

Regulations 37.600 (Position Limits or Accountability) and 37.601 (Additional Sources for Compliance)). Upon adoption of position accountability levels by the Company, a Person who holds or controls aggregate positions in a Swap in excess of such position accountability levels relating to that Swap shall be subject to the following provisions:

- (a) Such Person shall provide, in a timely manner upon request by the Market Regulation Team, information regarding the nature of the position, trading strategy, and hedging information if applicable;
- (b) Such Person shall, if so ordered by the Market Regulation Team, acting in its discretion, liquidate or not increase further the positions which exceed such levels;
- (c) Such positions must be initiated and liquidated in an orderly manner;
- (d) This Rule 409 shall not limit the jurisdiction of the Company to take action that it determines necessary or appropriate in respect of any positions on the SEF; and
- (e) Upon request, Participants must provide the Market Regulation Team with information, in a form and manner acceptable to the Market Regulation Team, identifying the owner, any controlling parties and any additional required information for each reportable account.

#### **410. Aggregation of Positions**

For purposes of Rule 408 and Rule 409, positions in Swaps shall be aggregated in accordance with CFTC Regulations.

#### **411. Block Trades**

- (a) The Company may designate any Swap as eligible for Block Trades under this Rule and shall determine the minimum size thresholds for the Swaps in which Block Trades are permitted. In determining the minimum size threshold, the Company shall take into consideration (to the extent available) the size distribution of transactions in the Swap, the size distribution of transactions in the related cash markets, and all other information relevant to transaction size in the relevant Swap. Participants and Trading Customers may enter into Block Trades, at prices mutually agreed, with respect to Swaps that have been designated by the Company for such purpose, provided that the conditions in this Rule 411 are satisfied. For any Swap subject to an appropriate minimum block trade size set by the CFTC pursuant to CFTC Regulation 43.6 and the Appendices to Part 43 of the CFTC Regulation, the Company shall not set such appropriate minimum block size at a level lower than that of the CFTC.
- (b) The following shall govern Block Trades:
  - (i) Each buy or sell Order underlying a Block Trade must explicitly state whether the parties have elected to execute it by means of a Block Trade;
  - (ii) A Block Trade must be for a quantity that is at or in excess of the appropriate minimum block size as set forth in this Rule;
  - (iii) The price at which a Block Trade is executed must be fair and reasonable in light of (A) the size of the Block Trade, (B) the prices and sizes of other transactions in the same Swap at the relevant time, (C) the prices and sizes of transactions in other relevant markets at the relevant time, and (D) the circumstances of the markets or the parties to the Block Trade; and
  - (iv) Participants or Trading Customers, in accordance with CFTC Regulation 43.6(h)(6), shall not aggregate Orders for different accounts to achieve the

minimum block size, except if done by a person who has more than \$25,000,000 in total assets under management and:

- (A) Is a commodity trading advisor registered pursuant to Section 4n of the CEA, or exempt from registration under the CEA, or a principal thereof, who has discretionary trading authority or directs client accounts,
  - (B) Is an investment adviser who has discretionary trading authority or directs client accounts and satisfies the criteria of CFTC Regulation 4.7(a)(2)(v), or
  - (C) Is a foreign person who performs a similar role or function as the persons described in paragraphs (A) or (B) of this Rule and is subject as such to foreign regulation.
- (v) Each party to a Block Trade must be an Eligible Contract Participant.
- (vi) Participants or Trading Customers, in accordance with CFTC Regulation 43.6(i)(2), transacting a Block Trade on behalf of a customer must receive prior written instruction or consent from the customer to do so. Such instruction or consent may be provided in the power of attorney or similar document by which the customer provides the Participant or Trading Customer with discretionary trading authority or the authority to direct the trading in its account.
- (c) Block Trades executed off of the SEF:
- (i) For Block Trades executed pursuant to these Rules and submitted to the Company in accordance with this Rule 411, the Reporting Counterparty to a Block Trade, or the Introducing Agent or Account Manager acting on behalf of such Reporting Counterparty, as applicable, must report the time of execution, the actual notional or principal amount of the Block Trade (as applicable to the Block Trade), counterparty and information required pursuant to Rule 414, a notification of the election to have the publicly reportable swap transaction treated as a block trade (as required by CFTC Regulation 43.6(g)(1)(i)) for each Block Trade to the Company as soon as technologically practicable following execution of such Block Trade but no later than 10 minutes before the time in which such Block Trade would be publicly disseminated by a SDR. The Company will report swap transaction and pricing data and Required Swap Creation Data for each Block Trade to the SDR as soon as technologically practicable after such information has been reported to the Company.
  - (ii) The Company may, but is not required to, accept and process a Block Trade where the Reporting Counterparty is a Participant or a Trading Customer of an Introducing Agent or a Client Account of an Account Manager, but the counterparty to the trade is not a Participant or a Trading Customer of an Introducing Agent or a Client Account of an Account Manager, provided that the Reporting Counterparty or its Introducing Agent or Account Manager, as applicable, has entered into the appropriate documentation with the Company that includes a representation by the Reporting Counterparty or its Introducing Agent or Account Manager, as applicable, to the Company that the non-Reporting Counterparty to the Transaction (A) is an Eligible Contract Participant, (B) has authorized the Reporting Counterparty or its Introducing Agent, as applicable, to report the Block Trade to the Company, and (C) agrees that such Block Trade will be subject to the Rules and will satisfy any other obligations that the Company may prescribe.

- (d) Block Trades executed on the SEF:
- (i) A Block Trade may be executed on the SEF by Voice RFQ for Permitted Transactions pursuant to Rule 404.B(a)(ii).
  - (ii) A Block Trade executed on the SEF may not be executed through an Order Book or must occur away from the SEF's trading platform and be executed pursuant to the SEF's Rules, in accordance with CFTC Regulation 43.2.
  - (iii) Any Block Trade executed by Voice RFQ on the SEF must:
    - (A) involve a Swap that is listed by the Company on the SEF;
    - (B) be executed pursuant to the Rules and procedures of the SEF;
    - (C) meet the notional or principal amount at or above the appropriate minimum block size applicable to the Swap;
    - (D) be reported to a Swap Data Repository pursuant to the Rules and Applicable Law (including CFTC Regulation 43.3 (Method and Timing For Real-Time Public Reporting) and 45.3 (Swap Data Reporting: Creation Data));
    - (E) be screened against applicable Risk-Based Limits in accordance with Rule 1003; and
    - (F) be deemed *void ab initio* where the Block Trade is rejected from clearing on the basis of credit to the extent required by Applicable Law (including 37.9(a)(2) (Methods of Execution For Required and Permitted Transactions) and 37.203(a) (Rule Enforcement Program) and in compliance with Rule 1004.
  - ~~(iv) This Rule 411(d) is adopted pursuant to CFTC No-Action Letter No. 14-118 (No-Action Relief for Swap Execution Facilities from Certain "Block Trade" Requirements in Commission Regulation 43.2) (September 19, 2014), which has been extended by subsequent no-action relief, including CFTC No-Action Letter No. 17-60 and CFTC No-Action Letter No. 20-35 (Extension of No-Action Relief for Swap Execution Facilities from Certain "Block Trade" Requirements in Commission Regulation 43.2) (Nov. 13, 2020).~~
  - ~~(v) This Rule 411(d) applies only to Block Trades that are Cleared Swaps.~~

#### **411.A. Package Transactions.**

- (a) The Company may from time to time designate Package Transactions eligible for execution on the SEF pursuant to this Rule 411.A.
- (b) A Permitted Package Transaction executed on the SEF may be executed by any execution method permitted under Rule 404.
- (c) The parties (and any Introducing Agent or Account Manager acting on behalf of either party) to a Permitted Package Transaction designated as eligible for execution on the SEF must comply with applicable policies and procedures that may be established from time to time by the Company.