quoter") may choose to respond to the RFQ with a structured response ("Quote"). This Quote must contain the price that the Quoter is willing to offer to buy or the price that the Quoter is willing to sell the contract, and contain a unique ID code, as described in the paragraph above, that identifies the Quoter. This Quote is private and visible only to the Requester. For a fully collateralized contract, a Quoter may only respond with a Quote that the Quoter has sufficient collateral to match at the specified price and quantity and full execution would not result in any Position Limit violations;
- (v) A Requester may choose to accept Quote, provided that (i) in the case of a fully collateralized contract, the Requester has sufficient collateral to match at the specified price and quantity and (ii) full execution would not result in any position limit violations. A Requestor may only accept the Quote for an amount less than or equal to its full size. Upon acceptance, a message specifying the accepted side of the Quote and the number of contracts accepted will be sent back to the Quoter, who will have ten (10) seconds to confirm that the Quoter wishes to proceed. If the Quote is not confirmed by the Quoter within these ten (10) seconds, the Quote will be treated as void. In the event that multiple Quotes are sent in response to the RFQ, the Requester will only be able to accept the Quote with the best price. Quotes may also be rejected by the Requester;
- (vi) When all or a portion of a Quote for the Contract is accepted by the Requester and confirmed by the Quoter, the

DCM creates an order book for the Quote for the Contract that is accepted, which is made available to all Participants, in the central limit Order book. The Quote for the Contract that is accepted by the Requester rests in the central limit Order book for a period of five (5) seconds (or another period of time as set forth in these Rules) before the Contract is executed, provided that the Requester's order shall execute in its entirety at the accepted price or better and shall not be displaced; any Order resting at a price equal to or better than the accepted price at the time the accepted Quote is entered shall have priority over the Quoter's order pursuant to the priority of Orders rules set forth in Rule 5(d), and thereafter the Quoter's order may be displaced during such period only by an Order that improves the accepted price;

- (vii) A party to pre-execution communications shall not disclose the details of such communication to any Person who is not a party to the communications;
- (viii) A party to private pre-execution communications shall not enter, modify, or cancel Orders on any market to take advantage of information conveyed during such communications, except in accordance with this Rule
- (ix) Participants may only create a Quote and/or a RFQ for the purpose of executing bona fide Transactions; and
- (x) Underdog Exchange may identify certain markets to be High Volatility Markets ("HVM"). In an HVM, upon Quote acceptance, a Quoter will have three (3) seconds to confirm that it wishes to proceed, rather than the usual ten (10) seconds. After a Quote is confirmed in an HVM, the accepted Quote will rest in the central limit Order book for one (2) seconds before execution, rather than the usual five (5) seconds. Underdog Exchange will indicate if a market is considered to be HVM through its website.

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iii. Exceptions

1. Except as provided in this Rule 5(c)(iii) no Participant or their Authorized Traders may enter a pre-discussed, pre-arranged, pre-negotiated, or non-competitive transaction into Underdog Exchange System. Pre-execution communications conducted pursuant to the Request for Quote order type are permitted and shall not constitute a violation of this paragraph.

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d. Order Matching Priority (Applies to DCM)

- i. An Order at a better price will always have priority over Orders at inferior prices, where such Orders are eligible to match pursuant to order type quantity requirements.
- ii. Among Orders at the same price that are eligible to match pursuant to order type quantity requirements, priority will be given to the Order that was first received by the DCM.
- iii. Cancelled Orders that are replaced by new Orders with identical Contract Instrument parameters lose their time priority.

e. Errors (Applies to DCM except where noted below)

- i. Notification

If a Participant or Authorized Trader believes that an Order was incorrectly rejected or executed by Underdog Exchange System, then such Participant or Authorized Trader may request review of the Order by:

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- 1. Notifying DCM within 10 minutes by email to the email address provided on DCM's website;
- 2. Providing the confirmation number or other unique identifying characteristics for the Order;
- 3. Stating the grounds for the disagreement;
- 4. Stating the outcome or system behavior that was expected; and
- 5. Providing any other information that the Participant or Authorized Trader believes is pertinent to their claim.

- ii. Review

- 1. Upon receipt of an error notification, DCM will review its electronic audit trail to determine, in its sole discretion, if the Underdog Exchange System incorrectly rejected or processed the Order:
 - (i) On the same Business Day if the request was received prior to 12:00 Noon Eastern Standard Time on a Business Day.
 - (ii) By the end of the following Business Day if such request was received after 12:00 Noon Eastern Standard Time on a Business Day or on any day that is not a Business Day.

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2. The determination of DCM in its absolute and sole discretion is final.

3. If the review reveals that the Order was correctly processed by the Underdog Exchange System, then DCM in its sole discretion may resolve the Participant's review request as follows:

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- (i) If the system behavior should have reasonably been anticipated or is due to any fault of the Participant or the Authorized Trader, make no adjustments.
- (ii) If the system behavior could not reasonably be anticipated or is due to no fault by the Participant or the Authorized Trader, DCM in its sole and absolute discretion may make a monetary adjustment from its own funds, that DCM in its sole and absolute discretion believes represents a fair and equitable resolution of the Order's handling.
- (iii) No adjustments to another Participants' positions shall be undertaken.

4. If the review reveals that the Order was incorrectly handled, then DCM in its sole and absolute discretion may resolve the Participant's error by:

- (i) cancelling such trade in the Participant Trading Accounts of all directly affected Participants; or
- (ii) making a monetary adjustment, which in the sole and absolute discretion of Underdog Exchange and from its own funds, that Underdog Exchange in its sole and absolute discretion believes represents a fair and equitable resolution of the Order's handling.

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iii. Limitation of Liability (Applies to DCM and DCO)

1. EXCEPT AS OTHERWISE PROVIDED IN THESE RULES, AND EXCEPT IN INSTANCES WHERE THERE HAS BEEN A FINDING OF WILLFUL MISCONDUCT OR GROSS NEGLIGENCE, IN WHICH CASE THE PARTY FOUND TO HAVE ENGAGED IN SUCH CONDUCT CANNOT AVAIL ITSELF OF THE PROTECTIONS IN THIS RULE, NEITHER UNDERDOG EXCHANGE (INCLUDING ITS AFFILIATES AND ANY CONTRACTORS AND SUB-CONTRACTORS PROVIDING SERVICES TO UNDERDOG EXCHANGE) NOR ANY OF THEIR RESPECTIVE DIRECTORS, OFFICERS, EMPLOYEES, OR AGENTS SHALL BE LIABLE TO ANY OTHER PERSON, INCLUDING ANY PARTICIPANT OR

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PERSON ASSOCIATED WITH A PARTICIPANT (INCLUDING ANY AUTHORIZED TRADER), FOR ANY LOSSES, DAMAGES, COSTS, OR EXPENSES (INCLUDING LOSS OF PROFITS, LOSS OF USE, DIRECT, INDIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES), ARISING FROM (A) ANY FAILURE OR MALFUNCTION, INCLUDING ANY INABILITY TO ENTER OR CANCEL ORDERS, OF THE UNDERDOG EXCHANGE SYSTEM OR ANY UNDERDOG EXCHANGE SERVICES OR FACILITIES USED TO SUPPORT THE UNDERDOG EXCHANGE SYSTEM, OR (B) ANY FAULT IN DELIVERY, DELAY, OMISSION, SUSPENSION, INACCURACY OR TERMINATION, OR ANY OTHER CAUSE, IN CONNECTION WITH THE FURNISHING, PERFORMANCE, MAINTENANCE, USE OF OR INABILITY TO USE ALL OR ANY PART OF UNDERDOG EXCHANGE SYSTEM OR ANY UNDERDOG EXCHANGE SERVICES OR FACILITIES USED TO SUPPORT THE UNDERDOG EXCHANGE SYSTEM. THE FOREGOING SHALL APPLY REGARDLESS OF WHETHER A CLAIM ARISES IN CONTRACT, TORT, NEGLIGENCE, STRICT LIABILITY, OR OTHERWISE.

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2. THERE ARE NO EXPRESS OR IMPLIED WARRANTIES OR REPRESENTATIONS PROVIDED BY UNDERDOG EXCHANGE (INCLUDING ITS AFFILIATES AND ANY CONTRACTORS AND SUBCONTRACTORS PROVIDING SERVICES TO UNDERDOG EXCHANGE), RELATING TO THE UNDERDOG EXCHANGE SYSTEM OR ANY UNDERDOG EXCHANGE SERVICES OR FACILITIES USED TO SUPPORT THE UNDERDOG EXCHANGE SYSTEM, INCLUDING WARRANTIES OF MERCHANTABILITY AND WARRANTIES OF FITNESS FOR A PARTICULAR PURPOSE OR USE. THE SERVICES OF UNDERDOG EXCHANGE ARE BEING PROVIDED ON AN "AS IS" BASIS AT THE SOLE RISK OF THE PARTICIPANT AND ANY PERSON ASSOCIATED WITH THE PARTICIPANT (INCLUDING ANY AUTHORIZED TRADER). NEITHER UNDERDOG EXCHANGE (INCLUDING ITS AFFILIATES AND ANY CONTRACTORS AND SUBCONTRACTORS PROVIDING SERVICES TO UNDERDOG EXCHANGE) NOR ANY OF THEIR RESPECTIVE DIRECTORS, OFFICERS, EMPLOYEES, OR AGENTS MAKE ANY WARRANTY WITH RESPECT TO, AND NO SUCH PARTY SHALL HAVE ANY LIABILITY TO ANY PARTICIPANT OR ANY PERSON ASSOCIATED WITH A PARTICIPANT (INCLUDING ANY AUTHORIZED TRADER) FOR, THE ACCURACY, TIMELINESS, COMPLETENESS, RELIABILITY, PERFORMANCE, OR

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CONTINUED AVAILABILITY OF THE UNDERDOG EXCHANGE SYSTEM OR UNDERDOG EXCHANGE, DELAYS, OMISSIONS OR INTERRUPTIONS IN UNDERDOG EXCHANGE SERVICES, OR THE CREDITWORTHINESS OF ANY OTHER PARTICIPANT OR ANY PERSON ASSOCIATED WITH A PARTICIPANT (INCLUDING ANY AUTHORIZED TRADER). UNDERDOG EXCHANGE SHALL HAVE NO DUTY OR OBLIGATION TO VERIFY ANY INFORMATION DISPLAYED ON THE UNDERDOG EXCHANGE SYSTEM OR OTHERWISE. EACH PARTICIPANT AND EACH PERSON ASSOCIATED WITH A PARTICIPANT (INCLUDING ANY AUTHORIZED TRADER) ACKNOWLEDGES AND AGREES THAT UNDERDOG EXCHANGE (INCLUDING ITS AFFILIATES AND ANY CONTRACTORS AND SUBCONTRACTORS PROVIDING SERVICES TO UNDERDOG EXCHANGE) DOES NOT AND SHALL NOT SERVE AS THE PRIMARY BASIS FOR ANY DECISIONS MADE BY SUCH PARTICIPANT OR PERSON ASSOCIATED WITH A PARTICIPANT (INCLUDING ANY AUTHORIZED TRADER), AS THE CASE MAY BE, AND IS NOT AN ADVISOR OR FIDUCIARY OF SUCH PARTICIPANT OR PERSON ASSOCIATED WITH A PARTICIPANT (INCLUDING ANY AUTHORIZED TRADER), AS THE CASE MAY BE.

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3. EXCEPT AS OTHERWISE PROVIDED IN THESE RULES, ANY LIABILITY OF UNDERDOG EXCHANGE WILL BE LIMITED TO DIRECT, OUT-OF-POCKET LOSSES DIRECTLY CAUSED BY THE ACTS OR OMISSIONS OF UNDERDOG EXCHANGE OR ITS DIRECTORS, OFFICERS, EMPLOYEES OR AGENTS; PROVIDED THAT THE TOTAL COMBINED AGGREGATE LIABILITY OF UNDERDOG EXCHANGE AND ITS DIRECTORS, OFFICERS, EMPLOYEES, OR AGENTS TO ANY ONE PARTICIPANT SHALL NOT, TAKEN TOGETHER WITH ANY LIABILITY OF THE CLEARINGHOUSE TO SUCH PARTICIPANT RESULTING FROM THE ACTS OR OMISSIONS OF THE CLEARINGHOUSE OR ITS DIRECTORS, OFFICERS, EMPLOYEES OR AGENTS, EXCEED \$2,500.00 FOR ALL LOSSES FROM ALL CAUSES SUFFERED ON A SINGLE CALENDAR DAY; \$5,000.00 FOR ALL LOSSES SUFFERED FROM ALL CAUSES IN A SINGLE CALENDAR MONTH; AND \$50,000.00 FOR ALL LOSSES SUFFERED FROM ALL CAUSES IN A SINGLE CALENDAR YEAR.

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4. ANY DISPUTE ARISING OUT OF THE USE OF THE UNDERDOG EXCHANGE SYSTEM OR UNDERDOG

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EXCHANGE SERVICES OR FACILITIES USED TO SUPPORT UNDERDOG EXCHANGE SYSTEM IN WHICH UNDERDOG EXCHANGE (INCLUDING ITS AFFILIATES AND ANY CONTRACTORS AND SUBCONTRACTORS PROVIDING SERVICES TO UNDERDOG EXCHANGE) OR ANY OF THEIR RESPECTIVE DIRECTORS, OFFICERS, EMPLOYEES, OR AGENTS IS A PARTY SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK. ANY ACTIONS, SUITS, OR PROCEEDINGS AGAINST ANY OF THE FOREGOING MUST BE BROUGHT WITHIN TWO YEARS FROM THE TIME THEY FIRST ARISE, AND ANY SUCH ACTION, SUIT, OR PROCEEDING MAY ONLY BE BROUGHT IN ANY FEDERAL OR STATE COURTS LOCATED IN THE BOROUGH OF MANHATTAN IN THE STATE 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 RULES OF UNDERDOG EXCHANGE.

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5. ANY PARTICIPANT OR PERSON ASSOCIATED WITH A PARTICIPANT (INCLUDING ANY AUTHORIZED TRADER) WHO FAILS TO PREVAIL IN A LAWSUIT OR OTHER LEGAL PROCEEDING INSTITUTED BY SUCH PERSON AGAINST UNDERDOG EXCHANGE (INCLUDING ITS AFFILIATES) OR ANY OF ITS DIRECTORS, COMMITTEE MEMBERS, OFFICERS, EMPLOYEES, AGENTS OR CONTRACTORS, AND RELATED TO THE BUSINESS OF UNDERDOG EXCHANGE, WILL PAY TO UNDERDOG EXCHANGE ALL REASONABLE EXPENSES, INCLUDING ATTORNEYS' FEES, INCURRED BY UNDERDOG EXCHANGE IN THE DEFENSE OF SUCH PROCEEDING TO THE EXTENT THAT SUCH EXPENSES EXCEED FIFTY THOUSAND DOLLARS (\$50,000.00). THIS PROVISION WILL NOT APPLY TO DISCIPLINARY ACTIONS BY UNDERDOG EXCHANGE, ADMINISTRATIVE APPEALS OF UNDERDOG EXCHANGE ACTIONS, OR IN ANY SPECIFIC INSTANCE WHERE THE BOARD OF DIRECTORS HAS GRANTED A WAIVER OF THIS PROVISION.

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6. NOTWITHSTANDING ANY OF THE FOREGOING PROVISIONS, THIS RULE 5 SHALL IN NO WAY LIMIT THE LIABILITY OF ANY PERSON ARISING FROM ANY VIOLATION OF SUCH PERSON OF THE CEA OR CFTC REGULATIONS THEREUNDER.

f. ISV Access (Applies to DCM)

- i. Underdog Exchange will provide ISVs with access to the Underdog Exchange platform and its data in a fair and nondiscriminatory manner; *provided, however*, that each ISV shall comply with Underdog Exchange's criteria governing such access. Such access criteria shall be impartial and transparent.

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- ii. For the avoidance of doubt, Affiliates of Underdog Exchange are permitted to connect to the Underdog Exchange System as ISVs, *provided* that any such Affiliate is found, by action of the Board of Directors to have access on terms and conditions that are not preferential relative to other ISVs and do not provide the Affiliate with any advantages or benefits not available to other ISVs, and that such Affiliate has represented that it does not utilize any systems or features that are not available to other ISVs

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g. Position Limits and Position Accountability (Applies to DCM)

i. Position Limits

1. Position Limits may be established by Underdog Exchange from time to time for any Contract or Contract Instrument.

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2. The maximum position will be set forth in the Contract Specifications of any Contract with such limits.

3. No Person shall be permitted to enter into any transaction on Underdog Exchange that would cause such Person to exceed any position limit, except that:

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- (i) Upon application from a Participant, for hedging or other good cause shown, Underdog Exchange in its sole discretion may exempt the Participant from a limit on a temporary or permanent basis.

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- (ii) Any exemption may include new limits.

- (iii) Underdog Exchange shall have the authority to review and rescind any exemption.

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4. For purposes of this Rule 5(g)(i), Underdog Exchange will aggregate the Trading Accounts for all Participants as provided by Commission Regulation §150.4.

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ii. Position Accountability (Applies to DCM)

1. Underdog Exchange may, at any time, require a Participant and its Authorized Traders who owns or Controls positions in contracts traded on Underdog Exchange to provide information relating to

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the nature and size of such Person's position; the trading strategy employed with respect to the position; information supporting a determination of the hedging nature of the position; and such other position information as may be requested.

2. Underdog Exchange may order the reduction of any such position of a Participant who fails to provide the information as directed, or in its discretion, order that a position above the position accountability threshold not be increased.
3. Underdog Exchange shall adopt for each contract, as is necessary and appropriate, position accountability for speculators.

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h. Publication of Trading Information (Applies to DCM)

- i. *Self-cleared Contracts:* All Contracts listed by Underdog Exchange qualify as "Exclusively self-cleared contracts" within the meaning of CFTC Regulation §16.00.
- ii. *Public Market Data:* Trading volume, open interest, prices, and critical dates will be published by Underdog Exchange on its website, consistent with CFTC Regulation §16.01.
- iii. *Errors or Omissions:* Underdog Exchange shall file corrections to errors or omissions in data as required by CFTC Regulation §16.06.

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i. Fees (Applies to DCM and DCO)

- i. Participants may be charged fees in connection with the trading of Contracts, processing of Participant deposits and withdrawals, and other fees in such amounts as may be posted on Underdog Exchange's website. Routine withdrawals will be processed via electronic funds transfer ("ACH"). Withdrawals by alternate methods may incur additional fees.
- ii. Underdog Exchange shall have the sole authority to set the times and amounts of any fees to be paid by Participants.
- iii. The Clearinghouse may deduct directly from the Participant Clearing Account DCM fees or expenses incurred by Participants.
- iv. If a Participant fails to pay when due any DCM and Clearinghouse fees or other amounts due on such Participant, and such payment obligation remains unsatisfied for thirty (30) Business Days after its due date, Underdog Exchange as it deems necessary or appropriate may suspend, revoke, limit, condition, restrict, or qualify the Trading Privileges of such Participant and its Authorized Traders.

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j. Incentive Programs (Applies to DCM and DCO)

- i. Underdog Exchange may from time to time adopt one or more programs under which one or more Participants or Authorized Traders may be designated as Incentive Program Participants with respect to one or more Contracts, and may be granted certain benefits in return for assuming obligations in order to provide liquidity, timely access to markets, or orderliness in the market or markets for such Contract. Any such program may provide for any or all of the following:
1. qualifications, including any minimum net capital requirements, that any such Incentive Program Participant must satisfy;
 2. the procedure by which Participants or Authorized Traders may seek and receive designation as Incentive Program Participants;
 3. the obligations of such Incentive Program Participants, including any applicable minimum bid and offer commitments; and
 4. the benefits accruing to such Incentive Program Participants, including priority in the execution of transactions effected by Participants or Authorized Traders in their capacity as Incentive Program Participants, reduced transaction fees or the receipt of compensatory payments from Underdog Exchange.

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6. Clearing and Settling Contracts (Applies to DCO)

a. Clearinghouse

- i. The number of Directors on the Board of Directors shall be five, at least two of whom shall be Public Directors, provided that the number of Public Directors shall at all times equal no less than 35% of the entire Board of Directors, or such higher percentage as the CFTC may require. At least two Directors on the Board of Directors shall be Market Participant Directors.
- ii. The Clearinghouse shall be the DCO for the clearance and settlement of all contracts traded on Underdog Exchange, unless otherwise provided in the Contract Specifications.
- iii. Each Participant of Underdog Exchange shall clear its own positions.

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b. Participant Clearing Accounts

- i. Each Clearing Participant shall maintain at least one proprietary Participant Clearing Account to maintain its Margin Funds, Open Contract Positions, Closed Contract Positions, Contract Profit, or Loss Amounts.
- ii. A Participant may, subject to the prior approval of Underdog Exchange, maintain more than one proprietary Participant Clearing Account. The

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positions in such separate accounts shall not net with each other nor shall they off-set.

iii. Funds held in Participant Clearing Accounts shall be considered Member Property, as such term is defined in the Bankruptcy Code.

iv. Except as provided in Rule 6(b)(v), Underdog Exchange shall at all times account for, segregate, and maintain at a Settlement Bank all funds held in Participant Clearing Accounts.

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v. Notwithstanding paragraph 6(b)(iv), Underdog Exchange may maintain an Underdog Exchange proprietary account that:

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1. receives fees or other Participant payments owed to Underdog Exchange,
2. receives the proceeds of investments as provided in Rule 6(k)(ii),
3. provides funds to Participants as provided in Rule 5(b)(i)(2).

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c. Deposits to and Withdrawals from Participant Accounts

i. Participants may make deposits to their Participant Clearing Accounts through the Underdog Exchange platform. At the discretion of the Exchange, deposits may only be in the form of cash, ACH, wire transfer, or other bank transfers such as RTP (real time payments). Such transfers may be initiated or fulfilled by a bank or bank equivalent such as a credit union, savings and loan or other federal or state-chartered depository of U.S. funds. All deposits must be made in U.S. dollars. Crypto currencies, foreign currencies, credit card transactions, and securities are not acceptable for deposits.

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ii. Deposits are available for a Participant's use no later than three (3) Settlement Bank Business Days after the Clearinghouse has received notification from its Settlement Bank such funds have been deposited with the Clearinghouse, unless Underdog Exchange has made an advance.

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iii. Participants are responsible for all transfers of funds to their Accounts and any reversal of such transfer constitutes a violation of these Rules unless remediated in a manner acceptable to the Clearinghouse in its sole discretion.

iv. Participants may use Participant Funds as Margin Funds upon

1. receipt of such funds by the Clearinghouse, and
2. authorization by Underdog Exchange as provided in Rule 5(b)(i)(2).

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- v. Participants may request withdrawal of Available Funds through the Underdog Exchange platform.
- vi. Upon receipt of a withdrawal request by Underdog Exchange, a Participant's Available Funds will be reduced immediately by the withdrawal request amount.
- vii. The amount of any such withdrawal request shall be reduced to reflect a Participant's then outstanding obligations, if any, to Underdog Exchange.
- viii. Before processing withdrawal requests, the Clearinghouse, in its sole discretion, may require additional information from a Participant to comply with Applicable Law.
- ix. A withdrawal request may be denied in whole or in part if Participant funds are related to a pending investigation or if Participant's Trading Account or privileges are restricted or suspended for valid reasons pursuant to these Rules or the Participant Agreement.
- x. Withdrawals occur, and funds are available through electronic transfer to the Participants originating bank account, no later than the next Settlement Bank Business Day after a Participant has submitted a withdrawal notification if the Participant submits a withdrawal notification prior to noon ET. Withdrawal requests after noon ET each day will be processed for settlement on the following Business Day. Withdrawal requests processed for the convenience of the Participant via an alternative method may be delayed to accommodate the individual request.
- xi. Participants withdrawal of funds that fail to meet the following criteria may be delayed:
 - 1. more than 30 days from date of deposit of funds.
 - 2. account contains complete banking information.
 - 3. account contains complete verified tax information such as SSN.
 - 4. designate to remit funds to same bank account from which Participants funds were deposited.
 - 5. use of ACH.
 - 6. Participant does not have an outstanding advance.
- xii. Except as otherwise provided herein, collateral must be and remain unencumbered. Each Participant posting collateral hereby grants to Underdog Exchange a continuing first priority security interest in, lien on, right of setoff against and collateral assignment of all of such Participant's

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right, title and interest in and to any property and collateral deposited with Underdog Exchange by the Participant, whether now owned or existing or hereafter acquired or arising, including without limitation the following: (i) such Participant's Participant Account and all securities entitlements held therein and all funds held in a Collateral Account; and (ii) all proceeds of the foregoing. A Participant shall execute any documents required by Underdog Exchange to create, perfect and enforce such lien.

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d. Settlement Bank

- i. The Clearinghouse will designate at least one Settlement Bank for the purpose of holding Member Property.
- ii. To be designated as a Custody and Settlement Bank a financial institution must meet such criteria as the Clearinghouse may from time to time require, which shall address the capitalization, creditworthiness, access to liquidity, operational reliability, and the regulation or supervision of the Custody and Settlement Bank. A bank, trust company or other institution which has been designated by the Board as a Custody and Settlement Bank may act as such until such designation is suspended or terminated in accordance with paragraph (iii) below.
- iii. If a bank, trust company or other institution does not meet, or no longer meets, all of the requirements set forth in, or established by the Clearinghouse or the Board pursuant to, this Rule 6(d), or if the Board determines, based on such facts or circumstances as the Board may deem relevant or appropriate, that it would not be in the best interests of the Clearinghouse or its Participants for such bank, trust company or other institution, as the case may be, to act, or continue to act, as an approved financial institution, or Settlement Bank, as the case may be, the Board may suspend or terminate the status of such bank, trust company or approved financial institution, or Settlement Bank, as the case may be.

e. Acceptance for Clearance

- i. Every Participant shall at all times have funds sufficient to cover the maximum possible loss such Participant could incur upon liquidation or expiration of its positions. For the avoidance of doubt, Open Contract Positions are not marked-to-market, and no variation margin is collected.
- ii. The following assets may be used by Participants to meet their margin obligations, subject to the applicable Contract Rules: (a) U.S. Dollars on deposit at a Custody and Settlement bank; (b) Any other assets that may be designated as eligible Margin Funds in the applicable Contract.
- iii. Upon the matching of a Participant's Order by the DCM, but prior to acceptance for clearance, the Clearinghouse shall confirm the required trade details, including sufficiency of the eligible Margin Funds in the

Clearing Participant's Account to fund the Original Margin for such positions, if executed.

- iv. If the Clearinghouse determines that any pending match or portion thereof contains a material error or is otherwise not eligible for clearing, then the Clearinghouse shall not accept such pending match for clearing and will notify Underdog Exchange of such non-acceptance and the reason thereof and such match shall be void ab initio.
- v. If the Clearinghouse accepts such pending match for clearing, then in its capacity as a registered Derivatives Clearing Organization, the Clearinghouse shall immediately, through the process of novation, be substituted as, and assume the position of, seller to the Participant buying and buyer to the Participant selling such contract.
- vi. Upon such substitution, the buying and selling Participants shall be released from their obligations to each other, and such Participants shall be deemed to have bought the contracts from or sold the contracts to the Clearinghouse, as the case may be, and the Clearinghouse shall have all the rights and be subject to all the liabilities of such Participant with respect to such transaction.
- vii. Such substitution shall be effective in law for all purposes.
- viii. Contracts with the same terms and conditions submitted to the Clearinghouse for clearing are economically equivalent within the Clearinghouse and may be offset with each other within the Clearinghouse.

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f. Opening Positions and Position Close Out

- i. Before the Clearinghouse establishes an opening position with any Participant in an individual contract, it shall calculate the margin requirement for such position. On execution of the transaction, the Clearinghouse shall collect from the Participant's Available Funds the necessary sum to provide for full collateralization of the position. Should the Participant lack sufficient Available Funds to cover this opening position in full, the Clearinghouse shall reduce the Participant's Order to such point that sufficient funds are available to execute the trade, thus mainlining the full collateralization of the Position resulting from the Order.
- ii. When the Clearinghouse, pursuant to a new Order from the Participant, seeks to establish a further Position with the same Participant in the same contract, it shall calculate the Participant's new margin requirement based on the Participant's combined Position in the contract resulting from the transaction. In the event that on execution, the Participant's new margin requirement exceeds that of the previous margin requirement the

Clearinghouse shall collect the difference from the Participant's Available Funds. Should the Participant on execution lack sufficient Available Funds to cover this difference in full, the Clearinghouse shall reduce the Participant's Order, prior to execution, to such point that sufficient funds are available to execute the trade, thus maintaining the full collateralization of the resulting Position. Should the Participant's new margin requirement on execution be less than that of the previous margin requirement, the Clearinghouse shall return to such Participant's Available Funds the difference between the two requirements.

- iii. When the Clearinghouse seeks to close out any Position, resulting from a sale by the Participant or expiration of the contract, in whole or in part, with any Participant, it shall calculate the Participant's new margin requirement based on the combined Position in the contract. Should the Participant's new margin requirement on execution be less than that of the previous margin requirement, the Clearinghouse shall return to such Participant's Available Funds the difference between the two requirements. Should the Participant's new margin requirement on execution exceed that of the previous margin requirement, the Clearinghouse shall collect the difference from the Participant's Available Funds. Should the Participant lack sufficient Available Funds to cover this difference in full, the Clearinghouse shall reduce the Participant's sale Order to such point that sufficient funds become available to execute the trade thus maintaining the full collateralization of the resulting position. In other words, Participants will be prevented from closing any position, in whole or in part, in the event that their new margin requirement exceeds the previous margin requirement, and that the Participant on execution lacks sufficient Available Funds to cover this difference in full. Participants wishing to close such Positions will need either to a) deposit additional funds to cover this difference in full or b) close one or more Positions in other contracts linked to the contract in question, with the effect that, subsequent to the closure of such Position(s), the new margin requirement is sufficiently reduced so that difference between it and the Original Margin requirement can be collected from the Participant's Available Funds.

g. Settling at Expiration

- i. The Clearinghouse shall maintain, on its system, a record of each Participant's account balances and Contract.
- ii. Upon expiration of each Contract, position close-out shall be made in accordance with the relevant Contract Specifications provided that Underdog Exchange may, in its sole discretion, permit two or more Participants to enter into arrangements to settle any Contract between such Participants on terms different from those set forth in the relevant Contract Specifications.

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h. Reports

- i. Each Participant shall have access to the information in their Participant Clearing Account on a continuous basis whenever logged on to the Underdog Exchange System.
- ii. Each Participant shall be responsible for reconciling the Participant's records with Participant Clearing Account balances provided by Underdog Exchange.

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i. Transfers of Positions

- i. Positions may be transferred between two or more Clearing Participant Accounts provided that:
 - 1. the transfer constitutes a change from one account to another account where the underlying beneficial ownership in such accounts remains the same;
 - 2. 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;
 - 3. to transfer an existing Contract through operation of law from death or bankruptcy;
 - 4. in the judgment of the Clearinghouse, such transfer is in the best interest of Underdog Exchange.
- ii. Any position transferred shall be reported by Underdog Exchange as a "Transfer Trade" and carried on the books of the Clearinghouse at the original trade dates and prices.

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j. Taxes

Each Participant shall pay all taxes, fees, assessments, or other charges associated with any Contract to which such Participant is a party or in which such Participant holds a position, in accordance with the terms of such Contract. In the event that the Clearinghouse is asserted to be liable or is held liable for any such tax, fee, assessment, or charge, the Participant tendering such Contract for clearing shall be responsible for the payment of any such tax, fee, assessment, or charge.

k. Investment of Participant Funds

- i. All Member Property that is invested by the Clearinghouse shall be held in Instruments that comply with CFTC Regulations §§1.25 and 39.15(e). The Clearinghouse shall have no obligation to inform the Participant of

any such investments or of the results or performance of such investments and shall be entitled to retain any profits from or return on such investments.

- ii. All Member Property invested as provided in Rule 6(k)(i) shall be for the account and risk of Underdog Exchange and any income, gains, and losses on such investments shall belong to Underdog Exchange.
- iii. Selection of options from the above list shall be made by the Underdog Exchange CFO and periodically reviewed by the Board.
- iv. The CFO shall maintain and make available to the Board, the investment reports from all member funds invested by the Underdog Exchange. The CFO shall present to the board annually, a report on investment selection and results for the previous and current year.
- v. The Underdog Exchange will manage the permitted investments consistent with the objectives of preserving principal and maintaining liquidity. As the Underdog Exchange is fully collateralized, there is no need to allow for the sale of the above securities to meet margin calls. The pooled nature of the deposited funds by members eliminates the need to provide separate investment monitoring or reporting on a member basis.
- vi. All Instruments selected for investment of member funds will be from the list above shall be in compliance with the regulations listed in 17 CFR § 1.25 - Investment of customer funds.

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7. Prohibited Participant Conduct (Applies to DCM and DCO)

a. Violations

- ii. Violation of any of the provisions in this Rule 7 may result in temporary or permanent suspension of Trading Privileges for a Participant, Authorized Trader or any other Person or Entity that participates on Underdog Exchange. Underdog Exchange may summarily impose disciplinary action if the Chief Compliance Officer believes such action is necessary to protect other market Participants, Underdog Exchange, or the market in general.
- iii. Underdog Exchange will notify the Participant whose Trading Privileges are to be summarily suspended by electronic mail before the action is taken, or if prior notice is not practicable, at the earliest opportunity. This notice shall state:
 - 1. The action taken or to be taken;
 - 2. The reason(s) for the action;

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3. The effective date and time, and duration if known; and
 4. That the Participant may contest such suspension as provided in this Rule 7.
- iv. The Participant may contest a summary suspension by responding to the notification email with evidence or explanation that the suspension was based on a mistake or misunderstanding of the Participant's actions, was supported by insufficient reasons, or was otherwise inappropriate. The Chief Compliance Officer shall review the information provided by the Participant and either affirm, modify, or reverse the summary suspension. The Chief Compliance Officer shall inform the Participant of his decision and action on the appeal and inform that Participant that further proceedings will be available under Rule 8.
 - v. The Underdog Exchange compliance department ("Compliance Department") ordinarily will initiate a disciplinary proceeding under Rule 8 following a summary suspension of Trading Privileges.
 - vi. Where a Rule violation is found to have occurred, no more than one warning letter may be issued to the same Person or Entity per rolling 12-month period for the same violation.

b. General Conduct

- i. Each Participant shall abide by all requirements contained in these Rules of Underdog Exchange and in the Underdog Exchange Participant Agreement.
- ii. Each Participant shall engage in conduct or practices consistent with just and equitable principles of trade.
- iii. No Participant may operate or solicit in any capacity that may require registration with the CFTC without being properly registered.
- iv. No Participant shall, directly or indirectly, engage in any activity, intentionally or recklessly, that adversely affects the integrity of the Underdog Exchange platform or its Underlying systems.

c. Prohibited Communication

- i. No Person shall make any statement that presents a risk of harm to any other Participant, the public, or Underdog Exchange including any members of their staffs.
- ii. No Person shall make any false statements on any Participant application or information request.

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- iii. No Participant shall make any misstatement of a material fact to Underdog Exchange including any members of their staffs.
- iv. Except as permitted under Rule 5(c)(iii), no Participant shall directly or indirectly discuss or pre-arrange any trade or the timing of Order entry.
- v. No Participant shall create any appearance of a partnership, agency, employment, or Affiliate relationship with Underdog Exchange.

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d. Fraudulent Acts

- i. No Participant shall make, or attempt to make, any fraudulent or misleading communications relating to the purchase or sale of any Contract.
- ii. No Participant shall make a false representation to a third-party financial institution that results in any reversal of a deposit.
- iii. No Participant shall engage, or attempt to engage, in any fraudulent act or engage, or attempt to engage, in any scheme to defraud, deceive, or trick in connection with or related to any trade on or other activity related to Underdog Exchange.
- iv. No Participant shall intentionally or recklessly engage, or attempt to engage, in any manipulative or disruptive trading practices prohibited by the CEA or by the Commission pursuant to Commission regulations as defined in Commission Regulation § 38.152.

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e. Fictitious Transactions

- i. No Person shall enter into or attempt to enter into any trade on the Underdog Exchange platform that:
 - 1. Is bidding or offering with the intent to cancel the bid or offer before execution, a practice commonly known as “spoofing”;
 - 2. Unnaturally inflates trading volume;
 - 3. Manipulates, attempts to manipulate, or has the effect of manipulation of prices;
 - 4. Intentionally or recklessly leads to price distortion, market congestion, or to disorderly market prices;
 - 5. Intentionally or recklessly violates bids or offers or in any way circumvents the Underdog Exchange platform’s Order processing, trade Ordering, trade execution systems, or otherwise circumvents

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exposure of the Order to open and competitive bidding on the Underdog Exchange platform ;

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6. Does not result in a change in beneficial ownership; or
7. Has some other illegitimate purpose including but not limited to “money passing”, “wash trading”, or “front-running” as such terms are defined by the Commission and any regulations promulgated thereunder or as commonly understood by the industry.

f. Limitations on Trading with Certain Information

- i. No Person shall enter an Order for any Contract, directly or indirectly, based upon material, non-public information obtained in violation of a legal duty owed by one Person to another.
- ii. No Participant shall enter an Order for any Contract, directly or indirectly, if such Participant Controls or has access to material non-public information which could affect the Final Settlement Price of the Underlying in such Contract.

g. Off Exchange Trading

- i. No Person shall enter into or agree to transfer, assign, or dispose of any Contracts other than as provided in these Rules.

h. Deposit and Withdrawal of Funds

- i. No Participant shall deposit funds or allow funds to be deposited into their account from any source other than their own funds.
- ii. No Participant shall deposit funds without account balance sufficient to complete such deposit.
- iii. No Participant may withdraw funds or allow funds to be withdrawn from their account into any source other than an account in their own name.
- iv. No Participant shall knowingly make any false or misleading representation to any third party concerning any deposit made into that Participant’s account, where such representation could reasonably be expected to result in a chargeback, reversal, or stoppage of payment to the Participant’s account.

i. Prohibited Conduct

- i. No Participant shall act in a manner, intentionally or recklessly, contrary to just and equitable principles of trade or otherwise contrary to the best interests of the market.

8. Rule Enforcement and Disciplinary Process (Applies to DCM and DCO)

- a. Any Person that directly or indirectly affects a transaction on Underdog Exchange, or any Participant, Authorized Trader, Independent Software Providers (ISVs), Person or Entity shall be subject to Underdog Exchange's jurisdiction for matters of discipline and Rule enforcement.
- b. The Compliance Department shall investigate unusual trading activity or other activity that the Compliance Department has reasonable cause to believe could constitute a violation of these Rules, or upon the receipt of a request from Commission staff.
- c. The Compliance Department has the authority to examine books and records of Persons under investigation and will endeavor to complete any investigation within twelve months, unless there exists significant reason to extend it beyond such period.
- d. Upon the conclusion of any investigation, the Compliance Department will draft a document detailing the facts that led to the opening of the investigation, the facts that were found during the investigation, and the Compliance Department's analysis and conclusion. The Compliance Department will maintain a log of all investigations and their disposition. The Compliance Department will prepare a written report of each investigation, regardless of whether the evidence gathered during any inquiry or investigation forms a reasonable basis to believe that a violation within Underdog 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. Any written report of investigation will include the reasons for initiating the investigation (including a summary of the complaint, if any), all relevant facts and evidence gathered, and the recommendation of the Compliance Department. For each potential Participant or other Person or Entity subject to Underdog Exchange jurisdiction ("Respondent"), the Compliance Department will recommend either (i) closing the investigation without further action, (ii) summary action, (iii) resolving the investigation through an informal disposition, including the issuance of a warning letter or (iv) initiating disciplinary proceedings. An informal disposition (including the issuance of a warning letter) will not constitute a finding of a violation or a sanction.
- e. The Chief Compliance Officer will review promptly each completed investigation report to determine whether a reasonable basis exists to believe that a violation within Underdog Exchange's jurisdiction has occurred or is about to occur. Such determination will be made by the Chief Compliance Officer within ten (10) Business Days of receipt of the applicable investigation report. If the Chief Compliance Officer determines that additional investigation or evidence is needed to decide whether a reasonable basis exists to believe that a violation within Underdog Exchange's jurisdiction has occurred or is about to occur, the Chief

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Compliance Officer will direct the Compliance Department to conduct further investigation.

- f. If the Compliance Department concludes that there is reasonable cause to believe a Participant, or any other Person and Entity subject to Underdog Exchange Rules, has violated Underdog Exchange's Rules or other applicable statutes or regulations, the Compliance Department will submit to the Participant whose activity is the subject of the investigation a notice of charges, by electronic mail to that Participant's last known email address, that will include:
- i. The reason the investigation was initiated;
 - ii. The charges or a summary of the charges, including the Rule or Rules alleged to have been violated;
 - iii. The response, if any, or a summary of the response;
 - iv. A summary of the investigation conducted;
 - v. Findings of fact and the Compliance Department's conclusions as to each charge, including which of these Rules the Participant or its authorized representative violated, if any;
 - vi. A summary of the Participant's, and any relevant authorized representative's, disciplinary history, if any;
 - vii. The period within which a hearing on the charges may be requested;
 - viii. The penalty, if any, proposed by Underdog Exchange; and
 - ix. The email address of the Compliance Department to submit any answer.
- g. If the Compliance Department initiates an investigation, which includes suspected conflicts of interest, in which any Affiliate of Underdog Exchange is a subject, the Chief Regulatory Officer shall notify the Commission's Division of Market Oversight or Division of Clearing and Risk as applicable of that fact. At the conclusion of any such investigation, the Chief Regulatory Officer shall provide the Commission's Division of Market Oversight or Division of Clearing and Risk as applicable with a copy of the documentation specified in Rule 8(f).
- h. Upon notice of a disciplinary action, a Participant or any other Person and Entity subject to Underdog Exchange Rules, has the right to:
- i. Retain and be represented by counsel. However, Respondent may not be represented by any member of Underdog Exchange's Board of Directors or disciplinary panel, any employee of Underdog Exchange, or any Person substantially related to the Underlying investigations, such as material witness or Respondent.

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- ii. Examine all relevant books, documents, or other evidence in the possession or under the control of Underdog Exchange, except any documents that:
 - 1. Are privileged and/or that constitute attorney work product;
 - 2. Will not be offered in evidence in any disciplinary proceedings;
 - 3. May disclose a technique or guideline used in examinations, investigations, or enforcement proceedings; or
 - 4. Disclose the identity of a confidential source.
 - 5. May impede or delay any inquiry, investigation, disciplinary proceeding, appeal from a disciplinary proceeding, summary imposition of fines, summary suspension or other summary action.

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- a. The Participant, or any other Person and Entity subject to Underdog Exchange Rules, whose activity is the subject of the investigation may answer by:
 - i. Contesting any findings and conclusions within 15 days by sending a detailed response to and relevant information about each charge via electronic mail to the Compliance Department;
 - ii. Requesting to enter into settlement negotiations within 15 days by submitting this request via electronic mail to the Compliance Department, which may be withdrawn at any time before it is accepted by the Compliance Department and shall not prejudice a Participant or otherwise affect subsequent procedures in the disciplinary process; or
 - iii. Accepting the proposed penalty or not contesting the proposed penalty within 15 days, without admission of any Rule violation. Participant will be sent a copy of the notice of disciplinary action by electronic mail to that Participant's last known email address.

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- j. If the Participant, or any other Person and Entity subject to Underdog Exchange Rules, contests the findings, then Underdog Exchange will empanel a disciplinary panel, consisting of at least three individuals, at least one of whom would qualify to serve as Public Director, appointed by the Board at the recommendation of the Chief Regulatory Officer, will conduct hearings requested. No member of any disciplinary panel may (i) have a financial, personal or other direct interest or involvement in the matter under such disciplinary panel's consideration, (ii) be a member of the Compliance Department, or (iii) be involved in adjudicating any other stage of the applicable proceeding under the disciplinary panel's consideration. Underdog Exchange's enforcement and compliance staffs must be parties to the hearing, and the enforcement staff must present their case on those charges and sanctions that are the subject of the hearing as required under §38.707 Hearings. In accordance with §38.707 the record must be one that is capable of

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being accurately transcribed; however, it need not be transcribed unless the transcript is requested by Commission staff or the Respondent, the decision is appealed pursuant to the Rules of the DCM or is reviewed by the Commission pursuant to Section 8c of the CEA or 17 CFR Part 9. The DCM's enforcement and compliance staffs must be parties to the hearing, and the enforcement staff must present their case on those charges and sanctions that are the subject of the hearing as required under §38.707 Hearings.

- k. No Underdog Exchange Officer or employee shall interfere with or attempt to influence the process or resolution of any disciplinary action, except to the extent provided under these Rules.
- l. The disciplinary panel will conduct a hearing by electronic means within 30 Business Days of receipt of the response by the Respondent. The Respondent is entitled to appear personally at the hearing, to cross-examine any Persons appearing as witnesses at the hearing, and to call witnesses and to present such evidence as may be relevant to the charges.
- m. Prior to the hearing, the parties may submit proposed findings, briefs, exhibits, and affidavits.
- n. The formal Rules of evidence shall not apply, but the hearing must be fair. The Compliance Department shall present its case on all charges and sanctions that are the subject of the hearing.
- o. During the hearing, the parties may present witnesses.
 - i. Persons within Underdog Exchange's jurisdiction who are called as witnesses must participate in the hearing and produce evidence, as requested.
 - ii. Underdog Exchange shall make reasonable efforts to secure the presence of all other Persons called as witnesses.
- p. Within 30 Business Days after that hearing, the disciplinary panel will issue findings, which will be delivered to the Respondent by electronic mail to the Respondent's last known email address. The findings of the disciplinary panel will contain the following information:
 - i. A summary of the charges and any answer to the charges;
 - ii. A summary of the evidence received;
 - iii. Findings and conclusions with respect to each charge;
 - iv. An indication of each specific Rule that the Participant was found to have violated;

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- v. A declaration of any penalty to be imposed on the Participant as the result of the findings and conclusions;
- vi. The effective date and duration of that penalty; and
- vii. A statement that the Respondent has the right to appeal any adverse decision by the panel to an appeals panel (“Appeals Panel”) and must do so within 15 days. The decision will become final unless timely notice of appeal is filed.
- q. The Participant or the Compliance Department may appeal the disciplinary panel’s decision within 15 days by filing an appeal via electronic mail to the other Party. Any penalties imposed by the disciplinary panel will be stayed pending appeal unless the disciplinary panel determines that such stay would be detrimental to Underdog Exchange, Participants, or the public.
- r. Underdog Exchange will empanel an Appeals Panel of three individuals with one individual acting as the chairperson whose members are drawn from individuals that would be eligible to serve as Underdog Exchange Public Directors.
- s. The Appeals Panel will review the hearing record and any information submitted by the Compliance Department and the Participant on appeal and issue its decision, which shall be final on the date of such issuance. The Participant shall be notified of the decision by electronic mail to the Participant’s last known email address.
- t. The hearing record, any information submitted on appeal, and the Appeals Panel’s decision shall be preserved as the record on appeal. The decision will contain:
 - i. A statement that any Person aggrieved by the action may have a right to appeal the action pursuant to Part 9 of 17 CFR, within 30 days of service, and
 - ii. A statement that any Person aggrieved by the action may petition the Commission for a stay pursuant to Part 9 of 17 CFR, within 10 days of service.
 - iii. The hearing record, in accordance with Regulation §38.707, shall be capable of being accurately transcribed; however, it need not be transcribed unless the transcript is requested by Commission staff or the Respondent, the decision is appealed pursuant to the Rules of Underdog Exchange, or is reviewed by the Commission pursuant to Section 8c of the CEA or Part 9 of 17 CFR. In all other instances a summary record of a hearing is permitted.
- u. Underdog Exchange will post on its website a public notice of the disciplinary action in accordance with Commission Regulation §9.11.

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- v. The disciplinary action will be considered final on the date the notice of the disciplinary action is published.
- w. Underdog Exchange shall provide notice of the disciplinary action, appeal determination, or settlement in which sanctions are imposed to the Participant, no later than two Business Days after it becomes final.
- x. Underdog Exchange shall submit to the Commission any Rule violation that constitutes a disciplinary offense by a member of the Board of Directors or any committee as defined in Commission Regulation §1.63.
- y. Underdog Exchange trading system will record and store for a period of not less than five years in a searchable, read-only database a record of all data entered into the Underdog Exchange trading system, including the Participant's identity and the information in Rule 5(c). Such records shall be maintained in a readily available manner during the first two years. Underdog Exchange shall conduct market surveillance and trade practice surveillance using this data with programs designed to alert Underdog Exchange when potentially unusual trading activity takes place. Underdog Exchange, through the Compliance Department, will initiate review and, where appropriate, investigate such unusual trading activity. The Compliance Department will also investigate any time it has other reason to believe that inappropriate activity of any sort is taking place on the Underdog Exchange platform or its website. Such records shall be made available for inspection by the Underdog Exchange, CFTC, or DOJ.
- z. Underdog Exchange shall keep, or cause to be kept, complete and accurate books and records of accounts of the Underdog Exchange, including all books and records required to be maintained pursuant to the CEA, and the CFTC Regulations, in a form and manner that is acceptable to the Commission. The Underdog Exchange shall retain all such books and records for at least five years and shall make such books and records readily accessible for inspection by the CFTC and the U.S. Department of Justice during the first two years of such five-year period.
- aa. Upon request, Underdog Exchange will provide information to the US Securities and Exchange Commission, the US Department of Justice, or any representative of a prudential regulator as authorized under Applicable Law, in the manner and form required. This includes records relating to Swaps as defined in Section 1a(47)(A)(v) of the CEA open to inspection and examination by the US Securities and Exchange Commission.
- bb. The Underdog Exchange shall establish a program for effective enforcement of its audit trail and recordkeeping requirements, thus satisfying all the requirements of §38.553. The enforcement program will, through reviews conducted no less than annually, identify members, firms, and Persons subject to the Underdog Exchange recordkeeping Rules that have failed to maintain high levels of compliance with such requirements, and levy necessary sanctions when deficiencies are found.

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Sanctions shall be sufficient enough to deter recidivist behavior. No more than one warning letter may be issued to the same Person or Entity found to have committed the same Rule violation within a rolling twelve-month period. Audit trail and recordkeeping reviews shall include reviews of randomly selected samples of front-end audit trail data for Order routing systems; a review of the process by which Participant Identifications are assigned and Participant Identification records are maintained; a review of usage patterns associated with Participant Identifications to monitor for violations of Participant Identification Rules; and reviews of account numbers and customer type indicator codes in trade records to test for accuracy and improper use.

- cc. A Respondent or potential Respondent may at any time propose in writing an offer of settlement to anticipated or instituted disciplinary proceedings. Any offer of settlement should contain proposed findings and sanctions and be signed by the Respondent or potential Respondent and submitted to the Compliance Department. 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 Underdog Exchange over it and over the subject matter of the proceedings and consent to the entry of the findings and sanctions imposed. If a Respondent or potential Respondent submits an offer of settlement, the Compliance Department will forward the offer to the Chief Compliance Officer with a recommendation on whether to accept or reject the offer. If the Chief Compliance Officer conditionally accepts an offer of settlement, the settlement will become final upon the expiration of twenty (20) Business Days after an order of the disciplinary proceedings consistent with the terms of the offer of settlement is served on the Respondent .

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- dd. Disciplinary sanctions imposed by Underdog Exchange or its disciplinary panels must be commensurate with the violations committed and must be clearly sufficient to deter recidivism or similar violations by other market Participants. All disciplinary sanctions, including sanctions imposed pursuant to an accepted settlement offer, must take into account the Respondent's disciplinary history. In the event of demonstrated harm to any other party, any disciplinary sanction must also include full restitution, except where the amount of restitution, or to whom it should be provided, cannot be reasonably determined.

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- ee. Regardless of the outcome of any disciplinary proceeding, the disciplinary panel may order a Respondent to pay some or all of the costs associated with the disciplinary proceedings that the disciplinary panel believes were unnecessarily caused by the Respondent . Costs may include costs associated with the inquiry or investigation, the prosecution by the Compliance Department, legal and professional assistance, the hearing and administrative and other expenses incurred by the disciplinary panel. The disciplinary panel may only award costs against Underdog Exchange if it concludes that the Underdog Exchange has behaved in a manifestly unreasonable manner in the commencement or conduct of the disciplinary proceedings in question. The disciplinary panel must limit any

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award of costs against Underdog Exchange to an amount that it concludes is reasonable and appropriate, but does not exceed the Respondent's costs for external legal or other external professional assistance.

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9. Arbitration (Applies to DCM and DCO)

- a. Except as otherwise provided in the Rules of Underdog Exchange, Participants must arbitrate all controversies arising in connection with their Underdog Exchange business, including between or among themselves, to the extent permitted by Applicable Law, as the sole means to resolve claims, subject to these Rules. Controversies involving violations or alleged violations of Underdog Exchange Rules are not subject to arbitration; controversies involving Underdog Exchange Rules are subject to Rule 8 (Rule Enforcement and Disciplinary Process).
- b. If you reside in or access Underdog Exchange at time while located in the United States, controversies subject to this Rule shall be construed under and be subject to the Federal Arbitration Act, notwithstanding any other choice of law set out in these Rules. Controversies between Participants or between Underdog Exchange and Participants shall be resolved through binding arbitration administered by the JAMS ("JAMS". JAMS shall administer any arbitration under its Comprehensive Arbitration Rules and Procedures in effect at the time arbitration is sought ("JAMS Rules"). The parties further agree that, to the extent applicable, the JAMS Mass Arbitration Procedures and Guidelines shall apply. The JAMS Rules referenced above are available at <https://www.jamsadr.com/adr-rules-procedures/>. Any arbitration proceeding shall be commenced and administered in New York, New York.
- c. Any failure on the part of any Participant to arbitrate a case subject to arbitration, or the commencement by any such Participant of a suit in any court prior to arbitrating a case subject to arbitration, violates the Rules of Underdog Exchange and subjects such Participant to disciplinary proceedings pursuant to Rules 7 and 8.
- d. Underdog Exchange may summarily suspend a Participant, without prior notice, who fails to satisfy an arbitration award rendered in any arbitration.
- e. Any arbitrator selected in connection with such arbitration must qualify as a Public Director (if the individual is a Director of Underdog Exchange) and must have reasonable prior experience in the operation and regulation of exchanges and clearinghouses providing execution and clearing services in connection with commodity futures contracts, commodity options or swaps, and with respect to the Rules of the CFTC and exchanges and clearinghouses generally
- f. Penalties
 - i. Any failure on the part of a Participant to arbitrate a dispute subject to this Rule 9, or the commencement by any such Participant of a suit in any

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court prior to arbitrating a case that is required to be arbitrated pursuant to this Rule 9, violates these Rules and shall subject such Participant to disciplinary proceedings pursuant to Rule 8.

- ii. The Chief Compliance Officer, in consultation with the Regulatory Oversight Committee, may summarily suspend, pursuant to Rule 7, a Participant that fails to timely satisfy an arbitration award rendered in any arbitration pursuant to this Rule 9.

17. Waiver of Class Action and Collective Action, Wavier of Jury Trial (Applies to DCM and DCO)

a. WAIVER OF CLASS RELIEF AND COLLECTIVE ACTION

- i. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, NEITHER A PARTICIPANT NOR UNDERDOG EXCHANGE SHALL BE ENTITLED TO BRING, CONSOLIDATE, JOIN OR COORDINATE DISPUTES BY OR AGAINST OTHER INDIVIDUALS OR ENTITIES, OR PARTICIPATE IN ANY COLLECTIVE ARBITRATION OR ARBITRATE OR LITIGATE ANY DISPUTE IN A REPRESENTATIVE CAPACITY. PARTICIPANTS MAY ONLY ARBITRATE OR LITIGATE ON AN INDIVIDUAL BASIS ONLY AND FOR THEIR OWN LOSSES ONLY. UNDER THIS AGREEMENT, PARTICIPANTS MAY NOT PROCEED IN ARBITRATION OR COURT AS A CLASS REPRESENTATIVE, MEMBER OR PART OF ANY PROPOSED CLASS, COLLECTIVE ACTION OR MASS ARBITRATION, PRIVATE ATTORNEY GENERAL SUIT, QUI TAM ACTION OR ANY REPRESENTATIVE PROCEEDING, OR OTHERWISE SEEK TO RECOVER ON BEHALF OF OTHERS OR FOR THE BENEFIT OR USE OF OTHERS IN ANY TYPE OF CLAIM OR ACTION. PARTICIPANT AND UNDERDOG EXCHANGE ARE EACH WAIVING RESPECTIVE RIGHTS TO PARTICIPATE IN A CLASS ACTION. BY ACCEPTING THIS AGREEMENT, PARTICIPANTS GIVE UP YOUR RIGHT TO PARTICIPATE IN ANY PAST, PENDING OR FUTURE CLASS ACTION OR ANY OTHER CONSOLIDATED OR REPRESENTATIVE PROCEEDING, INCLUDING ANY PROCEEDING EXISTING AS OF THE DATE YOU AGREED TO THIS AGREEMENT.

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b. WAIVER OF JURY TRIAL

- i. EACH OF PARTICIPANT AND UNDERDOG EXCHANGE HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO UNDERDOG EXCHANGE OR

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ANY TRANSACTIONS BETWEEN THE PARTIES, WHETHER
BASED ON CONTRACT, TORT OR ANY OTHER THEORY.

17. Contract Specifications (Applies to DCM and DCO)

- a. Each Contract will meet such specifications, and all trading in such Contract will be subject to such procedures and requirements, as set forth in the Rules governing such Contract.
- b. Eligibility for trading and clearing on the Underdog Exchange will be determined in accordance with CFTC Regulation 39.12.
- c. Halted Markets – In the event that any market irregularities are declared by the Chief Executive Officer or Chief Compliance Officer, or to prevent or reduce the potential risk of price distortions or market disruptions, a market may be paused or halted for trading, and the Commission will be notified, if required, pursuant to Commission Regulations. An explanation will be posted on the Notices to Participants section of the website within a reasonable amount of time but no later than 24 hours after the initiation of the halt.
- d. Discretion to Refrain from Listing Contracts – Underdog Exchange may, in its discretion, temporarily refrain from the listing of any Contract due to the unavailability of the Underlying upon which the Contract is based, or any other condition Underdog Exchange determines may be detrimental to the listing of the Contract.
- e. Any change in instructions, order, ruling, directive, or law issued or enacted by any court or agency of the Federal Government of the United States that conflicts with the Rules contained in this Rulebook shall take precedence, immediately become a part of these Rules, and be effective for all currently traded and newly listed Contracts.

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19. Regulatory Records Retention. (Applies to DCM and DCO)

In accordance with CFTC Rule 1.31 and 1.35, the Underdog Exchange shall maintain all Regulatory Records, including oral and paper records, of all activities relating to the business of Underdog Exchange:

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- a. Generally. All regulatory records shall be maintained in a form and manner that ensures the authenticity and reliability of such regulatory records.
- b. Duration of Retention. For a period of no less than five years.
- c. Electronic Regulatory Records. Underdog Exchange will establish and maintain appropriate systems and controls that ensure the authenticity and reliability of electronic regulatory records, including without limitation:

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- i. a system that maintains the security, signature and data as necessary to ensure the authenticity of the information contained in electronic regulatory records and to monitor compliance with the CEA and CFTC Rule 1.31;
- ii. a system that ensures Underdog Exchange is able to produce electronic regulatory records in accordance with CFTC Rule 1.31 and ensure the availability of such regulatory records in the event of an Emergency or other disruption of the records Entity's electronic record retention systems;
- iii. an up to date inventory that identifies and describes each system that maintains information necessary for accessing or producing electronic regulatory records.

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d. Inspection and production of Regulatory Records.

Underdog Exchange will have a system in place to produce or make accessible for inspection all Regulatory records in accordance with the following requirements.

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- i. Inspection. All regulatory records shall be open to inspection by a representative of the CFTC or the USDOJ.
- ii. Production of paper Regulatory Records. Underdog Exchange's Recordkeeping and Record Retention Policy prohibits the use of paper records. If, despite this prohibition, Underdog Exchange employees maintain paper records, Underdog Exchange will produce Regulatory Records exclusively created and maintained on paper promptly upon request of a CFTC representative.
- iii. Production of electronic regulatory records. Upon request by the CFTC Underdog Exchange will produce Electronic Regulatory Records in the form and medium requested promptly, upon request.

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