

Form SEF: Exhibit Q

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| 17. | Attach as Exhibit Q , an explanation regarding the operation of the Applicant’s trading system(s) or platform(s) and the manner in which the system(s) or platform(s) satisfy any Commission rules, interpretations, or guidelines regarding a swap execution facility’s execution methods, including the minimum trading functionality requirement in § 37.3(a)(2) of the Commission’s regulations. This explanation should include, as applicable, the following: | The Company lists Swaps for trading on four platforms: RatesMatch SM , CreditMatch [®] , ForexMatch [®] and EnergyMatch [®] . As such, responses to this Item 17 include the technical and functional aspects for each platform. |
| a. | <p>For trading systems or platforms that enable market participants to engage in transactions through an order book:</p> <ul style="list-style-type: none"> (1) How the trading system or platform provides all orders and trades in an electronic form, and the timeliness in which the trading system or platform does so; (2) How all market participants have the ability to immediately see and have the ability to transact on all bids and offers; and (3) An explanation of the trade matching algorithm, if applicable, and examples of how that algorithm works in various trading scenarios involving various types of orders. | <p><u>RatesMatch</u></p> <p>(1) RatesMatch operates a central limit order book (“CLOB”) that is designed to give Participants and Sponsored Access Firms full control over all of their Orders as well as the ability to view real-time market activity in an anonymous trade environment. Participants and Sponsored Access Firms may view and manage their Orders via the RatesMatch graphical user interface (“GUI”) (Java desktop) or through the Financial Information eXchange (“FIX”) API. All Orders are displayed in the Company’s CLOB and are subject to pre-trade credit checks (where applicable) prior to execution.</p> <p>The RatesMatch User Guide (<u>Exhibit M-2</u>) includes screen shots of Orders that are being entered (Figures 3.1 and 3.2) and trades that are being made (Figures 4.1 and 4.2). Orders are displayed and trades are executed upon receipt of instructions by the Trading Platform. Order attributes such as price and size may be entered and modified by Participants and Sponsored Access Firms in real time during business hours. Additionally, trades that are effected as blocks can be reported to the SEF using the block trade functionality. Trades that are below the block size and that are the subject of permitted pre-execution communications can be exposed to the market for at least fifteen seconds using the brokered trade functionality. Executed trades will be reported to Participants and Sponsored Access Firms after the transmittal of trade data to the Swap Data Repository.</p> <p>(2) Participants and Sponsored Access Firms can directly aggress against all resting Orders in the market through both the GUI and API. Participants and Sponsored Access Firms requesting to trade on an existing Order in the system will be executed based on price/time priority and a trade will take place if the Order is still available and, in the event the Order is for a Uncleared Swap, there is sufficient credit.</p> <p>The FIX API enables traders to use their own proprietary system to interact with the RatesMatch trading platform via a two-way interface. FIX API traders have the ability to aggress on all resting Orders.</p> <p>All Participants and Sponsored Access Firms who have logged in can observe the CLOB and transact with the bids and offers displayed on the CLOB.</p> <p>Under Rule 507(b), a workup or join the trade (“JTT”) session may commence after a transaction is executed in the CLOB upon notice given by the Company, which notice will include the starting time</p> |

| | Exhibit | Narrative |
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| | | <p>and scheduled duration of the JTT session. During a JTT session, Participants and Sponsored Access Firms in the triggering transaction and other Participants and Sponsored Access Firms are invited to participate in the transaction to buy or sell additional quantities of the same instrument at the previously executed price level. The Company may provide the initial counterparties to a swap execution exclusivity or priority during a JTT session, and the operation of the CLOB may or may not be suspended with respect to a swap that is subject to a JTT session. However, any pre-existing orders in the CLOB that are equal to or better than the price of a triggering transaction will be automatically included in the JTT session. Orders in the CLOB that are not filled during the JTT session will remain in the CLOB unless and until cancelled or expired.</p> <p>(3) Section 3.8.2 of the RatesMatch User Guide provides that an Order submitted with a price that is equal to or crosses the existing resting Order(s) will match in accordance with the corresponding contra-side with the first price/time priority and credit validation Rules. Orders are ranked in the depth queue by price/time priority. This is true, regardless of order type. Section 3.8.1 sets forth the rules for price and time priority: bids are first queued by ascending price level, and offers by descending price level, again without regard to order type; bids and offers at each price level are then queued, with the oldest Orders at the top and newest orders at the bottom of the depth queue.</p> <p>Below are examples of how the trade matching algorithm works in various trading scenarios involving various types of Orders:</p> <p>Limit Order – A trader can enter a standard limit Order to buy or sell a stated quantity (e.g., 100 bid) at a specified price, or at a better price, if obtainable. Unless otherwise specified, any residual volume from an incomplete limit Order that is not withdrawn or executed is retained in the CLOB until the end of the day. In this example, if the 100 bid is partially executed against a 75 offer, then the remaining 25 bid would be retained in the CLOB.</p> <p>Contingent Order – A trader can enter an instruction to cancel an existing Order in, the CLOB if the price of a given Swap or other financial instrument is the same as, or is greater or less than, the price specified in the contingent Order (e.g., an instruction to cancel a 100 bid if the market price drops to a level specified in the contingent Order).</p> <p>All or None (“AON”) – If the best bid in the market has a quantity of 100 with an AON attribute and the second best bid has a quantity of 50, then an aggressing offer of 50 will not be able to satisfy the best bid’s AON specification of 100 quantities. The algorithm will then look to the next bid in the stack – in this example, the offer will aggress against the next best bid of 50.</p> <p>Fill or Kill – If a standing bid of 75 exists in the market, and a trader submits a bid with a quantity set to 100 Fill or Kill, then the Order of 100 is immediately killed (cancelled) because the full size of the Order could not be filled. This differs from Fill <i>and</i> Kill, which would execute the quantity of the standing bid of 75 and kill (cancel) the remaining quantity of 25.</p> <p>Hidden (Reserve) Size – A trader can enter a limit Order comprised of two components: a displayed size</p> |

| | Exhibit | Narrative |
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| | | <p>(e.g., 100 bid) and a reserved size (e.g., 150 bid). The shown size is a standard limit Order (e.g., 100 bid). The reserved size is submitted as a new limit Order when the initial shown size is fully executed (e.g., 150 bid). In this example, once the 100 bid is fully executed, the new limit Order of 150 bid is displayed to the market.</p> <p>Timed Order – If a trader enters a bid for 100 as a 30-second timed Order, the Order will be available to aggress against in the market until the 30-second timeframe has expired. Once the 30-second timeframe has expired, the Order will immediately be held.</p> <p>Work the Balance – If a trader submits a work the balance bid with the quantity of 100, it will immediately execute against an existing standing offer with a quantity of 75. The remaining quantity of 25 bid stands in the market.</p> <p><u>CreditMatch</u></p> <p>(1) CreditMatch operates a CLOB that is designed to give Participants and Sponsored Access Firms full control over all of their Orders as well as the ability to view real-time market activity in an anonymous trade environment. Participants and Sponsored Access Firms may view and manage their Orders via the CreditMatch JAVA desktop (GUI) or FIX API. All Orders are displayed in the Company’s CLOB and are subject to pre-trade credit checks (where applicable) prior to execution.</p> <p>The CreditMatch User Guide (<u>Exhibit M-3</u>) includes screen shots of Orders that are being entered (Figures 3.1, 3.2 and 3.3) and trades that are being made (CreditMatch Figures 3.10 and 4.1). Orders are displayed and trades are executed upon receipt of instructions by the Trading Platform. Order attributes such as price and size may be entered and modified by Participants and Sponsored Access Firms in real time during business hours. Additionally, trades that are effected as blocks can be reported to the SEF using the block trade functionality. Executed trades will be reported to Participants and Sponsored Access Firms after the transmittal of trade data to the Swap Data Repository.</p> <p>(2) Participants and Sponsored Access Firms can directly aggress against all resting Orders in the market through both the GUI and API. Participants and Sponsored Access Firms requesting to trade on an existing Order in the system will be executed based on priority and a trade will take place if the Order is still available and, in the event the Order is for a Uncleared Swap, there is sufficient credit.</p> <p>The FIX API enables traders to use their own proprietary system to interact with the CreditMatch trading platform via a two-way low-latency interface. FIX API traders have the ability to aggress on all resting Orders, similar to GUI traders.</p> <p>All Participants and Sponsored Access Firms who have logged in can observe the CLOB and transact with the bids and offers displayed on the CLOB.</p> <p>Under Rule 507(b), a workup or JTT session may commence after a transaction is executed in the CLOB</p> |

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| | | <p>upon notice given by the Company, which notice will include the starting time and scheduled duration of the JTT session. During a JTT session, Participants and Sponsored Access Firms in the triggering transaction and other Participants and Sponsored Access Firms are invited to participate in the transaction to buy or sell additional quantities of the same instrument at the previously executed price level. The Company may provide the initial counterparties to a swap execution exclusivity or priority during a JTT session, and the operation of the CLOB may or may not be suspended with respect to a swap that is subject to a JTT session. However, any pre-existing orders in the CLOB that are equal to or better than the price of a triggering transaction will be automatically included in the JTT session. Orders in the CLOB that are not filled during the JTT session will remain in the CLOB unless and until cancelled or expired.</p> <p>(3) Section 3.6 of the CreditMatch User Guide provides that Orders are ranked in the depth queue by price/time priority. Both bids and offers are queued by best to worst price level, and within each price level, from the oldest to the newest. The best bid and offer are shown next to each other with the depth on the bid side going down below the best bid, and on the offer side going up above the best offer (Figure 3.10). See also Section 4.1.1.</p> <p>Below are examples of how the trade matching algorithm works in various trading scenarios involving various types of Orders:</p> <p>One Cancels Other (OCO) – A trader can enter an Order that is linked to one or more other Orders, with the linked Order being cancelled when any other Order in the same OCO group is fully or partially executed.</p> <p>Contingent Order – A trader can enter an instruction to cancel an existing Order in, the CLOB if the price of a given Swap or other financial instrument is the same as, or is greater or less than, the price specified in the contingent Order (e.g., an instruction to cancel a 100 bid if another trader places a bid at a better price).</p> <p>Hidden (Reserve) Size – A trader can enter a limit Order comprised of two components: a displayed size (e.g., 100 bid) and a reserved size (e.g., 150 bid). The shown size is a standard limit Order (e.g., 100 bid). The reserved size is submitted as a new limit Order when the initial shown size is fully executed (e.g., 150 bid). In this example, once the 100 bid is fully executed, the new limit Order of 150 bid is displayed to the market.</p> <p>Timed Order – If a trader enters a bid for 100 as a 30-second timed Order, the Order will be available to aggress against in the market until the 30-second timeframe has expired. Once the 30-second timeframe has expired, the Order will immediately be held.</p> <p>Work the Balance – If a trader submits a work the balance bid with the quantity of 100, it will immediately execute against an existing standing offer with a quantity of 75. The remaining quantity of 25 bid stands in the market.</p> |

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| | | <p><u>ForexMatch</u></p> <p>(1) ForexMatch operates a CLOB that provides Participants and Sponsored Access Firms full control over all of their Orders as well as the ability to view all real-time market activity in an anonymous trading environment. Participants and Sponsored Access Firms may view and manage their Orders via the ForexMatch proprietary GUI (Java desktop) or through the FIX API. All Orders are displayed in the Company's CLOB.</p> <p>The ForexMatch User Guide (<u>Exhibit M-6</u>) includes screen shots of Orders that are being entered (Figures 1 and 4) and trades that are being made (Figure 2). Orders are displayed and trades are executed upon receipt of instructions by the Trading Platform. Order attributes such as price and size may be entered and modified by Participants and Sponsored Access Firms in real-time during business hours. Both new submissions and updates to existing Orders are reflected to the market in real-time (i.e., within milliseconds). Additionally, trades that are effected as blocks can be reported to the SEF using the block trade functionality. Executed trades will be reported to Participants and Sponsored Access Firms after the transmittal of trade data to the Swap Data Repository.</p> <p>(2) Participants and Sponsored Access Firms can see all bids and offers via the CLOB's API or GUI. The FIX API enables traders to use their own proprietary system to see and interact with the ForexMatch trading platform via a two-way electronic interface. FIX API traders have the ability to transact on all resting orders via "hit" and "lift" functionality, as well as submit orders for auto-matching, similar to GUI participants. The CLOB utilizes an auto-matching engine which enables a trader to submit an Order that matches or crosses the best tradable price on the opposite side. When a trader attempts to submit such a matching or crossing Order, an alert is given to notify the trader that it could result in a trade, requiring confirmation to continue with the action. The GUI also offers Participants and Sponsored Access Firms with the ability to directly aggress against all resting Orders in the market. Participants and Sponsored Access Firms requesting to trade on an existing Order in the system will be executed based on time and price priority.</p> <p>All Participants and Sponsored Access Firms who have logged in can observe the CLOB and transact with the bids and offers displayed on the CLOB.</p> <p>(3) ForexMatch's CLOB is based on price/time priority. Orders are ranked first by price (best to worst), and then by time (earliest to latest within each price level). A decrease in the size of a resting Order does not change its ranking, but an increase will.</p> <p>Below are examples of how the trade matching algorithm works in various trading scenarios involving various types of Orders:</p> <p>Limit Order – A trader can enter a standard limit Order to buy or sell a stated quantity (e.g., 100 bid) at a specified price, or at a better price, if obtainable. Unless otherwise specified, any residual volume from an incomplete limit Order that is not withdrawn or executed is retained in the CLOB until the end of the day. In this example, if the 100 bid is partially executed against a 75 offer, then the remaining 25 bid</p> |

| | Exhibit | Narrative |
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| | | <p>would be retained in the CLOB.</p> <p>Contingent Order – A trader can enter an instruction cancel an existing Order in, the CLOB if the price of a given Swap or other financial instrument is the same as, or is greater or less than, the price specified in the contingent Order (e.g., an instruction to cancel a 100 bid if the market price drops to a level specified in the contingent Order).</p> <p>Hidden (Reserve) Size – A trader can enter a limit Order comprised of two components: a displayed size (e.g., 100 bid) and a reserved size (e.g., 150 bid). The shown size is a standard limit Order (e.g., 100 bid). The reserved size is submitted as a new limit Order when the initial shown size is fully executed (e.g., 150 bid). In this example, once the 100 bid is fully executed, the new limit Order of 150 bid is displayed to the market.</p> <p>Timed Order – If a trader enters a bid for 100 as a 30-second timed Order, the Order will be available to aggress against in the market until the 30-second timeframe has expired. Once the 30-second timeframe has expired, the Order will immediately be held.</p> <p><u>EnergyMatch</u></p> <p>(1) EnergyMatch operates a CLOB that is designed to give Participants and Sponsored Access Firms full control over all of their Orders as well as the ability to view real-time market activity in an anonymous trade environment. Participants and Sponsored Access Firms may view and manage their Orders via the EnergyMatch GUI (web and Java desktop) or through the FIX API. All Orders are displayed in the Company’s CLOB.</p> <p>The EnergyMatch User Guide (<u>Exhibit M-7</u>) includes screen shots of Orders that are being entered (Figures 3.1 and 3.2) and trades that are being made (Figures 4.1 and 4.2). Orders are displayed and trades are executed upon receipt of instructions by the Trading Platform. Order attributes such as price and size may be entered and modified by Participants and Sponsored Access Firms in real time during business hours. Additionally, trades that are effected as blocks can be reported to the SEF using the block trade functionality. Trades that are below the block size and that are the subject of permitted pre-execution communications can be exposed to the market for at least fifteen seconds using the brokered trade functionality. Executed trades will be reported to Participants and Sponsored Access Firms after the transmittal of trade data to the Swap Data Repository.</p> <p>(2) Participants and Sponsored Access Firms can directly aggress against all resting Orders in the market through both the GUI and API. Participants and Sponsored Access Firms requesting to trade on an existing Order in the system will be executed based on price/time priority and a trade will take place if the Order is still available and, in the event the Order is for a Uncleared Swap, there is sufficient credit.</p> <p>The FIX API enables traders to use their own proprietary system to interact with the EnergyMatch trading platform via a two-way low-latency interface. FIX API traders have the ability to aggress on all</p> |

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| | | <p>resting Orders.</p> <p>All Participants and Sponsored Access Firms who have logged in can observe the CLOB and transact with the bids and offers displayed on the CLOB.</p> <p>Under Rule 507(b), a workup or JTT session may commence after a transaction is executed in the CLOB upon notice given by the Company, which notice will include the starting time and scheduled duration of the JTT session. During a JTT session, Participants and Sponsored Access Firms in the triggering transaction and other Participants and Sponsored Access Firms are invited to participate in the transaction to buy or sell additional quantities of the same instrument at the previously executed price level. The Company may provide the initial counterparties to a swap execution exclusivity or priority during a JTT session, and the operation of the CLOB may or may not be suspended with respect to a swap that is subject to a JTT session. However, any pre-existing orders in the CLOB that are equal to or better than the price of a triggering transaction will be automatically included in the JTT session. Orders in the CLOB that are not filled during the JTT session will remain in the CLOB unless and until cancelled or expired.</p> <p>(3) Section 3.8.2 of the EnergyMatch User Guide provides that an Order submitted with a price that is equal to or crosses an existing resting Order(s) will match in accordance with the corresponding contra-side with the first price/time priority and credit validation Rules. Orders are ranked in the depth queue by price/time priority. This is true, regardless of order type. Section 3.8.1 sets forth the rules for price and time priority: Bids are first queued by ascending price level and offers, while queued by descending price level. Bids and offers at each price level are then queued in terms of the oldest Orders at the top and newest orders at the bottom of the depth queue.</p> <p>Below are examples of how the trade matching algorithm works in various trading scenarios involving various types of Orders:</p> <p>Limit Order – A trader can enter a standard limit Order to buy or sell a stated quantity (e.g., 100 bid) at a specified price, or at a better price, if obtainable. Unless otherwise specified, any residual volume from an incomplete limit Order that is not withdrawn or executed is retained in the CLOB until the end of the day. In this example, if the 100 bid is partially executed against a 75 offer, then the remaining 25 bid would be retained in the CLOB.</p> <p>Contingent Order – A trader can enter an instruction to cancel an existing Order in, the CLOB if the price of a given Swap or other financial instrument is the same as, or is greater or less than, the price specified in the contingent Order (e.g., an instruction to cancel a 100 bid if the market price drops to a level specified in the contingent Order).</p> <p>AON – If the best bid in the market has a quantity of 100 with an AON attribute and the second best bid has a quantity of 50, then an aggressing offer of 50 will not be able to satisfy the best bid’s AON specification of 100 quantities. The algorithm will then look to the next bid in the stack – in this</p> |

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| | | <p>example, the offer will aggress against the next best bid of 50.</p> <p>Fill or Kill – If a standing bid of 75 exists in the market, and a trader submits a bid with a quantity set to 100 Fill or Kill, then the Order of 100 is immediately killed (cancelled) because the full size of the Order could not be filled. This differs from Fill <i>and</i> Kill, which would execute the quantity of the standing bid of 75 and kill (cancel) the remaining quantity of 25.</p> <p>Hidden (Reserve) Size – A trader can enter a limit Order comprised of two components: a displayed size (e.g., 100 bid) and a reserved size (e.g., 150 bid). The shown size is a standard limit Order (e.g., 100 bid). The reserved size is submitted as a new limit Order when the initial shown size is fully executed (e.g., 150 bid). In this example, once the 100 bid is fully executed, the new limit Order of 150 bid is displayed to the market.</p> <p>Timed Order – If a trader enters a bid for 100 as a 30-second timed Order, the Order will be available to aggress against in the market until the 30-second timeframe has expired. Once the 30-second timeframe has expired, the Order will immediately be held.</p> <p>Work the Balance – If a trader submits a work the balance bid with the quantity of 100, it will immediately execute against an existing standing offer with a quantity of 75. The remaining quantity of 25 bid stands in the market.</p> |
| b. | <p>For trading systems or platforms that enable market participants to engage in transactions on request for quote systems:</p> <ol style="list-style-type: none"> (1) How a market participant transmits a request for a quote to buy or sell a specific instrument to no less than three market participants in the trading system or platform, to which all such market participants may respond; (2) How resting bids or offers from the Applicant’s Order Book are communicated to the requester; and (3) How a requester may transact on resting bids or offers along with the responsive orders. | <p><u>RatesMatch</u></p> <p>(1) RFQs for interest rate Swaps may be transmitted by voice rather than through the API or GUI. Rule 508 provides that a Participant or Sponsored Access Firm may specify the other Participants and Sponsored Access Firms to whom an RFQ is to be sent, and the Company will for such purposes consult with the Participant or Sponsored Access Firm that has initiated the RFQ. If the Participant or Sponsored Access Firm does not identify at least the minimum number of intended recipients to whom the RFQ should be communicated, the Company will communicate the RFQ to eligible Participants and Sponsored Access Firms based on its knowledge of the markets.</p> <p>RFQs additionally may be entered into the RatesMatch GUI or FIX API by Participants or Sponsored Access Firms. After the RFQ is submitted, the bid and/or offer price from each responder is provided to the requester. Any bid and/or offer price communicated to the requester is subject to a “last look” by the responder; the transaction is executed, and the parties are so notified, promptly after the responder confirms that it is willing to enter into the trade at the quoted price. The system’s “Admin” setting determines the minimum number of Participants and/or Sponsored Access Firms to which the requester must submit the request. If the minimum number of Participants and/or Sponsored Access Firms requirement is not met, the RFQ session will not be initiated. The minimum number will be set for Required Transactions in accordance with Commission Regulations.</p> <p>The Company’s request for stream functionality operates in much the same fashion as the traditional</p> |

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| | | <p>RFQ-to-two or -three mechanism, with one additional feature. In addition to the features described above for RatesMatch RFQ-to-two or -three, a requestor can indicate that it is requesting that quotes be provided, and that the requestor is willing to accept responses, throughout the day for consideration and possible acceptance. This feature is designed to allow responders to update their responsive quotes as market conditions change in the course of the day. A responder to a request for stream also can enable last-look functionality so that it can verify that its quote remains good prior to acceptance, and thereby ensure that the requestor is not viewing a stale price from earlier in the day.</p> <p>(2) Bids and offers that are resting on the CLOB are visible to Participants and are communicated to Participants and Sponsored Access Firms either by the GUI, API or voice, and these Participants and Sponsored Access Firms can transact with these resting bids and offers electronically or via voice.</p> <p>(3) Bids and offers that are resting on the CLOB are visible to Participants and are communicated to Participants and Sponsored Access Firms either by the GUI, API or voice, and these Participants and Sponsored Access Firms can transact with these resting bids and offers electronically or via voice.</p> <p>(4) The Company’s Request For Quote functionality also supports the operation of session-based and non-session based matching mechanisms.</p> <p><i>Session-Based Matching:</i> The Company may, upon notice to Participants, operate a matching session that enables Participants to buy or sell a single instrument or a group of instruments based on a predetermined price (“Reference Price”). Reference Prices may be derived from a fixing session that precedes the matching session or, where there is limited liquidity, be established by the Company based on its knowledge of market conditions and indicative trading interest that has been expressed telephonically or via instant message or chat (in which case the Reference Price may not be within a current bid-ask spread). Upon notification to Participants that a matching session will commence, the Company will invite Participants to submit orders to buy or sell the relevant contract(s) at the Reference Price. The Company will execute offsetting bids and offers submitted during the fixing session based on price/time priority, as applicable, and offsetting responsive bids and responsive offers submitted during the matching session based on time priority. The matching session typically will last between five to ten minutes (depending on whether the matching session involves one or more instruments).</p> <p>The Company may (but is not required to) suspend the ability of Participants to enter orders and execute transactions in the relevant financial instrument on the CLOB during a matching session. If the operation of the CLOB is not suspended, any orders that are submitted in the CLOB may execute against orders submitted in the matching session. If an execution occurs in the CLOB at a price that differs from the Reference Price, the matching session will terminate.</p> <p>Session-based matching is offered on RatesMatch for Permitted Transactions and for package transactions involving both Permitted and Required legs.</p> <p><i>Non-Session-Based Matching:</i> The Company also supports a non-session based “RFQ to all” matching mechanism (which it refers to as “OpenMarket”) that permits transactions to take place on an</p> |

| | Exhibit | Narrative |
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| | | <p>anonymous basis inside the best bid and offer that is displayed on the CLOB. This functionality, which is designed to stimulate liquidity in less actively traded products, operates through the display of a “Reference Price” that is derived automatically through an algorithm utilized by the Company or through a manual process that utilizes the judgment and experience of Company personnel, from bids and offers that may be resting in the CLOB and from Indications of Interest. The Reference Price appears on the Company’s trading screens in a column that sits between bids and offers and signals to market participants that there may be trading interest at the Reference Price.</p> <p>The size and direction of bids and offers submitted to the Company at the Reference Price are not revealed to other market participants in OpenMarket. Bids and offers to trade at the Reference Price may be placed by traders or by Company personnel who act on their behalf, and have time priority for matching with any interest on the other side of the market. Once a buyer and a seller are matched at the OpenMarket price, their trade is executed in real-time at the Reference Price.</p> <p>OpenMarket is offered for both Required and Permitted Transactions.</p> <p><u>CreditMatch</u></p> <p>(1) RFQs for credit Swaps may be transmitted by voice rather than through the API or GUI. Rule 508 provides that a Participant or Sponsored Access Firm may specify the other Participants and Sponsored Access Firms to whom an RFQ is to be sent, and the Company will for such purposes consult with the Participant or Sponsored Access Firm that has initiated the RFQ. If the Participant or Sponsored Access Firm does not identify at least the minimum number of intended recipients to whom the RFQ should be communicated, the Company will communicate the RFQ to eligible Participants and Sponsored Access Firms based on its knowledge of the markets.</p> <p>The Company also is developing a process by which all RFQ participants may have access to the CreditMatch CLOB and have the ability to transact on all resting bids or offers through both the GUI and API. Further, resting bids and offers that correspond with the responsive Orders for the requested instrument are available via “Current Market” view on the GUI. The Current Market view displays the “Mkt Bid” (the column that shows the best bid in the market for the interest) and “Mkt Offer” (the column that shows the best offer in the market for the interest). A quote will flash in red if there is an active trading session in the instrument. If the user decides to hit or lift an Order via the Current Market view, the standard CreditMatch hit/lift dialog will open for trade execution.</p> <p>(2) The Company supports the operation of session-based and non-session based matching mechanisms.</p> <p><i>Session-Based Matching:</i> The Company may, upon notice to Participants, operate a matching session that enables Participants to buy or sell a single instrument or a group of instruments based on a predetermined price (“Reference Price”). Reference Prices may be derived from a fixing session that precedes the matching session or, where there is limited liquidity, be established by the Company based on its knowledge of market conditions and indicative trading interest (in which case the Reference Price may not be within a current bid-ask spread). Upon notification to Participants that a matching session</p> |

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| | | <p>will commence, the Company will invite Participants to submit orders to buy or sell the relevant contract(s) at the Reference Price. The Company will execute offsetting bids and offers submitted during the fixing session based on price/time priority, as applicable, and offsetting responsive bids and responsive offers submitted during the matching session based on time priority. The matching session typically will last between five to ten minutes (depending on whether the matching session involves one or more instruments).</p> <p>The Company may (but is not required to) suspend the ability of Participants to enter orders and execute transactions in the relevant financial instrument on the CLOB during a matching session. If the operation of the CLOB is not suspended, any orders that are submitted in the CLOB may execute against orders submitted in the matching session. If an execution occurs in the CLOB at a price that differs from the Reference Price, the matching session will terminate.</p> <p>Session-based matching is offered on CreditMatch only for Permitted Transactions.</p> <p><i>Non-Session-Based Matching:</i> The Company also supports a non-session based “RFQ to all” matching mechanism (which it refers to as “OpenMarket”) that permits transactions to take place on an anonymous basis inside the best bid and offer that is displayed on the CLOB. This functionality, which is designed to stimulate liquidity in less actively traded products, operates through the display of a “Reference Price” that is derived, based on the judgment and experience of Company personnel, from bids and offers that may be resting in the CLOB and from Indications of Interest. Where there is no bid and offer, or only a bid or offer but not both, the Company may generate the Reference Price by analyzing other relevant data, such as bid-ask spreads in other closely related products. The Reference Price appears on the Company’s trading screens in a column that sits between bids and offers and signals to market participants that there may be trading interest at the Reference Price.</p> <p>The size and direction of bids and offers submitted to the Company at the Reference Price are not revealed to other market participants in OpenMarket. Bids and offers to trade at the Reference Price may be placed by traders or by Company personnel who act on their behalf, and have time priority for matching with any interest on the other side of the market. Once a buyer and a seller are matched at the OpenMarket price, their trade is executed in real-time at the Reference Price.</p> <p>OpenMarket is offered for both Required and Permitted Transactions.</p> <p><u>ForexMatch</u></p> <p>(1) RFQs for foreign exchange Swaps may be transmitted by voice rather than through the API or GUI. Rule 508 provides that a Participant or Sponsored Access Firm may specify the other Participants and Sponsored Access Firms to whom an RFQ is to be sent, and the Company will for such purposes consult with the Participant or Sponsored Access Firm that has initiated the RFQ. If the Participant or Sponsored Access Firm does not identify at least the minimum number of intended recipients to whom the RFQ should be communicated, the Company will communicate the RFQ to eligible Participants and</p> |

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| | | <p>Sponsored Access Firms based on its knowledge of the markets.</p> <p>Participants and Sponsored Access Firms additionally can submit requests for quotes through both the ForexMatch GUI and the FIX API. The Company’s “Administration Console,” which is managed by the Global Production Support Team, allows the Company system administrator to determine the minimum number of Participants and/or Sponsored Access Firms to which the requester must submit the request. If the minimum number of Participants and/or Sponsored Access Firms requirement is not met, the RFQ session will not be initiated. The minimum number will be set for Required Transactions in accordance with Commission Regulations.</p> <p>After the RFQ is submitted, the bid and/or offer price from each responder is provided to the requester. Once the requester accepts the responsive bid and/or offer, the responder whose quote has been accepted receives a notification that the trade has been executed.</p> <p>The Company’s request for stream functionality operates in much the same fashion as the traditional RFQ-to-two or -three mechanism, with one additional feature. In addition to the features described above, a requestor can indicate that it is requesting that quotes be provided, and that the requestor is willing to accept responses, throughout the day for consideration and possible acceptance. This feature is designed to allow responders to update their responsive quotes as market conditions change in the course of the day. A responder to a request for stream also can enable last-look functionality so that it can verify that its quote remains good prior to acceptance, and thereby ensure that the requestor is not viewing a stale price from earlier in the day.</p> <p>(2) All resting bids and offers are available to Participants and Sponsored Access Firms through the Company’s GUI and API, which are available to all Participants and Sponsored Access Firms in a nondiscriminatory basis. All resting bids and offers are communicated to the requester through the API in real-time via the following FIX fields: “Market Data – Incremental Refresh (X)” and “Market Data – Snapshot/Full Refresh (W).”</p> <p>(3) All RFQ participants are granted access to the ForexMatch CLOB and have the ability to transact on all resting bids or offers through both the CLOB’s GUI and API as described in the response to item 17(b)(2) above.</p> <p><u>EnergyMatch</u></p> <p>(1) Consistent with Commission Regulation 37.9(a)(2)(ii), which provides in relevant part that a swap execution facility may for purposes of execution and communication use any means of interstate commerce, including telephone, all RFQs will initially be transmitted by voice rather than through the API or GUI, but the Company anticipates providing RFQ functionality in the future through the GUI and the API. SEF Rule 508 provides that a Participant or Sponsored Access Firm may specify the other Participants and Sponsored Access Firms to whom an RFQ is to be sent, and the Company will for such purposes consult with the Participant or Sponsored Access Firm that has initiated the RFQ. If the Participant or Sponsored Access Firm does not identify at least the minimum number of intended</p> |

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| | | <p>recipients to whom the RFQ should be communicated, the Company will communicate the RFQ to eligible Participants and Sponsored Access Firms based on its knowledge of the markets.</p> <p>The Company is developing a software-based functionality by which Participants and Sponsored Access Firms can submit requests for quotes through both the EnergyMatch GUI and the FIX API. After the RFQ is submitted, the bid and/or offer price from each responder is provided to the requester. Once the requester accepts the responsive bid and/or offer, the responder whose quote has been accepted receives a notification that the trade has been executed. The system's "Admin" setting determines the minimum number of Participants and/or Sponsored Access Firms to which the requester must submit the request. If the minimum number of Participants and/or Sponsored Access Firms requirement is not met, the RFQ session will not be initiated. The minimum number will be set for Required Transactions in accordance with Commission Regulations.</p> |
| c. | How the timing delay described under § 37.9 is incorporated into the trading system or platform. | <p>In accordance with Rule 533(b)(iii), Participants and Sponsored Access Firms or Registered Traders may engage in pre-execution communications with regard to Required Transactions executed or to be executed in the Order Book if one party (the first party) wishes to be assured that a contra party (the second party) will take the opposite side of the first party's Order, only if, among other requirements, the first party's Order is entered into the Order Book first, and the second party's Order is not entered into the Order Book until a period of fifteen seconds has elapsed from the time entry of the first Order.</p> <p>Rule 528(b)(ii) provides that a Participant or Sponsored Access Firm may knowingly place an Order for a Required Transaction in the Order Book against a Customer Order for its own account, an account in which it has a direct or indirect financial interest, or an account over which it has discretionary trading authority only if the Customer Order is first exposed in the Order Book for a minimum of fifteen seconds.</p> <p>Rule 529(a) separately provides that opposite Orders for a Required Transaction for different beneficial owners that are simultaneously placed by a Participant or Sponsored Access Firm with discretion (including time and price discretion) over both accounts may be entered into the Trading Platform only if one Order is exposed for a minimum of fifteen seconds.</p> |