

Core Principle or Other Requirement	ICE Swap Trade, LLC Rule, Policy or Procedure	Relevant Exhibit(s)
Core Principle 1 – Compliance with Core Principles		
<p><u>§37.100(a)</u> – In general, to be registered and maintain registration as a swap execution facility, the swap execution facility shall comply with -</p> <p>(1) The core principles described in section 5h of the Act; and</p> <p>(2) Any requirement that the Commission may impose by rule or regulation pursuant to section 8a(5) of the Act.</p>	<p>All materials provided in connection with ICE Swap Trade, LLC’s (the “SEF”) swap execution facility application (the “Application”), to include the SEF Rulebook (the “Rules” or the “Rulebook”) are intended to satisfy the requirements of Core Principle 1.</p>	<p>The SEF Application in its entirety, as well as the Rulebook (Exhibit M), Compliance Manual (Exhibit O), Regulatory Service Agreement (Exhibit N), and the applicable member/participant agreements (Exhibit N).</p>
<p><u>§37.100(b)</u> – Reasonable discretion of a swap execution facility. Unless otherwise determined by the Commission by rule or regulation, a swap execution facility described in paragraph (a) of this section shall have reasonable discretion in establishing the manner in which the swap execution facility complies with the core principles described in section 5h of the Act.</p>	<p>All materials provided in connection with the SEF’s application, to include the SEF Rulebook are intended to satisfy the requirements of Core Principle 1.</p>	<p>The SEF Application in its entirety, as well as the Rulebook (Exhibit M), Compliance Manual (Exhibit O), Regulatory Service Agreement (Exhibit N), and the applicable member/participant agreements (Exhibit N).</p>
Core Principle 2 – Compliance with Rules		
<p><u>§37.200</u> – A swap execution facility shall:</p> <p><u>§37.200(a)</u> – Establish and enforce compliance with any rule of the swap execution facility, including the terms and conditions of the swaps traded or processed on or through the swap execution facility and any limitation on access to the swap execution facility;</p>	<p>The SEF will implement and impartially enforce its Rules. Each Participant, Authorized Trader and Customers that accesses, either directly or indirectly, and/or trades on or through the SEF is subject to the Rules and the SEF’s jurisdiction.</p>	<p>See Compliance Manual (Exhibit O). See Rule 301 and 401 with respect to a Participant’s obligation to comply with the Rules and submit to the SEF’s jurisdiction.</p> <p>See Rule 301 with respect to an Authorized Trader’s obligation to comply with the Rules and submit to the SEF’s jurisdiction.</p>

	<p>As set forth in the Rules, the SEF reserves the authority to initiate and conduct investigations and prosecute Rule violations committed by Participants, Authorized Traders and Customers.</p> <p>Rule 401 and 1102 requires all Participants to abide by the terms and conditions of Contracts executed on the SEF or pursuant to its Rules.</p> <p>Chapter 3 of the SEF's Rulebook sets forth the criteria that a SEF Participant must otherwise satisfy prior to being granted access to the SEF. Such criteria are applied in an impartial, transparent and in a fair and nondiscriminatory manner. At a minimum a Participant must satisfactorily demonstrate that it is an ECP, it is not subject to Statutory Disqualification and that is financially (e.g. a Clearing Member or has entered into clearing relationship with a Clearing Member) and operationally sound. The Rules also set forth the criteria that an independent software vendor (ISV) must satisfy in order to access the SEF. The SEF has established fair and nondiscriminatory Rules applicable to an ISV's access to the SEF, to include that such ISV satisfactorily demonstrates that it meets the required technical standards set forth by SEF in the ISV Development and Maintenance Agreement. The Rules further set forth the criteria applicable to an Authorized Trader's access to the SEF, which include at a minimum that such Authorized Trader must be an employee/agent of a Participant and it not subject to Statutory Disqualification.</p> <p>The Rulebook sets forth procedures by which the Chief Compliance Officer may revoke, suspend, limit, restrict,</p>	<p>See Rule 301 and 405 with respect to a Customer's obligation to comply with the Rules and submit to the SEF's jurisdiction.</p> <p>See Rulebook Chapter 8 (Disciplinary Rules).</p> <p>See Rule 401 and 1102.</p> <p>See Rulebook Chapter 3 (Access).</p> <p>See Rule 303 (Criteria for Becoming a Participant).</p> <p>See Rule 304 (Additional Criteria for Participants Trading for Customers).</p> <p>See Rule 306 (Authorized Traders).</p> <p>See Rule 305 (ISVs) and the ISV Development and Maintenance Agreement with respect to ISV access to the SEF at Exhibit N to this Application.</p> <p>See Rule 309 (Trading Privileges/Limitations).</p>
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	condition or qualify the privileges of any Participant (and any of its Authorized Traders) or ISV.	
<p><u>§37.200(b)</u> - Establish and enforce trading, trade processing, and participation rules that will deter abuses and have the capacity to detect, investigate, and enforce those rules, including means to provide market participants with impartial access to the market and to capture information that may be used in establishing whether rule violations have occurred;</p>	<p>The Rules and Compliance Manual, to which all SEF Participants, Authorized Traders, Customers, ISV's and Supervised Persons are subject, sets forth the rules relating to impartial access to the market, trading, and trade processing that occurs on the SEF or pursuant to its Rules and have been designed to deter abuses. The SEF relies on its internal processes and procedures, as well as those of its regulatory services provider, ICE Futures U.S., Inc., to ensure that it has the capacity to detect and investigate Rule violations.</p>	<p>See Rule 301 (Applicability of Rules; Jurisdiction).</p> <p>See Rulebook Chapter 5 (Trading Practices and Business Conduct).</p> <p>See Rulebook Chapter 8 (Disciplinary Rules) with specific citation to Rule 801(a) (Jurisdiction).</p> <p>See Rulebook Chapter 3 (Access).</p> <p>See Rule 403 (Right of Inspection).</p> <p>See Rule 301 (Applicability of Rules; Jurisdiction).</p> <p>See Rule 212 and the Regulatory Services Agreement (“RSA”) at Exhibit N to this Application.</p> <p>See Compliance Manual (Exhibit O).</p>
<p><u>§37.200(c)</u> – Establish rules governing the operation of the facility, including rules specifying trading procedures to be used in entering and executing orders traded or posted on the facility, including block trades; and</p>	<p>The Rulebook, as well as published SEF Notices, provide the processes and rules applicable to the operation of the SEF, including rules relating to trading procedures for transactions that occur on the SEF or in accordance with the SEF’s Rules, to include relevant Rules for block trades.</p>	<p>See Rulebook Chapter 5 (Trading Practices and Business Conduct).</p> <p>See Rulebook Chapter 7 (Block Trades, Brokered Trades and Noncompetitive Transactions).</p> <p>See https://www.theice.com/swap-trade/notices for further information relating to trading procedures and order execution.</p>
<p><u>§37.200(d)</u> – Provide by its rules that when a swap dealer or major swap participant enters into or facilitates a swap that is subject to the mandatory clearing</p>	<p>The Rules provide that for Participants that are swap dealers or major swap participants and either enter into or facilitate a swap, that is subject to the mandatory clearing requirement of Section 2(h), such Participant shall be</p>	<p>See Rule 401 (Duties of Participants) and 405 (Customers).</p>

<p>requirement of section 2(h) of the Act, the swap dealer or major swap participant shall be responsible for compliance with the mandatory trading requirement under section 2(h)(8) of the Act.</p>	<p>responsible for compliance with the mandatory trading requirement of CEA Section 2(h)(8), to the extent applicable.</p>	
<p><u>§ 37.201</u> - Operation of swap execution facility and compliance with rules.</p> <p><u>§ 37.201(a)</u> - A swap execution facility shall establish rules governing the operation of the swap execution facility, including, but not limited to, rules specifying trading procedures to be followed by members and market participants when entering and executing orders traded or posted on the swap execution facility, including block trades, as defined in part 43 of this chapter, if offered.</p>	<p>The SEF Rulebook, as well as published SEF Notices, provides the processes and Rules applicable to the operation of the SEF, including Rules relating to trading procedures for transactions that occur on the SEF or in accordance with the SEF's Rules, to include relevant Rules for block trades.</p>	<p>See Rulebook Chapter 5 (Trading Practices and Business Conduct).</p> <p>See Rulebook Chapter 7 (Block Trades, Brokered Trades and Noncompetitive Transactions). See Compliance Manual (Exhibit O).</p> <p>See https://www.theice.com/swap-trade/notices for further information relating to trading procedures and order execution.</p>
<p><u>§ 37.201(b)</u> - A swap execution facility shall establish and impartially enforce compliance with the rules of the swap execution facility, including, but not limited to -</p> <p>(1) The terms and conditions of any swaps traded or processed on or through the swap execution facility; (2) Access to the swap execution facility; (3) Trade practice rules; (4) Audit trail requirements; (5) Disciplinary rules; and (6) Mandatory trading requirements.</p>	<p>The SEF will impartially enforce its Rules, to include those relating to the terms and conditions of swaps traded or processed on or through the SEF (Rule 401 and 1102), impartial access (Chapter 3), trade practice rules (Chapter 5), audit trail requirements (Rule 301 and 401), disciplinary rules (Chapter 8) and mandatory trading requirements (Rule 513).</p>	<p>See Rule 401 and 1102(b).</p> <p>See Rulebook Chapter 3 (Access) relating to Participants, ISVs, Authorized Traders and Customers.</p> <p>See Rulebook Chapter 5 (Trade Practice and Business Conduct).</p> <p>See Rule 301 (Applicability of Rules; Jurisdiction) and 401 (Duties of Participants).</p> <p>See Rulebook Chapter 8 (Disciplinary Rules).</p> <p>See Rule 513 (Execution of Required Transactions).</p>

		See Compliance Manual (Exhibit O).
<p><u>§ 37.202</u> - Access requirements.</p> <p><u>§ 37.202(a)</u> - Impartial access to markets and market services. A swap execution facility shall provide any eligible contract participant and any independent software vendor with impartial access to its market(s) and market services, including any indicative quote screens or any similar pricing data displays, provided that the facility has:</p> <p>(1) Criteria governing such access that are impartial, transparent, and applied in a fair and nondiscriminatory manner;</p> <p>(2) Procedures whereby eligible contract participants provide the swap execution facility with written or electronic confirmation of their status as eligible contract participants, as defined by the Act and Commission regulations, prior to obtaining access; and</p> <p>(3) Comparable fee structures for eligible contract participants and independent software vendors receiving comparable access to, or services from, the swap execution facility.</p>	<p>Chapter 3 of SEF's Rulebook sets forth the criteria that a SEF Participant must satisfy prior to being granted access to the SEF. Such criteria are applied in an impartial, transparent and in a fair and nondiscriminatory manner. The Rules also set forth the criteria that an independent software vendor (ISV) must satisfy in order to access the SEF. The SEF has established fair, transparent and nondiscriminatory Rules applicable to an ISV's access to the SEF, to include that such ISV satisfactorily demonstrates that it meets the required technical standards set forth by SEF in the ISV Development and Maintenance Agreement. The Rules further set forth the criteria applicable to an Authorized Trader's access to the SEF.</p> <p>The Rules provide that each Participant must provide written confirmation of their status as an ECP.</p> <p>The Rules provide comparable fee structures for eligible contract participants and independent software vendors receiving comparable access to, or services from, the swap execution facility.</p>	<p>See Rule 302 (Impartial Access).</p> <p>See Rule 303 (Criteria for Becoming a Participant).</p> <p>See Rule 305 (ISVs) and the ISV Development and Maintenance Agreement with respect to ISV access to the SEF at Exhibit N to this Application.</p> <p>See Rule 306 (Authorized Traders).</p> <p>See Rule 303 (Criteria for Becoming a Participant) and see SEF participation agreement at Exhibit N to this Application.</p> <p>See Rule 310 (Dues, Assessments and Fees) and Exhibit K to this Application.</p>

<p><u>§ 37.202(b)</u> - Jurisdiction. Prior to granting any eligible contract participant access to its facilities, a swap execution facility shall require that the eligible contract participant consent to its jurisdiction.</p>	<p>The Rules provide that all participants (inclusive of ECPs), authorized traders, customers, ISVs and supervised persons are subject to the Rules and the SEF's jurisdiction. With respect to participants, such participants must also expressly consent to the SEF's Rules and jurisdiction.</p>	<p>See Rule 301 (Applicability of Rules; Jurisdiction) and the SEF participation agreement at Exhibit N to this Application.</p>
<p><u>§ 37.202(c)</u> - Limitations on access. A swap execution facility shall establish and impartially enforce rules governing any decision to allow, deny, suspend, or permanently bar eligible contract participants' access to the swap execution facility, including when such decisions are made as part of a disciplinary or emergency action taken by the swap execution facility.</p>	<p>The SEF has established Rules and will impartially enforce such Rules governing any decision to allow, deny, suspend, or permanently bar eligible contract participants' access to the swap execution facility, including when such decisions are made as part of a disciplinary or emergency action taken by the swap execution facility.</p>	<p>See Rule 307 (Application, Withdrawal and Termination of Status) and Rulebook Chapter 8 (Disciplinary Rules).</p> <p>See Rule 208 (Emergency Actions).</p>
<p><u>§ 37.203</u> - Rule enforcement program.</p> <p>A swap execution facility shall establish and enforce trading, trade processing, and participation rules that will deter abuses and it shall have the capacity to detect, investigate, and enforce those rules.</p> <p><u>§ 37.203(a)</u> - Abusive trading practices prohibited. A swap execution facility shall prohibit abusive trading practices on its markets by members and market participants. Swap execution facilities</p>	<p>The SEF has established Rules and will impartially enforce such Rules, covering trading, trade processing, and participation that will deter abuses and it shall have the capacity to detect, investigate, and enforce those Rules.</p> <p>The SEF has established, and will impartially enforce, Rules to prohibit abusive trading practices on its markets by members and market participants, to include such Rules that prohibit customer-related abuses including, but not limited to, trading ahead of customer orders (Rule 509), trading</p>	<p>See Rule 502 (Rule Violations; Prohibited Trading Activity; Prohibitions on Fictitious Transaction, Fraudulent Activity and Manipulation).</p> <p>See Compliance Manual Section 19 (Market Supervision) and Section 20 (Market Surveillance) at Exhibit O to this Application.</p> <p>See RSA (at Exhibit N to this Application) and Chapter 8 (Disciplinary Rules).</p> <p>See Rule 502 (Rule Violations; Prohibited Trading Activity; Prohibitions on Fictitious Transaction, Fraudulent Activity and Manipulation), as relates to the general prohibition of abusive trading practices.</p>

<p>that permit intermediation shall prohibit customer-related abuses including, but not limited to, trading ahead of customer orders, trading against customer orders, accommodation trading, and improper cross trading. Specific trading practices that shall be prohibited include front-running, wash trading, pre-arranged trading (except for block trades permitted by part 43 of this chapter or other types of transactions certified to or approved by the Commission pursuant to the procedures under part 40 of this chapter), fraudulent trading, money passes, and any other trading practices that a swap execution facility deems to be abusive. A swap execution facility shall also prohibit any other manipulative or disruptive trading practices prohibited by the Act or by the Commission pursuant to Commission regulation.</p>	<p>against customer orders (Rule 510), accommodation trading (Rule 502(c)(vii)), and improper cross trading (Rule 512). Specific trading practices that shall be prohibited include front-running (Rule 502(c)(ii)), wash trading (Rule 502(c)(ix)), pre-arranged trading (except for block trades permitted by Part 43 of the Commission's regulations or other types of transactions certified to or approved by the Commission pursuant to the procedures under part 40 of the Commission's regulations) (Rule 502(c)(x)), fraudulent trading (Rule 502(c)(iii)), money passes (Rule 502(c)(iv)), and any other trading practices that a swap execution facility deems to be abusive (Rule 502(c)(xvi)).</p>	<p>See Rule 509 (Priority of Customers' Orders).</p> <p>See Rule 510 (Trading Against Customer Orders).</p> <p>See Rule 512 (Cross Trades; Simultaneous Buy and Sell Orders).</p>
<p><u>§ 37.203(b)</u> - Capacity to detect and investigate rule violations. A swap execution facility shall have arrangements and resources for effective enforcement of its rules. Such arrangements shall include the authority to collect information and documents on both a routine and non-routine basis, including the authority to examine books and records kept by the swap execution facility's members and by persons under investigation. A swap execution facility's arrangements and resources shall also facilitate the direct supervision of the market and the analysis of data collected to determine whether a rule violation has occurred.</p>	<p>The SEF has established Rules that enable it to detect and investigate rule violations and has, where appropriate, entered into arrangements with a regulatory services provider to satisfy its obligations to enforce the SEF's Rules. Rules adopted by the SEF in connection with satisfying its obligations to detect and investigate Rule violations include the authority to collect information (Rule 213 and Rule 801(b)(i)), the requirement for participants and any other person entering an Order or submitting a transaction to the SEF to maintain books and records (Rule 401 and Rule 306.A), the authority for the SEF to inspect such books and records (Rule 403), reliance on a regulatory service provider (Rule 212) and the process described in the SEF's Compliance Manual as relates to direct supervision of the market and analysis of the data collected to determine if a Rule violation has occurred (Compliance Manual Chapter 19 and 20).</p>	<p>See Rule 213 (Use of Data Collected from Participants).</p> <p>See Rule 401 (Duties of Participants) and 403 (Right of Inspection).</p> <p>See Rule 212 (Services Agreement with a Regulatory Services Provider) and RSA at Exhibit N to this Application.</p> <p>Rule 801 (Disciplinary Rules - General).</p> <p>See SEF Compliance Manual at Chapter 19 & 20 at Exhibit O to this Application.</p>

<p><u>§ 37.203(c)</u> - Compliance staff and resources. A swap execution facility shall establish and maintain sufficient compliance staff and resources to ensure that it can conduct effective audit trail reviews, trade practice surveillance, market surveillance, and real-time market monitoring. The swap execution facility's compliance staff shall also be sufficient to address unusual market or trading events as they arise, and to conduct and complete investigations in a timely manner, as set forth in § 37.203(f).</p>	<p>The SEF has established and will maintain sufficient compliance staff and resources to ensure that it can conduct effective audit trail reviews, trade practice surveillance, market surveillance, and real-time market monitoring and to complete investigations in a timely manner.</p>	<p>See Exhibit F (analysis of staffing requirements) to this Application.</p> <p>See RSA at Exhibit N to this Application.</p> <p>See Compliance Manual Chapter 20 at Exhibit O to this Application.</p> <p>See Rulebook Chapter 8 (Disciplinary Procedures).</p>
<p><u>§ 37.203(d)</u> - Automated trade surveillance system. A swap execution facility shall maintain an automated trade surveillance system capable of detecting potential trade practice violations. The automated trade surveillance system shall load and process daily orders and trades no later than 24 hours after the completion of the trading day. The automated trade surveillance system shall have the capability to detect and flag specific trade execution patterns and trade anomalies; compute, retain, and compare trading statistics; compute trade gains, losses, and swap-equivalent positions; reconstruct the sequence of market activity; perform market analyses; and support system users to perform in-depth analyses and ad hoc queries of trade-related data.</p>	<p>The SEF will maintain an automated trade surveillance system capable of detecting potential trade practice violations. Such system is capable of processing daily orders and trades within 24 hours of completion of the trading day.</p>	<p>See Compliance Manual Chapter 19 and 20 at Exhibit O to this Application.</p>
<p><u>§ 37.203(e)</u> - Real-time market</p>	<p>The SEF will conduct real-time market monitoring of all</p>	<p>See Compliance Manual Chapter 19 and 20 at</p>

<p>monitoring. A swap execution facility shall conduct real-time market monitoring of all trading activity on its system(s) or platform(s) to identify disorderly trading and any market or system anomalies. A swap execution facility shall have the authority to adjust trade prices or cancel trades when necessary to mitigate market disrupting events caused by malfunctions in its system(s) or platform(s) or errors in orders submitted by members and market participants. Any trade price adjustments or trade cancellations shall be transparent to the market and subject to standards that are clear, fair, and publicly available.</p>	<p>trading activity on its system(s) or platform(s) to identify disorderly trading and any market or system anomalies.</p> <p>The SEF Rules permit the SEF to adjust trade prices or cancel trades when necessary to mitigate market disrupting events caused by malfunctions in its system(s) or platform(s) or errors in orders submitted by members and market participants</p>	<p>Exhibit O to this Application.</p> <p>See Rule 523 (Rejection of Orders; Cancellation).</p> <p>See Error Trade Policy at: https://www.theice.com/publicdocs/swap_trade/SEF_Error_Trade_Policy.pdf</p>
<p><u>§ 37.203(f)</u> - Investigations and investigation reports.</p> <p>(1) Procedures. A swap execution facility shall establish and maintain procedures that require its compliance staff to conduct investigations of possible rule violations. An investigation shall be commenced upon the receipt of a request from Commission staff or upon the discovery or receipt of information by the swap execution facility that indicates a reasonable basis for finding that a violation may have occurred or will occur.</p> <p>(2) Timeliness. Each compliance staff investigation shall be completed in a timely manner. Absent mitigating factors, a timely manner is no later than 12 months after the date that an investigation is opened. Mitigating factors that may reasonably justify an investigation taking</p>	<p>The SEF has established and will maintain procedures that require its compliance staff to conduct investigations of possible rule violations, upon either a request from the CFTC or upon discover or receipt of information that indicates a reasonable basis exists for finding that a Rule violation has occurred.</p> <p>The SEF has established and will maintain procedures to ensure that compliance staff investigations shall be completed in a timely manner.</p>	<p>See Compliance Manual Chapter 20 at Exhibit O to this Application.</p> <p>See Rulebook Chapter 8 (Disciplinary Rules).</p> <p>See Compliance Manual Section 20 at Exhibit O to this Application.</p>

<p>longer than 12 months to complete include the complexity of the investigation, the number of firms or individuals involved as potential wrongdoers, the number of potential violations to be investigated, and the volume of documents and data to be examined and analyzed by compliance staff.</p>		
<p>(3) Investigation reports when a reasonable basis exists for finding a violation. Compliance staff shall submit a written investigation report for disciplinary action in every instance in which compliance staff determines from surveillance or from an investigation that a reasonable basis exists for finding a rule violation. The investigation report shall include the reason the investigation was initiated; a summary of the complaint, if any; the relevant facts; compliance staff's analysis and conclusions; and a recommendation as to whether disciplinary action should be pursued.</p>	<p>The SEF has established Rules and procedures that require compliance staff to submit a written investigation report meeting the requirements of CFTC regulation 37.203(f)(3) for a disciplinary action in every instance where compliance staff determines that a reasonable basis exists for finding a violation.</p>	<p>See Rule 801(c) (Disciplinary Procedures - Investigation). See Compliance Manual Chapter 20 at Exhibit O to this Application.</p>
<p>(4) Investigation reports when no reasonable basis exists for finding a violation. If after conducting an investigation, compliance staff determines that no reasonable basis exists for finding a rule violation, it shall prepare a written report including the reason the investigation was initiated; a summary of the complaint, if any; the relevant facts; and compliance staff's analysis and conclusions.</p>	<p>The SEF has established Rules and procedures that require compliance staff to submit a written investigation report meeting the requirements of CFTC regulation 37.203(f)(3) for a disciplinary action in every instance where compliance staff determines that a reasonable basis exists for finding a violation.</p>	<p>See Rule 801(c) (Disciplinary Procedures - Investigation). See Compliance Manual Chapter 20 at Exhibit O to this Application.</p>
<p>(5) Warning letters. No more than one</p>	<p>The SEF Compliance Manual requires that compliance staff</p>	<p>See Rule 801 (Disciplinary Procedures).</p>

<p>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.</p>	<p>issue no more than one warning letter to the same person or entity found to have committed the same rule violation within a rolling twelve month period.</p>	<p>See Compliance Manual Chapter 24 at Exhibit O to this Application.</p>
<p><u>§ 37.203(g)</u> - Additional sources for compliance. A swap execution facility may refer to the guidance and/or acceptable practices in Appendix B of this part to demonstrate to the Commission compliance with the requirements of § 37.203.</p>		
<p><u>§ 37.204</u> - Regulatory services provided by a third party.</p> <p><u>§ 37.204(a)</u> - Use of regulatory service provider permitted. A swap execution facility may choose to contract with a registered futures association or another registered entity, as such terms are defined under the Act, or the Financial Industry Regulatory Authority (collectively, “regulatory service providers”), for the provision of services to assist in complying with the Act and Commission regulations thereunder, as approved by the Commission. Any swap execution facility that chooses to contract with a regulatory service provider shall ensure that such provider has the capacity and resources necessary to provide timely and effective regulatory services, including adequate staff and automated surveillance systems. A swap execution facility shall at all times remain responsible for the performance of any regulatory services received, for</p>	<p>ICE Futures US, Inc. a CFTC registered designated contract market, will provide regulatory services to the SEF, to include services relating to enforcement of disciplinary matters, arbitration and financial surveillance. SEF Rule 212 requires that at all times the SEF shall retain ultimate decision-making authority with respect to any such functions to be performed by the Regulatory Services Provider.</p>	<p>See Rule 212 (Services Agreement with a Regulatory Services Provider).</p> <p>See RSA at Exhibit N to this Application.</p> <p>See Exhibit F (as relates to the SEF’s staffing analysis) to this Application.</p> <p>See Compliance Manual Chapter 18 and 24 at Exhibit O to this Application.</p>

<p>compliance with the swap execution facility's obligations under the Act and Commission regulations, and for the regulatory service provider's performance on its behalf.</p>		
<p><u>§ 37.204(b)</u> - Duty to supervise regulatory service provider. A swap execution facility that elects to use the service of a regulatory service provider shall retain sufficient compliance staff to supervise the quality and effectiveness of the regulatory services provided on its behalf. Compliance staff of the swap execution facility shall hold regular meetings with the regulatory service provider to discuss ongoing investigations, trading patterns, market participants, and any other matters of regulatory concern. A swap execution facility shall also conduct periodic reviews of the adequacy and effectiveness of services provided on its behalf. Such reviews shall be documented carefully and made available to the Commission upon request.</p>	<p>The SEF at all times shall retain ultimate decision-making authority with respect to any functions to be performed by the Regulatory Services Provider and in support of such obligation the SEF shall retain sufficient compliance staff to supervise the quality and effectiveness of the regulatory services provided on its behalf. The RSA provides that the SEF and the regulatory services provider shall hold regular meetings to discuss ongoing investigations, trading patterns, market participants, and any other matters of regulatory concern. Further, the SEF's Compliance Manual requires that the SEF periodically review and document the adequacy and effectiveness of services provided on its behalf.</p>	<p>See Rule 212 (Services Agreement with a Regulatory Services Provider).</p> <p>See Compliance Manual Chapter 18 and 24 at Exhibit O to this Application.</p> <p>See RSA at Exhibit N to this Application</p> <p>See Exhibit F (as relates to the SEF's staffing analysis) to this Application.</p>
<p><u>§ 37.204(c)</u> - Regulatory decisions required from the swap execution facility. A swap execution facility that elects to use the service of a regulatory service provider shall retain exclusive authority in all substantive decisions made by its regulatory service provider, including, but not limited to, decisions involving the cancellation of trades, the issuance of disciplinary charges against members or market participants, and denials of access to the trading platform for disciplinary</p>	<p>The SEF Rule 212 requires that at all times the SEF shall retain ultimate decision-making authority with respect to any functions to be performed by the Regulatory Services Provider.</p>	<p>See Rule 212 (Services Agreement with a Regulatory Services Provider).</p> <p>See Compliance Manual Chapter 18 and 24 at Exhibit O to this Application.</p> <p>See RSA at Exhibit N to this Application.</p>

<p>reasons. A swap execution facility shall document any instances where its actions differ from those recommended by its regulatory service provider, including the reasons for the course of action recommended by the regulatory service provider and the reasons why the swap execution facility chose a different course of action.</p>		
<p><u>§ 37.205</u> - Audit trail.</p> <p>A swap execution facility shall establish procedures to capture and retain information that may be used in establishing whether rule violations have occurred.</p> <p><u>§ 37.205(a)</u> - Audit trail required. A swap execution facility shall capture and retain all audit trail data necessary to detect, investigate, and prevent customer and market abuses. Such data shall be sufficient to reconstruct all indications of interest, requests for quotes, orders, and trades within a reasonable period of time and to provide evidence of any violations of the rules of the swap execution facility. An acceptable audit trail shall also permit the swap execution facility to track a customer order from the time of receipt through fill, allocation, or other disposition, and shall include both order and trade data.</p>	<p>In support of the SEF’s audit trail requirement, the SEF requires that all Participants and any other person that enters orders on or enters into transactions on or through the SEF keep books and records of its trading on the SEF (including trading on behalf of any Customer), including records of its activity in the index or instrument used as a reference price, the underlying commodity and related derivatives markets, and make such records available, upon request, to the SEF (or its Regulatory Service Provider) and the CFTC or other regulatory authority.</p> <p>The SEF has adopted Rules and instituted processes and procedures designed to capture and retain all audit trail data necessary to detect, investigate, and prevent customer and market abuses and requiring the CCO to supervise the SEF’s regulatory program with respect to the audit trail requirements.</p>	<p>See Rule 401 (Duties of Participants).</p> <p>See Rule 306.A Compliance with the Commodity Exchange Act</p> <p>See Compliance Manual Chapter 14 at Exhibit O to this Application.</p> <p>See Compliance Manual Chapter 26 at Exhibit O to this Application.</p> <p>See Rule 206(c)(8) (Chief Compliance Officer).</p> <p>See Exhibit V – Q5(m)(3).</p>
<p><u>§ 37.205(b)</u> - Elements of an acceptable audit trail program.</p>		

<p>(1) Original source documents. A swap execution facility's audit trail shall include original source documents. Original source documents include unalterable, sequentially-identified records on which trade execution information is originally recorded, whether recorded manually or electronically. Records for customer orders (whether filled, unfilled, or cancelled, each of which shall be retained or electronically captured) shall reflect the terms of the order, an account identifier that relates back to the account(s) owner(s), the time of order entry, and the time of trade execution. Swap execution facilities shall require that all orders, indications of interest, and requests for quotes be immediately captured in the audit trail.</p> <p>(2) Transaction history database. A swap execution facility's audit trail program shall include an electronic transaction history database. An adequate transaction history database includes a history of all indications of interest, requests for quotes, orders, and trades entered into a swap execution facility's trading system or platform, including all order modifications and cancellations. An adequate transaction history database also includes:</p> <p>(i) All data that are input into the trade entry or matching system for the transaction to match and clear; (ii) The customer type indicator code; (iii) Timing and sequencing data adequate to reconstruct trading; and</p>	<p>The SEF has instituted processes and procedures relating to the audit trail requirements of CFTC regulation 37.205(b)(1) that are designed to capture and store original source documents consisting of customer orders (whether filled, unfilled, or cancelled, each of which shall be retained or electronically captured) shall reflect the terms of the order, an account identifier that relates back to the account(s) owner(s), the time of order entry, and the time of trade execution.</p> <p>The SEF's transaction history database satisfactorily meets each of the requirements of CFTC regulation 37.205(b)(2), to include maintaining a history of all indications of interest, orders, and trades entered into a swap execution facility's trading system or platform, including all order modifications and cancellations.</p>	<p>See Exhibit S (Description of how trading data will be maintained by the SEF) to this Application.</p> <p>See Compliance Manual Chapter 26 at Exhibit O to this Application.</p> <p>See Exhibit V – Question 5(M)(1) to this Application.</p> <p>See Exhibit S (Description of how trading data will be maintained by the SEF) to this Application.</p> <p>See Compliance Manual Chapter 26 at Exhibit O to this Application.</p> <p>See Exhibit V – Question 5(M)(1) to this Application.</p>
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<p>(iv) Identification of each account to which fills are allocated.</p> <p>(3) Electronic analysis capability. A swap execution facility's audit trail program shall include electronic analysis capability with respect to all audit trail data in the transaction history database. Such electronic analysis capability shall ensure that the swap execution facility has the ability to reconstruct indications of interest, requests for quotes, orders, and trades, and identify possible trading violations with respect to both customer and market abuse.</p> <p>(4) Safe storage capability. A swap execution facility's audit trail program shall include the capability to safely store all audit trail data retained in its transaction history database. Such safe storage capability shall include the capability to store all data in the database in a manner that protects it from unauthorized alteration, as well as from accidental erasure or other loss. Data shall be retained in accordance with the recordkeeping requirements of Core Principle 10 for swap execution facilities and the associated regulations in subpart K of this part.</p>	<p>The SEF's audit trail program includes electronic analysis capability with the ability to reconstruct indications of interest, orders, and trades, and identify possible trading violations with respect to both customer and market abuse.</p> <p>The SEF maintains safe storage capability with the ability to safely store all audit trail data retained in its transaction history database for a period of five (5) years, as required by CFTC regulation 37.1001.</p>	<p>See Exhibit V to this Application.</p> <p>See Compliance Manual Chapter 26 at Exhibit O to this Application.</p> <p>See Exhibit V – Question 5(M)(1) to this Application.</p>
<p><u>§ 37.205(c)</u> - Enforcement of audit trail requirements.</p> <p>(1) Annual audit trail and recordkeeping reviews. A swap execution facility shall enforce its audit trail and recordkeeping requirements through at least annual</p>	<p>The SEF shall enforce its audit trail and recordkeeping requirements through at least annual reviews of all members and persons and firms subject to the SEF's recordkeeping rules to verify their compliance with the SEF's audit trail</p>	<p>See Rule 301 (Applicability of Rules; Jurisdiction).</p> <p>See Rule 403 (Right of Inspection).</p>

<p>reviews of all members and persons and firms subject to the swap execution facility's recordkeeping rules to verify their compliance with the swap execution facility's audit trail and recordkeeping requirements. Such reviews shall include, but are not limited to, reviews of randomly selected samples of front-end audit trail data for order routing systems; a review of the process by which user identifications are assigned and user identification records are maintained; a review of usage patterns associated with user identifications to monitor for violations of user identification rules; and reviews of account numbers and customer type indicator codes in trade records to test for accuracy and improper use.</p> <p>(2) Enforcement program required. A swap execution facility shall establish a program for effective enforcement of its audit trail and recordkeeping requirements. An effective program shall identify members and persons and firms subject to the swap execution facility's recordkeeping rules that have failed to maintain high levels of compliance with such requirements, and impose meaningful sanctions when deficiencies are found. Sanctions shall be sufficient to deter recidivist behavior. No more than one warning letter shall be issued to the same person or entity found to have committed the same violation of audit trail or recordkeeping requirements within a rolling twelve month period.</p>	<p>and recordkeeping requirements.</p> <p>All participants subject to the SEF's jurisdiction and Rules (Rule 301) are required to maintain books and records of their trading on the SEF (including trading on behalf of any Customer), including records of its activity in the index or instrument used as a reference price, the underlying commodity and related derivatives markets, and make such records available, upon request, to the SEF (or its Regulatory Service Provider) and the CFTC or other regulatory authority (Rule 401).</p> <p>Further, the Rules of the SEF require that such participant's books and records be made available to the SEF for inspection (Rule 403).</p> <p>The SEF has established Rules, policies and procedures reasonably designed to identify members and persons and firms subject to the SEF's recordkeeping rules that have failed to maintain high levels of compliance with such requirements, and the SEF reserves the authority to impose meaningful sanctions to deter recidivist behavior when deficiencies are found. The SEF has adopted Rules (801) and Compliance Manual procedures requiring that compliance staff will not issue more than one warning letter to the same person or entity found to have committed the same violation of audit trail or recordkeeping requirements within a rolling twelve month period.</p>	<p>See Rulebook Chapter 8 (Disciplinary Procedures).</p> <p>See Compliance Manual Chapter 14 and 26 at Exhibit O to this Application.</p> <p>See Rule 301 (Applicability of Rules; Jurisdiction).</p> <p>See Rule 401 (Duties of Participants).</p> <p>See Rule 403 (Right of Inspection).</p> <p>See Rulebook Chapter 8 (Disciplinary Procedures).</p> <p>See Compliance Manual Chapter 14 at Exhibit O to this Application.</p> <p>See Rule 801(c)(3) (Disciplinary Rules – General).</p>

<p>execution facility.</p>		
<p><u>§ 37.206(b)</u> - Disciplinary panels. A swap execution facility shall establish one or more disciplinary panels that are authorized to fulfill their obligations under the rules of this subpart. Disciplinary panels shall meet the composition requirements of part 40 of this chapter, and shall not include any members of the swap execution facility's compliance staff or any person involved in adjudicating any other stage of the same proceeding.</p>	<p>The SEF shall establish one or more disciplinary panels and in each instance such disciplinary panels shall meet the composition requirements of part 40 of the CFTC rules, and shall not include any members of the swap execution facility's compliance staff or any person involved in adjudicating any other stage of the same proceeding.</p>	<p>See Rule 805 (Disciplinary Panel).</p> <p>See Compliance Manual Chapter 24 at Exhibit O attached to this Application.</p> <p>See RSA at Exhibit N to this Application.</p> <p>See Rule 212 (Services Agreement with a Regulatory Services Provider).</p>
<p><u>§ 37.206(c)</u> - Hearings. A swap execution facility shall adopt rules that provide for the following minimum requirements for any hearing:</p> <p>(1) The hearing shall be fair, shall be conducted before members of the disciplinary panel, and shall be promptly convened after reasonable notice to the respondent; and</p> <p>(2) If the respondent has requested a hearing, a copy of the hearing shall be made and shall become a part of the record of the proceeding. The record shall not be required to be transcribed unless:</p> <p>(i) The transcript is requested by Commission staff or the respondent;</p> <p>(ii) The decision is appealed pursuant to the rules of the swap execution facility; or</p> <p>(iii) The decision is reviewed by the Commission pursuant to section 8c of the Act or part 9 of this chapter. In all other</p>	<p>In connection with disciplinary procedures and sanctions, the SEF has adopted Rules that provide for hearings to be conducted in a fair and prompt manner.</p> <p>The SEF's Rules also provide that if a hearing has been requested, the SEF will arrange for such hearing to be recorded. Upon the request of the respondent for a copy of the recording/transcription, the SEF may require the respondent to pay for the costs associated with transcribing the recording of the hearing.</p>	<p>See Rule 806 (Hearing (Disciplinary Procedures & Sanctions)).</p> <p>See Rule 808 (Conducting Hearings).</p> <p>See Compliance Manual Chapter 24 at Exhibit O attached to this Application.</p>

<p>instances, a summary record of a hearing is permitted.</p>		
<p><u>§ 37.206(d)</u> - Decisions. Promptly following a hearing conducted in accordance with the rules of the swap execution facility, the disciplinary panel shall render a written decision based upon the weight of the evidence contained in the record of the proceeding and shall provide a copy to the respondent. The decision shall include:</p> <p>(1) The notice of charges or a summary of the charges;</p> <p>(2) The answer, if any, or a summary of the answer;</p> <p>(3) A summary of the evidence produced at the hearing or, where appropriate, incorporation by reference of the investigation report;</p> <p>(4) A statement of findings and conclusions with respect to each charge, and a complete explanation of the evidentiary and other basis for such findings and conclusions with respect to each charge;</p> <p>(5) An indication of each specific rule that the respondent was found to have violated; and</p> <p>(6) A declaration of all sanctions imposed against the respondent, including the basis for such sanctions and the effective date</p>	<p>Promptly following a hearing conducted in accordance with the rules of the swap execution facility, the SEF's Rules require the disciplinary panel to render a written decision based upon the weight of the evidence contained in the record of the proceeding and shall provide a copy to the respondent. The SEF's Rules require that any decision of the disciplinary panel include:</p> <p>(1) The notice of charges or a summary of the charges;</p> <p>(2) The answer, if any, or a summary of the answer;</p> <p>(3) A summary of the evidence produced at the hearing or, where appropriate, incorporation by reference of the investigation report;</p> <p>(4) A statement of findings and conclusions with respect to each charge, and a complete explanation of the evidentiary and other basis for such findings and conclusions with respect to each charge;</p> <p>(5) An indication of each specific rule that the respondent was found to have violated; and</p> <p>(6) A declaration of all sanctions imposed against the respondent, including the basis for such sanctions and the effective date of such sanctions.</p>	<p>See Rule 809 (Decision of Disciplinary Panel).</p> <p>See Compliance Manual Chapter 24 attached as Exhibit O to this Application.</p>

of such sanctions.		
<p><u>§ 37.206(e)</u> - Disciplinary sanctions. All disciplinary sanctions imposed by a swap execution facility or its disciplinary panels shall be commensurate with the violations committed and shall 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, shall take into account the respondent's disciplinary history. In the event of demonstrated customer harm, any disciplinary sanction shall also include full customer restitution, except where the amount of restitution or to whom it should be provided cannot be reasonably determined.</p>	<p>The SEF's Rules require that all disciplinary sanctions imposed by the SEF or its disciplinary panels be commensurate with the violations committed and shall be clearly sufficient to deter recidivism or similar violations by other market participants. Such disciplinary sanctions will take into account the respondent's disciplinary history and will further take into consideration any demonstrated customer harm that might warrant full restitution under the circumstances.</p>	<p>See Rule 810 (Sanctions; Expenses).</p> <p>See Compliance Manual Chapter 24 attached as Exhibit O to this Application.</p>
<p><u>§ 37.206(f)</u> - Warning letters. Where a rule violation is found to have occurred, no more than one warning letter may be issued per rolling twelve month period for the same violation.</p>	<p>The SEF has adopted Rules and Compliance Manual procedures requiring that compliance staff will issue no more than one warning letter to the same person or entity found to have committed the same rule violation within a rolling twelve month period</p>	<p>See Rule 801 (Disciplinary Procedures).</p> <p>See Compliance Manual Chapter 24 at Exhibit O to this Application.</p>
<p><u>§ 37.206(g)</u> - Additional sources for compliance. A swap execution facility may refer to the guidance and/or acceptable practices in Appendix B of this part to demonstrate to the Commission compliance with the requirements of § 37.206.</p>		
<p>Core Principle 3 – Swaps Not Readily Susceptible to Manipulation</p>		

<p><u>§ 37.300</u> - The swap execution facility shall permit trading only in swaps that are not readily susceptible to manipulation.</p>	<p>The SEF shall permit trading only in swaps that are not readily susceptible to manipulation. To that end, the SEF will primarily list broad based index credit default swaps that are cleared at a registered derivatives clearing organization (“DCO”), such as ICE Clear Credit, LLC, Chicago Mercantile Exchange or LCH.Clearnet Limited. With respect to products to be listed by the SEF that are not currently being cleared by a DCO, the SEF will only list swaps and options that are, based on its analysis, unlikely to be the subject of manipulation.</p> <p>The SEF does not intend to list swaps that are settled by physical delivery.</p>	<p>See Compliance Manual Chapter 16 at Exhibit O to this Application.</p>
<p><u>§37.301</u> - General requirements. To demonstrate to the Commission compliance with the requirements of § 37.300, a swap execution facility shall, at the time it submits a new swap contract in advance to the Commission pursuant to part 40 of this chapter, provide the applicable information as set forth in Appendix C to part 38 of this chapter— Demonstration of Compliance That a Contract is not Readily Susceptible to Manipulation. A swap execution facility may also refer to the guidance and/or acceptable practices in Appendix B of this part.</p>	<p>The SEF shall submit a swap or option on a swap’s terms and conditions to the CFTC prior to listing the swap, or option on a swap.</p>	<p>See Compliance Manual Chapter 16 at Exhibit O to this Application.</p>
Core Principle 4 – Monitoring of Trading and Trade Processing		
<p><u>§ 37.400</u> – The swap execution facility shall:</p> <p><u>§ 37.400(a)</u> – Establish and enforce rules or terms and conditions defining, or specifications detailing:</p>	<p>The SEF Rule’s require that all participants comply with the SEF’s Rules and submit to its jurisdiction. The SEF has established Rules that relate to the processes that the SEF</p>	<p>See Rule 301 (Applicability of Rules; Jurisdiction). See Rulebook Chapter 8 (Disciplinary Rules) with</p>

<p>(1) Trading procedures to be used in entering and executing orders traded on or through the facilities of the swap execution facility; and</p> <p>(2) Procedures for trade processing of swaps on or through the facilities of the swap execution facility; and</p>	<p>will implement in order to enforce the Rules.</p> <p>The SEF's Rules relating to trading procedures are set forth in the Rulebook at Section 5 (Trading Practices and Business Conduct) and Section 7 (Block Trades and Noncompetitive Transactions).</p> <p>The SEF's Rules relating to trading processing are set forth in Chapters 5 and 7 of the Rulebook. Further, Rule 1102 (Transaction Terms) provides that upon the execution of a swap that is required to be cleared, such swap is subject to the rules and regulations of the applicable DCO at the time the swap is executed.</p>	<p>specific citation to Rule 801 (Power to investigate).</p> <p>See Rulebook Chapter 5 (Trading Practices and Business Conduct) and Chapter 7 (Block Trades, Brokered Trades and Noncompetitive Transactions).</p> <p>See Error Trade Policy at: www.theice.com/publicdocs/swap_trade/SEF_Error_Trade_Policy.pdf</p> <p>See Rulebook Chapter 5 (Trading Practices and Business Conduct) and Chapter 7 (Block Trades, Brokered Trades and Noncompetitive Transactions).</p> <p>See Rule 1102 (Transaction Terms).</p>
<p><u>§ 37.400(b)</u> – Monitor trading in swaps to prevent manipulation, price distortion, and disruptions of the delivery or cash settlement process through surveillance, compliance, and disciplinary practices and procedures, including methods for conducting real-time monitoring of trading and comprehensive and accurate trade reconstructions.</p>	<p>The SEF or as applicable its regulatory service provider, will monitor, both in real time and on a T+1 basis, trading in swaps to prevent manipulation, price distortion, and disruptions of the delivery or cash settlement process.</p>	<p>See Compliance Manual Chapter 17 (Process to Establishing Block Sizes Minimums), Chapter 19 (Market Supervision), Chapter 20 (Market Surveillance), Chapter 21 (Complaints and Referrals), Chapter 22 (Inquires and Investigations), Chapter 24 (Disciplinary Procedures) attached as Exhibit O to this Application.</p> <p>See Regulatory Services Agreement at Exhibit N to this Application.</p> <p>See Rulebook Chapter 8 (Disciplinary Procedures).</p> <p>See Rule 401 (Duties of Participants), as relates to a participants obligation to maintain books and records.</p> <p>See Rule 403 (Right of Inspection), as relates to a participant's obligation to make such books and</p>

		records available for inspection by the SEF or its regulatory services provider.
<p><u>§ 37.401</u> - General requirements. A swap execution facility shall:</p> <p><u>§ 37.401(a)</u> - Collect and evaluate data on its market participants' market activity on an ongoing basis in order to detect and prevent manipulation, price distortions, and, where possible, disruptions of the physical-delivery or cash-settlement process;</p>	<p>The SEF will collect and evaluate data on its market participants' market activity on an ongoing basis in order to detect and prevent manipulation, price distortions, and, where possible, disruptions of the settlement process.</p>	<p>See Compliance Manual Chapter 19 and 20 at Exhibit O to this Application.</p> <p>See Rule 401 (Duties of Participants), as relates to a participants obligation to maintain books and records.</p>
<p><u>§ 37.401(b)</u> - Monitor and evaluate general market data in order to detect and prevent manipulative activity that would result in the failure of the market price to reflect the normal forces of supply and demand;</p>	<p>The SEF has adopted Rules to prevent manipulative activity.</p> <p>The SEF will monitor and evaluate general market data in order to detect and prevent manipulative activity that would result in the failure of the market price to reflect the normal forces of supply and demand.</p>	<p>See Rule 501 (Rule Violations; Prohibited Trading Activity; Prohibitions on Fictitious Transaction, Fraudulent Activity and Manipulation).</p> <p>See Compliance Manual Chapter 17, 19 and 22 at Exhibit O to this Application.</p> <p>See Error Trade Policy at: https://www.theice.com/publicdocs/swap_trade/SEF_Error_Trade_Policy.pdf</p>
<p><u>§ 37.401(c)</u> - Demonstrate an effective program for conducting real-time monitoring of trading for the purpose of detecting and resolving abnormalities; and</p>	<p>The SEF will conduct real-time monitoring of trading for the purpose of detecting and resolving abnormalities.</p>	<p>See Compliance Manual Chapter 19 and 20 at Exhibit O to this Application.</p> <p>See Exhibit F (as relates to the SEF's staffing analysis) to this Application.</p> <p>See Error Trade Policy at: https://www.theice.com/publicdocs/swap_trade/SEF_Error_Trade_Policy.pdf</p>
<p><u>§ 37.401(d)</u> - Demonstrate the ability to comprehensively and accurately</p>	<p>The SEF will have the ability to comprehensively and accurately reconstruct daily trading activity for the purpose</p>	<p>See Compliance Manual Chapter 20 at Exhibit O to this Application.</p>

<p>reconstruct daily trading activity for the purpose of detecting instances or threats of manipulation, price distortion, and disruptions.</p>	<p>of detecting instances or threats of manipulation, price distortion, and disruptions.</p>	
<p><u>§ 37.402</u> - Additional requirements for physical-delivery swaps. For physical-delivery swaps, the swap execution facility shall demonstrate that it:</p> <p><u>§ 37.402(a)</u> - Monitors a swap's terms and conditions as they relate to the underlying commodity market; and</p>	<p>The SEF does not intend to list physical delivery contracts.</p>	
<p><u>§ 37.402(b)</u> - Monitors the availability of the supply of the commodity specified by the delivery requirements of the swap.</p>	<p>The SEF does not intend to list physical delivery contracts.</p>	
<p><u>§ 37.403</u>- Additional requirements for cash-settled swaps.</p> <p><u>§ 37.403(a)</u> - For cash-settled swaps, the swap execution facility shall demonstrate that it monitors the pricing of the reference price used to determine cash flows or settlement;</p>	<p>The SEF will rely on the industry standard ISDA cash settlement process embedded in the contract documentation and will monitor the process as required. The SEF has the ability to obtain information from its Participants, including position information and related trading activity to assist in reviewing influence on price formation.</p>	
<p><u>§ 37.403(b)</u> - For cash-settled swaps listed on the swap execution facility where the reference price is formulated and computed by the swap execution facility, the swap execution facility shall demonstrate that it monitors the continued appropriateness of its methodology for deriving that price; and</p>	<p>The SEF does not formulate reference prices for contract settlement.</p>	

<p><u>§ 37.403(c)</u> - For cash-settled swaps listed on the swap execution facility where the reference price relies on a third-party index or instrument, including an index or instrument traded on another venue, the swap execution facility shall demonstrate that it monitors the continued appropriateness of the index or instrument.</p>	<p>The SEF will rely on the industry standard ISDA cash settlement process embedded in the contract documentation and will monitor the process as required. The SEF has the ability to obtain information from its Participants, including position information and related trading activity to assist in reviewing influence on price formation.</p>	
<p><u>§ 37.404</u> - Ability to obtain information.</p> <p><u>§ 37.404(a)</u> - A swap execution facility shall demonstrate that it has access to sufficient information to assess whether trading in swaps listed on its market, in the index or instrument used as a reference price, or in the underlying commodity for its listed swaps is being used to affect prices on its market.</p>	<p>In support of the SEF's ability to obtain information, the SEF requires that all Participants and any other person that submits orders or enters into transaction on or through the SEF keep books and records of its trading on the SEF (including trading on behalf of any Customer), including records of its activity in the index or instrument used as a reference price, the underlying commodity and related derivatives markets, and make such records available, upon request, to the SEF (or its Regulatory Service Provider) and the CFTC or other regulatory authority. Further, the SEF's Rules require that each SEF participant make such information/records available to the SEF for inspection.</p>	<p>See Rule 401 (Duties of Participants).</p> <p>See Rule 306.A (Compliance with the Commodity Exchange Act).</p> <p>See Rule 403 (Right of Inspection).</p>
<p><u>§ 37.404(b)</u> - A swap execution facility shall have rules that require its market participants to keep records of their trading, including records of their activity in the index or instrument used as a reference price, the underlying commodity, and related derivatives markets, and make such records available, upon request, to the swap execution facility or, if applicable, to its regulatory service provider, and the Commission.</p>	<p>In support of the SEF's ability to obtain information, the SEF requires that all Participants and any other person that submits orders or enters into transaction on or through the SEF keep books and records of its trading on the SEF (including trading on behalf of any Customer), including records of its activity in the index or instrument used as a reference price, the underlying commodity and related derivatives markets, and make such records available, upon request, to the SEF (or its Regulatory Service Provider) and the CFTC or other regulatory authority. Further, the SEF's Rules require that each SEF participant make such</p>	<p>See Rule 401 (Duties of Participants).</p> <p>See Rule 306.A (Compliance with the Commodity Exchange Act).</p> <p>See Rule 403 (Right of Inspection).</p>

	information/records available to the SEF for inspection.	
<p><u>§ 37.405</u> - Risk controls for trading. The swap execution facility shall establish and maintain risk control mechanisms to prevent and reduce the potential risk of market disruptions, including, but not limited to, market restrictions that pause or halt trading under market conditions prescribed by the swap execution facility.</p>	<p>Pursuant to the Rules, the SEF has the authority to implement risk control mechanisms to prevent and reduce the potential risk of market disruptions, including, but not limited to, market restrictions that pause or halt trading under market conditions prescribed by the swap execution facility. Absent any automated functionality to pause or halt trading under certain market conditions, the SEF has implemented Rule 208 (Emergency Actions) and Market Supervision policies and procedures for the identification of aberrant market conditions and the resultant escalation actions.</p>	<p>See Rule 208 (Emergency Actions).</p> <p>See Compliance Manual Chapter 19 at Exhibit O to this Application.</p>
<p><u>§ 37.406</u> - Trade reconstruction. The swap execution facility shall have the ability to comprehensively and accurately reconstruct all trading on its facility. All audit-trail data and reconstructions shall be made available to the Commission in a form, manner, and time that is acceptable to the Commission.</p>	<p>The SEF has the ability to comprehensively and accurately reconstruct all trading on its facility. All audit-trail data and reconstructions shall be made available to the Commission in a form, manner, and time that is acceptable to the Commission.</p>	<p>See Compliance Manual Chapter 20 at Exhibit O to this Application.</p>
<p><u>§ 37.407</u> - Regulatory service provider. A swap execution facility shall comply with the regulations in this subpart through a dedicated regulatory department or by contracting with a regulatory service provider pursuant to § 37.204.</p>	<p>The SEF's dedicated Market Regulation Department, in conjunction with its regulatory service provider, ICE Futures US, Inc. a CFTC registered designated contract market, will comply with applicable CFTC regulations. With respect to the SEF's Regulatory Services Provider, the SEF shall at all times retain ultimate decision-making authority.</p>	<p>See Regulatory Services Agreement at Exhibit N to this Application.</p> <p>See Compliance Manual Chapter 20 and 26 at Exhibit O to this Application.</p> <p>See Rule 212 (Services Agreement with a Regulatory Services Provider).</p>
<p><u>§ 37.408</u> - Additional sources for compliance. A swap execution facility may refer to the guidance and/or acceptable practices in Appendix B of this</p>		

<p>part to demonstrate to the Commission compliance with the requirements of § 37.400.</p>		
Core Principle 5 – Ability to Obtain Information		
<p><u>§37.500</u> – The swap execution facility shall:</p> <p>(a) Establish and enforce rules that will allow the facility to obtain any necessary information to perform any of the functions described in section 5h of the Act;</p> <p>(b) Provide the information to the Commission on request; and</p> <p>(c) Have the capacity to carry out such international information-sharing agreements as the Commission may require.</p>	<p>The SEF Rule’s requires that all Participants and any other person that submits orders or enters into transaction on or through the SEF keep books and records of its trading on the SEF (including trading on behalf of any Customer), including records of its activity in the index or instrument used as a reference price, the underlying commodity and related derivatives markets, and make such records available, upon request, to the SEF (or its Regulatory Service Provider) and the CFTC or other regulatory authority. Further, the SEF’s Rules require that each SEF participant make such information/records available to the SEF for inspection.</p> <p>The SEF Rule’s provide that the SEF may provide information to the Commission upon request and that the SEF has the capacity to enter into international information-sharing agreements as the Commission may require.</p>	<p>See Rule 306.A (Compliance with the Commodity Exchange Act).</p> <p>See Rule 401 (Duties of Participants).</p> <p>See Rule 403 (Right of Inspection).</p> <p>See Rule 211 (Information-Sharing Agreements).</p> <p>See Rule 213 (Use of Data Collected from Participants).</p> <p>See Rulebook Chapter 8 (Disciplinary Procedures).</p> <p>See Rule 210 (Reporting to the CFTC).</p> <p>Rule 211 (Information-Sharing Agreements).</p>
<p><u>§37.501</u> – Establish and enforce rules. A swap execution facility shall establish and enforce rules that will allow the swap execution facility to have the ability and authority to obtain sufficient information to allow it to fully perform its operational, risk management, governance, and regulatory functions and any requirements under this part, including the capacity to carry out international information-sharing agreements as the Commission may require.</p>	<p>The SEF Rule’s requires that all Participants and any other person that submits orders or enters into transaction on or through the SEF keep books and records of its trading on the SEF (including trading on behalf of any Customer), including records of its activity in the index or instrument used as a reference price, the underlying commodity and related derivatives markets, and make such records available, upon request, to the SEF (or its Regulatory Service Provider) and the CFTC or other regulatory authority. Further, the SEF’s Rules require that each SEF participant make such information/records available to the SEF for inspection. The SEF has the ability to enforce these Rules.</p> <p>The SEF Rule’s provide that the SEF may provide</p>	<p>See Rule 306.A (Compliance with the Commodity Exchange Act).</p> <p>See Rule 401 (Duties of Participants).</p> <p>See Rule 403 (Right of Inspection).</p> <p>See Rule 211 (Information-Sharing Agreements).</p> <p>See Rule 213 (Use of Data Collected from Participants).</p> <p>See Rulebook Chapter 8 (Disciplinary Procedures).</p> <p>See Rule 210 (Reporting to the CFTC).</p>

	information to the Commission upon request and that the SEF has the capacity to enter into international information-sharing agreements as the Commission may require.	
<p><u>§37.502</u> – Collection of information. A swap execution facility shall have rules that allow it to collect information on a routine basis, allow for the collection of non-routine data from its market participants, and allow for its examination of books and records kept by the market participants on its facility.</p>	<p>The SEF Rule’s requires that all Participants and any other person that submits orders or enters into transaction on or through the SEF keep books and records of its trading on the SEF (including trading on behalf of any Customer), including records of its activity in the index or instrument used as a reference price, the underlying commodity and related derivatives markets, and make such records available, upon request, to the SEF (or its Regulatory Service Provider) and the CFTC or other regulatory authority. Further, the SEF’s Rules require that each SEF participant make such information/records available to the SEF for inspection. The SEF has the ability to enforce these Rules.</p>	<p>See Rule 306.A (Compliance with the Commodity Exchange Act).</p> <p>See Rule 401 (Duties of Participants).</p> <p>See Rule 403 (Right of Inspection).</p> <p>See Rule 211 (Information-Sharing Agreements).</p> <p>See Rule 213 (Use of Data Collected from Participants).</p>
<p><u>§37.503</u> – Provide information to the Commission. A swap execution facility shall provide information in its possession to the Commission upon request, in a form and manner that the Commission approves.</p>	<p>The SEF rules permit that the SEF shall provide information in its possession to the Commission upon request, in a form and manner that the Commission approves.</p>	<p>See Rule 211 (Information-Sharing Agreements).</p>
<p><u>§37.504</u> – Information-sharing agreements. A swap execution facility shall share information with other regulatory organizations, data repositories, and third-party data reporting services as required by the Commission or as otherwise necessary and appropriate to fulfill its self-regulatory and reporting responsibilities. Appropriate information-sharing agreements can be established with such entities or the Commission can act in</p>	<p>The SEF’s Rules provide that it may enter into information sharing agreements with other regulatory organizations, data repositories, and third-party data reporting services as required by the Commission or as otherwise necessary and appropriate to fulfill its self-regulatory and reporting responsibilities.</p>	<p>See Rule 211 (Information-Sharing Agreements).</p>

<p>conjunction with the swap execution facility to carry out such information sharing.</p>		
Core Principle 6 – Position Limits or Accountability		
<p><u>§37.600(a)</u> – In general. To reduce the potential threat of market manipulation or congestion, especially during trading in the delivery month, a swap execution facility that is a trading facility shall adopt for each of the contracts of the facility, as is necessary and appropriate, position limitations or position accountability for speculators.</p>	<p>The SEF’s Rules provide that it shall adopt for each of the contracts listed on the facility, as is necessary and appropriate, position limits or position accountability levels.</p>	<p>See Rule 517 (Position Limits), Rule 518 (Exemptions from Position Limits) and Rule 519 (Position Accountability).</p>
<p><u>§37.600(b)</u> – Position limits. For any contract that is subject to a position limitation established by the Commission pursuant to section 4a(a) of the Act, the swap execution facility shall:</p> <p>(1) Set its position limitation at a level no higher than the Commission limitation; and</p> <p>(2) Monitor positions established on or through the swap execution facility for compliance with the limit set by the Commission and the limit, if any, set by the swap execution facility.</p>	<p>The SEF’s Rules require that it shall adopt for each of the contracts of the facility, as is necessary and appropriate, position limitations or position accountability levels, such limitations shall be set at a level no higher than the Commission limitation, and shall be monitored by the SEF.</p>	<p>See Rule 517 (Position Limits) and 519 (Position Accountability).</p> <p>See Compliance Manual Chapter 15 at Exhibit O to this Application.</p>
<p><u>§37.601</u> – Additional sources for compliance. Until such time that compliance is required under part 151 of this chapter, a swap execution facility may refer to the guidance and/or acceptable practices in Appendix B of this</p>		

<p>part to demonstrate to the Commission compliance with the requirements of § 37.600.</p>		
Core Principle 7 – Financial Integrity of Transactions		
<p><u>§37.700</u> – The swap execution facility shall establish and enforce rules and procedures for ensuring the financial integrity of swaps entered on or through the facilities of the swap execution facility, including the clearance and settlement of the swaps pursuant to section 2(h)(1) of the Act.</p>	<p>The SEF has established and will enforce Rules and procedures relating to the financial integrity of swaps entered on or through the facilities of the SEF, including the clearance and settlement of the swaps pursuant to section 2(h)(1) of the Act.</p>	<p>See Rule 303 (Criteria for Becoming a Participant).</p> <p>See Rule 304 (Additional Criteria for Participants Trading for Customers).</p> <p>See Rule 516 (Pre-Execution Credit Checks).</p> <p>See Rule 404 (Financial Notices).</p> <p>See Rule 405 (Customers).</p> <p>See Rule 406 (Trading Limitations, Termination, Suspension).</p> <p>See Rulebook Chapter 10 (Clearing and Financial Responsibility; Reporting).</p> <p>See Clearing House Access Agreements at Exhibit N to this Application.</p>
<p><u>§37.701</u> – Required clearing. Transactions executed on or through the swap execution facility that are required to be cleared under section 2(h)(1)(A) of the Act or are voluntarily cleared by the counterparties shall be cleared through a Commission-registered derivatives clearing organization, or a derivatives clearing organization that the Commission has determined is exempt from registration.</p>	<p>The SEF has established Rules that require each participant that executes transactions on or through the SEF to either be a clearing member or have in place a relationship with a Clearing Member and such transactions that are either (i) required to be cleared under section 2(h)(1)(A) of the Act, or (ii) voluntarily cleared, shall be cleared in accordance with the applicable clearing house rules.</p>	<p>See Rule 303 (Criteria for Becoming a Participant).</p> <p>See Rule 1002 (Cleared Swaps).</p> <p>See Clearing House Access Agreements at Exhibit N to this Application.</p>

<p><u>§37.702</u> – General financial integrity. A swap execution facility shall provide for the financial integrity of its transactions:</p> <p>(a) By establishing minimum financial standards for its members, which shall, at a minimum, require that members qualify as an eligible contract participant as defined in section 1a(18) of the Act;</p> <p>(b) [Reserved]</p>	<p>The SEF has established Rules that require participants to provide a written representation (and to continuously update such representation) that the participant meets the minimum required financial standards, to include that such participant is a eligible contract participant, and be able to demonstrate that such participant has sufficient financial resources to perform its obligations under its transactions, and is either a clearing member or has a relationship in place with a clearing member.</p>	<p>See Rule 303 (Criteria for Becoming a Participant).</p> <p>See Rule 304 (Additional Criteria for Participants Trading for Customers).</p> <p>See Rule 404 (Financial Notices).</p> <p>See Rule 406 (Trading Limitations, Termination, Suspension).</p> <p>See Compliance Manual Chapter 14 at Exhibit O to this Application.</p> <p>See SEF Participation Agreement at Exhibit N to this Application.</p>
<p><u>§37.703</u> – Monitor for financial soundness. A swap execution facility shall monitor its members to ensure that they continue to qualify as eligible contract participants as defined in section 1a(18) of the Act.</p>	<p>The SEF has established Rules that require participants to provide a written representation (and to continuously update such representation, as required by the Rules) that they meet the minimum required financial standards, to include that such participant is an eligible contract participant as defined in section 1a(18) of the Act.</p>	<p>See SEF Participation Agreement at Exhibit N to this Application.</p> <p>See Rule 303 (Criteria for Becoming a Participant).</p> <p>See Rule 403 (Right of Inspection).</p> <p>See Rule 404 (Financial Notices).</p> <p>See Compliance Manual Chapter 14 at Exhibit O to this Application.</p>
Core Principle 8 – Emergency Authority		
<p><u>§ 37.800</u> – The swap execution facility shall adopt rules to provide for the exercise of emergency authority, in consultation or cooperation with the Commission, as is necessary and appropriate, including the authority to</p>	<p>The SEF’s Rules provide for the exercise of emergency authority, in consultation or cooperation with the Commission, as is necessary and appropriate, including the authority to liquidate or transfer open positions in any swap or to suspend or curtail trading in a swap.</p>	<p>See Rule 208 (Emergency Actions).</p>

<p>liquidate or transfer open positions in any swap or to suspend or curtail trading in a swap.</p>		
<p><u>§ 37.801</u> – Additional sources for compliance. A swap execution facility may refer to the guidance and/or acceptable practices in Appendix B of this part to demonstrate to the Commission compliance with the requirements of § 37.800.</p>		
Core Principle 9 – Timely Publication of Trading Information		
<p><u>§ 37.900(a)</u> – In general. The swap execution facility shall make public timely information on price, trading volume, and other trading data on swaps to the extent prescribed by the Commission.</p>	<p>The SEF has established rules that the SEF will report all Transactions (including accepted Block Trades) subject to reporting by the SEF under Applicable CFTC Regulations to a swap data repository selected by the SEF for such purpose within the time limits set forth in the Applicable CFTC Regulations.</p>	<p>See Rule 1004 (Reporting to SDR). See Compliance Manual Chapter 18 at Exhibit O to this Application. See Exhibit N to this Application for agreements relating to reporting to a swap data repository.</p>
<p><u>§ 37.900(b)</u> – Capacity of swap execution facility. The swap execution facility shall be required to have the capacity to electronically capture and transmit trade information with respect to transactions executed on the facility.</p>	<p>The SEF has the capacity to electronically capture and transmit trade information with respect to transactions executed on the facility.</p>	<p>See Rule 1004 (Reporting to SDR). See Compliance Manual Chapter 26 at Exhibit O to this Application. See Exhibit S to this Application for a description as to how the trading data will be maintained by the SEF.</p>
<p><u>§ 37.901</u> – General requirements. With respect to swaps traded on or through a swap execution facility, each swap execution facility shall:</p>		

<p>§ 37.901(a) – Report specified swap data as provided under part 43 and part 45 of this chapter; and</p>	<p>The SEF will report specified swap data as provided under Part 43 and Part 45 of the CFTC’s regulations.</p>	<p>See Rule 1004 (Reporting to SDR). See Compliance Manual Chapter 26 at Exhibit O to this Application.</p>
<p>§ 37.901(b) – Meet the requirements of part 16 of this chapter.</p>	<p>The SEF will record and report all data required by part 16 of the CFTC’s regulations.</p>	<p>See Rule 1004(d) (Reporting).</p>
Core Principle 10 – Recordkeeping and Reporting		
<p>§ 37.1000(a) – In general. A swap execution facility shall:</p> <p>§ 37.1000(a)(1) – Maintain records of all activities relating to the business of the facility, including a complete audit trail, in a form and manner acceptable to the Commission for a period of five years;</p>	<p>The SEF will, and will cause its regulatory services provider to, as applicable, maintain records of all activities relating to the business of the facility, including a complete audit trail, in a form and manner acceptable to the Commission for a period of five years.</p>	<p>See Compliance Manual Chapter 26 (Maintenance of Books and Records) at Exhibit O to this Application. See RSA at Exhibit N to this Application. See Exhibit S.1 for the Applicant’s Record Keeping Policy.</p>
<p>§ 37.1000(a)(2) – Report to the Commission, in a form and manner acceptable to the Commission, such information as the Commission determines to be necessary or appropriate for the Commission to perform the duties of the Commission under the Act; and</p>	<p>The SEF will, and will cause its regulatory services provider to, as applicable, report to the Commission, in a form and manner acceptable to the Commission, such information as the Commission determines to be necessary or appropriate for the Commission to perform the duties of the Commission under the Act.</p>	<p>See Rule 211 (Information-Sharing Arrangements). See Compliance Manual Chapter 26 at Exhibit O to this Application.</p>
<p>§ 37.1000(a)(3) – Keep any such records relating to swaps defined in section 1a(47)(A)(v) of the Act open to inspection and examination by the Securities and Exchange Commission.</p>	<p>The SEF will, and will cause its regulatory services provider to, as applicable, keep any such records relating to swaps defined in section 1a(47)(A)(v) of the Act open to inspection and examination by the Securities and Exchange Commission.</p>	<p>See Rule 211 (Information-Sharing Arrangements). See Compliance Manual Chapter 26 at Exhibit O to this Application. See RSA at Exhibit N to this Application. See Exhibit S.1 for the Applicant’s Record Keeping</p>

		Policy.
<p><u>§ 37.1000(b)</u> – Requirements. The Commission shall adopt data collection and reporting requirements for swap execution facilities that are comparable to corresponding requirements for derivatives clearing organizations and swap data repositories.</p>		
<p><u>§ 37.1001</u> – Recordkeeping. A swap execution facility shall maintain records of all activities relating to the business of the facility, in a form and manner acceptable to the Commission, for a period of at least five years. A swap execution facility shall maintain such records, including a complete audit trail for all swaps executed on or subject to the rules of the swap execution facility, investigatory files, and disciplinary files, in accordance with the requirements of § 1.31 and part 45 of this chapter.</p>	<p>The SEF will, and will cause its regulatory services provider to, as applicable, maintain records of all activities relating to the business of the facility, in a form and manner acceptable to the Commission, for a period of at least five years. A swap execution facility shall maintain such records, including a complete audit trail for all swaps executed on or subject to the rules of the swap execution facility, investigatory files, and disciplinary files, in accordance with the requirements of § 1.31 and Part 45 of this chapter.</p>	<p>See Compliance Manual Chapter 26 at Exhibit O to this Application.</p> <p>See Exhibit S to this Application for a description as to how the trading data/records will be maintained by the SEF.</p> <p>See RSA at Exhibit N to this Application.</p> <p>See Exhibit S.1 for the Applicant’s Record Keeping Policy.</p>
Core Principle 11 – Antitrust Considerations		
<p><u>§37.1100</u> –Unless necessary or appropriate to achieve the purposes of the Act, the swap execution facility shall not:</p> <p><u>§37.1100(a)</u> –Adopt any rules or take any actions that result in any unreasonable restraint of trade; or</p>	<p>The SEF has not adopted any Rules, nor has it taken any action that results in any unreasonable restraint of trade, or imposes any material anticompetitive burden on trading, clearing or reporting. The SEF’s Rules provide for fair and open access to its trading facility and there are no discriminatory barriers to use of the facility or other services. In particular, Rule 302 provides states that “Consistent with Applicable Law, the SEF provides access</p>	<p>See Rule 302 (Impartial Access).</p> <p>See Compliance Manual Chapters 9 and 14 at Exhibit O to this Application.</p>

	<p>to Participants and ISVs on a fair, non-discriminatory and open basis. Participant and ISV status, and access to, and usage of, the Platform in such capacity is available to all market participants that meet the criteria set forth herein and validly engage in Transactions.” Additionally, the SEF offers the same fee structure for the same services to all users. The SEF does not tie or bundle the offering of facilities and/or services with other ancillary services that it provides to market participants.</p> <p>As part of the annual compliance review, the Chief Compliance Officer will review compliance with this Core Principle 11.</p>	
<p><u>§37.1100(b)</u> – Impose any material anticompetitive burden on trading or clearing.</p>	<p>The SEF has not adopted any Rules, nor has it taken any action that results in any unreasonable restraint of trade, or imposes any material anticompetitive burden on trading, clearing or reporting. The SEF’s Rules provide for fair and open access to its trading facility and there are no discriminatory barriers to use of the facility or other services. In particular, Rule 302 provides states that “Consistent with Applicable Law, the SEF provides access to Participants and ISVs on a fair, non-discriminatory and open basis. Participant and ISV status, and access to, and usage of, the Platform in such capacity is available to all market participants that meet the criteria set forth herein and validly engage in Transactions.” Additionally, the SEF offers the same fee structure for the same services to all users. The SEF does not tie or bundle the offering of facilities and/or services with other ancillary services that it provides to market participants.</p> <p>As part of the annual compliance review, the Chief Compliance Officer will review compliance with this Core Principle 11.</p>	<p>See Rule 302 (Impartial Access).</p> <p>See Compliance Manual Chapter 9 at Exhibit O to this Application.</p>
<p><u>§37.1101</u> – Additional sources for compliance. A swap execution facility</p>		

<p>may refer to the guidance and/or acceptable practices in Appendix B of this part to demonstrate to the Commission compliance with the requirements of § 37.1100.</p>		
Core Principle 12: Conflicts of Interest		
<p><u>§37.1200</u> –The swap execution facility shall:</p> <p><u>§37.1200(a)</u> –Establish and enforce rules to minimize conflicts of interest in its decision making process; and</p>	<p>The SEF has established, and will enforce, Rules to minimize conflicts of interest in its decision-making process, and has established a process for resolving such conflicts of interest. The SEF’s Rules and policies applicable to Directors, Committee Members and all employees of the SEF are set forth in the SEF’s Rules and in its Compliance Manual. These policies establish written procedures to:</p> <ul style="list-style-type: none"> • Identify, on an ongoing basis, existing and potential conflicts of interest. • Make decisions in the event of a conflict of interest. <p>These policies include rules regarding the recusal, in applicable circumstances, of parties involved in the making of decisions.</p> <p>The SEF’s Chief Compliance Officer is responsible for administering and enforcing compliance with the various Rules and policies adopted by the SEF and, in consultation with the Board of Managers, will resolve any such conflicts of interest.</p> <p>As part of the annual compliance review, the Chief Compliance Officer will review the SEF’s compliance with this Core Principle 12.</p> <p>As part of the annual compliance review, the Chief Compliance Officer will review compliance with this Core Principle 11.</p>	<p>See Rule 201 (Management) relating to the rules applicable to the required number of Public Directors for the SEF’s board.</p> <p>See Compliance Manual Chapter 10 at Exhibit O to this Application, relating to the required number of Public Directors that must sit on the SEF’s Regulatory Oversight Committee.</p> <p>See Compliance Manual Chapters 12 and 13 (Conflicts of Interest) at Exhibit O to this Application.</p> <p>See Rule 207 (Conflicts of Interest of Named Persons) and 209 (Conflict of Interest in Emergencies).</p> <p>See Compliance Manual Chapter 9 at Exhibit O to this Application.</p> <p>See Fitness of the Board of Directors Charter, The Board of Managers Governance Principles, Code of Business and Ethics for Committee Members and Code of Business Conduct and Ethics for Managers attached at Exhibit C to this Application.</p>

<p><u>§37.1200(b)</u> – Establish a process for resolving the conflicts of interest.</p>	<p>The SEF has established, and will enforce, Rules to minimize conflicts of interest in its decision-making process, and has established a process for resolving such conflicts of interest. The SEF’s Rules and policies applicable to Directors, Committee Members and all employees of the SEF are set forth in the SEF’s Rules and in its Compliance Manual. These policies establish written procedures to:</p> <ul style="list-style-type: none"> • Identify, on an ongoing basis, existing and potential conflicts of interest. • Make decisions in the event of a conflict of interest. <p>These policies include Rules regarding the recusal, in applicable circumstances, of parties involved in the making of decisions.</p> <p>The SEF’s Chief Compliance Officer is responsible for administering and enforcing compliance with the various Rules and policies adopted by the SEF and, in consultation with the Board of Managers, will resolve any such conflicts of interest.</p> <p>As part of the annual compliance review, the Chief Compliance Officer will review the SEF’s compliance with this Core Principle 12.</p> <p>As part of the annual compliance review, the Chief Compliance Officer will review compliance with this Core Principle 11.</p>	<p>See Rule 201 (Management) relating to the rules applicable to the required number of Public Directors for the SEF’s board.</p> <p>See Compliance Manual Chapter 10 at Exhibit O to this Application, relating to the required number of Public Directors that must sit on the SEF’s Regulatory Oversight Committee.</p> <p>See Compliance Manual Chapters 12 and 13 (Conflicts of Interest) at Exhibit O to this Application.</p> <p>See Rule 207 (Conflicts of Interest of Named Persons) and 209 (Conflict of Interest in Emergencies).</p> <p>See Compliance Manual Chapter 9 at Exhibit O to this Application.</p>
Core Principle 13: Financial Resources		
<p><u>§37.1300(a)</u> –In general. The swap execution facility shall have adequate financial, operational, and managerial resources to discharge each responsibility of the swap execution facility.</p>	<p>As demonstrated in Exhibit I, the SEF has made a reasonable calculation of its projected operating costs over a 12-month period in order to determine the amount needed to enable the SEF to cover its operating costs for a period of at least one year, calculated on a rolling basis. As shown on its balance sheet, the SEF will maintain financial resources</p>	<p>See Compliance Manual Chapter 25 (Financial Resources and Reporting) at Exhibit O attached to this Application.</p> <p>See Exhibit I (Pro-Forma financial statements and accompanying narrative) to this Application.</p>

	<p>that are equal to the total amount that would enable the SEF to cover its operating costs for a period of at least one year. The SEF has reserved, as restricted cash on its balance sheet, cash equal to at least six months' operating costs.</p> <p>The SEF maintains the financial resources required to meet its operating costs in the form of cash and accounts receivable on its balance sheet. The SEF's balance sheet reflects the current market value of these financial resources. The SEF believes that no reduction in value to these financial resources is necessary to reflect market and credit risk.</p>	
<p><u>§37.1300(b)</u> –Determination of resource adequacy. The financial resources of a swap execution facility shall be considered to be adequate if the value of the financial resources exceeds the total amount that would enable the swap execution facility to cover the operating costs of the swap execution facility for a one-year period, as calculated on a rolling basis.</p>	<p>As demonstrated in Exhibit I, the SEF has made a reasonable calculation of its projected operating costs over a 12-month period in order to determine the amount needed to enable the SEF to cover its operating costs for a period of at least one year, calculated on a rolling basis. As shown on its pro forma balance sheet, the SEF will maintain financial resources that are equal to the total amount that would enable the SEF to cover its operating costs for a period of at least one year. The SEF will reserve, as restricted cash on its balance sheet, cash equal to at least six months' operating costs. The SEF's financial resources will be satisfied by a capital contribution from the SEF's parent that will be made prior to or upon the SEF receiving an Order of Registration.</p>	<p>See Compliance Manual Chapter 25 (Financial Resources and Reporting) at Exhibit O attached to this Application.</p> <p>See Exhibit I (Pro-Forma financial statements and accompanying narrative) to this Application.</p>
<p><u>§37.1301 General requirements.</u></p> <p><u>§37.1301(a)</u> – A swap execution facility shall maintain financial resources sufficient to enable it to perform its functions in compliance with the core principles set forth in section 5h of the Act.</p>	<p>As demonstrated in Exhibit I, the SEF has made a reasonable calculation of its projected operating costs over a 12-month period in order to determine the amount needed to enable the SEF to cover its operating costs for a period of at least one year, calculated on a rolling basis. As shown on its pro forma balance sheet, the SEF will maintain financial resources that are equal to the total amount that would enable the SEF to cover its operating costs for a period of at least one year. The SEF will reserve, as restricted cash on</p>	<p>See Exhibit I (Pro-Forma financial statements and accompanying narrative) to this Application.</p>

	its balance sheet, cash equal to at least six months' operating costs.	
<u>§37.1301(b)</u> – An entity that operates as both a swap execution facility and a derivatives clearing organization shall also comply with the financial resource requirements of § 39.11 of this chapter.	The SEF is not a derivatives clearing organization.	
<u>§37.1301(c)</u> – Financial resources shall be considered sufficient if their value is at least equal to a total amount that would enable the swap execution facility to cover its operating costs for a period of at least one year, calculated on a rolling basis.	As demonstrated in Exhibit I, the SEF has made a reasonable calculation of its projected operating costs over a 12-month period in order to determine the amount needed to enable the SEF to cover its operating costs for a period of at least one year, calculated on a rolling basis. As shown on its pro forma balance sheet, the SEF will maintain financial resources that are equal to the total amount that would enable the SEF to cover its operating costs for a period of at least one year. The SEF will reserve, as restricted cash on its balance sheet, cash equal to at least six months' operating costs.	See Exhibit I (Pro-Forma financial statements and accompanying narrative) to this Application.
<u>§37.1302</u> – Types of financial resources. Financial resources available to satisfy the requirements of § 37.1301 may include: <u>§37.1302(a)</u> – The swap execution facility's own capital, meaning its assets minus its liabilities calculated in accordance with U.S. generally accepted accounting principles; and	The SEF's financial resources will be satisfied by a capital contribution from the SEF's parent that will be made prior to or upon the SEF receiving an Order of Registration. After that time, the SEF will rely on its own capital to satisfy the requirements of CFTC regulation 37.1301.	See Exhibit I (Pro-Forma financial statements and accompanying narrative) to this Application.
<u>§37.1302(b)</u> – Any other financial resource deemed acceptable by the Commission.	The SEF's financial resources will be satisfied by a capital contribution from the SEF's parent that will be made prior to or upon the SEF receiving an Order of Registration. After that time, the SEF will rely on its own capital to	See Exhibit I (Pro-Forma financial statements and accompanying narrative) to this Application.

	satisfy the requirements of CFTC regulation 37.1301.	
<p><u>§37.1303</u> – Computation of projected operating costs to meet financial resource requirement. A swap execution facility shall, each fiscal quarter, make a reasonable calculation of its projected operating costs over a twelve-month period in order to determine the amount needed to meet the requirements of § 37.1301. The swap execution facility shall have reasonable discretion in determining the methodology used to compute such projected operating costs. The Commission may review the methodology and require changes as appropriate.</p>	<p>Each fiscal quarter, the SEF will make a reasonable calculation of its projected operating costs over a twelve-month period in order to determine the amount needed to meet the requirements of § 37.1301.</p>	<p>See Compliance Manual Chapter 25 (Financial Resources and Reporting) at Exhibit O attached to this Application.</p> <p>See Exhibit I (Pro-Forma financial statements and accompanying narrative) to this Application.</p>
<p><u>§ 37.1304</u> – Valuation of financial resources. No less than each fiscal quarter, a swap execution facility shall compute the current market value of each financial resource used to meet its obligations under § 37.1301. Reductions in value to reflect market and credit risk (“haircuts”) shall be applied as appropriate.</p>	<p>The SEF intends to maintain the financial resources required to meet its operating costs in the form of cash and accounts receivable on its balance sheet. The SEF’s pro forma balance sheet reflects the current market value of these financial resources. The SEF believes that no reduction in value to these financial resources is necessary to reflect market and credit risk.</p>	<p>See Compliance Manual Chapter 25 (Financial Resources and Reporting) at Exhibit O attached to this Application.</p> <p>See Exhibit I (Pro-Forma financial statements and accompanying narrative) to this Application.</p>
<p><u>§ 37.1305</u> – Liquidity of financial resources. The financial resources allocated by the swap execution facility to meet the requirements of § 37.1301 shall include unencumbered, liquid financial assets (i.e., cash and/or highly liquid securities) equal to at least six months’ operating costs. If any portion of such</p>	<p>The SEF will reserve, as restricted cash on its balance sheet, cash equal to at least six months’ operating costs.</p>	<p>See Exhibit I (Pro-Forma financial statements and accompanying narrative) to this Application</p>

<p>financial resources is not sufficiently liquid, the swap execution facility may take into account a committed line of credit or similar facility for the purpose of meeting this requirement.</p>		
<p><u>§ 37.1306 Reporting to the Commission.</u></p> <p><u>§ 37.1306(a)</u> - Each fiscal quarter, or at any time upon Commission request, a swap execution facility shall:</p> <p>(1) Report to the Commission:</p> <p>(i) The amount of financial resources necessary to meet the requirements of § 37.1301; and</p> <p>(ii) The value of each financial resource available, computed in accordance with the requirements of § 37.1304;</p> <p>(2) Provide the Commission with a financial statement, including the balance sheet, income statement, and statement of cash flows of the swap execution facility or of its parent company;</p>	<p>Each fiscal quarter, or at any time upon Commission request, the SEF will provide the reports, consisting of such information, as required to satisfy CFTC Regulation 37.1306.</p>	<p>See Compliance Manual Chapter 25 (Financial Resources and Reporting) at Exhibit O attached to this Application.</p>
<p><u>§ 37.1306(b)</u> –The calculations required by paragraph (a) of this section shall be made as of the last business day of the swap execution facility’s fiscal quarter.</p>	<p>The calculations required by CFTC Regulation 37.1306(a) will be made as of the last business day of the SEF’s fiscal quarter.</p>	<p>See Compliance Manual Chapter 25 (Financial Resources and Reporting) at Exhibit O attached to this Application.</p>
<p><u>§ 37.1306(c)</u> –The swap execution facility shall provide the Commission with:</p> <p>(1) Sufficient documentation explaining the methodology used to compute its financial requirements under § 37.1301;</p> <p>(2) Sufficient documentation explaining</p>	<p>Each fiscal quarter, or at any time upon Commission request, the SEF will provide the reports, consisting of such information and/or documentation, as necessary to satisfy CFTC Regulation 37.1306.</p> <p>To the extent applicable, the SEF shall provide all copies of</p>	<p>See Compliance Manual Chapter 25 (Financial Resources and Reporting) at Exhibit O attached to this Application.</p>

<p>the basis for its determinations regarding the valuation and liquidity requirements set forth in §§ 37.1304 and 37.1305; and (3) Copies of any agreements establishing or amending a credit facility, insurance coverage, or other arrangement evidencing or otherwise supporting the swap execution facility's conclusions.</p>	<p>any agreements establishing or amending a credit facility, insurance coverage, or other arrangement evidencing or otherwise supporting the swap execution facility's conclusions.</p>	
<p><u>§ 37.1306(d)</u> –The reports required by this section shall be filed not later than 40 calendar days after the end of the swap execution facility's first three fiscal quarters, and not later than 60 calendar days after the end of the swap execution facility's fourth fiscal quarter, or at such later time as the Commission may permit, in its discretion, upon request by the swap execution facility.</p>	<p>The SEF shall file such reports required by this section in the time and manner as required by CFTC regulation 37.1306(d).</p>	<p>See Compliance Manual Chapter 25 (Financial Resources and Reporting) at Exhibit O attached to this Application.</p>
<p><u>§ 37.1307 Delegation of authority.</u> <u>§ 37.1307(a)</u> –The Commission hereby delegates, until it orders otherwise, to the Director of the Division of Market Oversight or such other employee or employees as the Director may designate from time to time, authority to: (1) Determine whether a particular financial resource under § 37.1302 may be used to satisfy the requirements of § 37.1301; (2) Review and make changes to the methodology used to compute projected operating costs under § 37.1303; (3) Request reports, in addition to fiscal quarter reports, under § 37.1306(a); and (4) Grant an extension of time to file</p>		

fiscal quarter reports under § 37.1306(d).		
<p><u>§ 37.1307(b)</u> –The Director may submit to the Commission for its consideration any matter that has been delegated in this section. Nothing in this section prohibits the Commission, at its election, from exercising the authority delegated in this section.</p>		
Core Principle 14: System Safeguard		
<p><u>§ 37.1400</u> – System Safeguards.</p> <p>The swap execution facility shall:</p> <p><u>§ 37.1400(a)</u> - Establish and maintain a program of risk analysis and oversight to identify and minimize sources of operational risk, through the development of appropriate controls and procedures, and automated systems, that:</p> <p>(1) Are reliable and secure; and (2) Have adequate scalable capacity;</p>	<p>The SEF has established and will maintain a reliable and secure program of risk analysis and oversight to identify and minimize sources of operational risk, through the development of appropriate controls and procedures, and automated systems with adequate scalable capacity.</p>	<p>See Exhibit V - Q2 (secure) to this Application.</p> <p>See Exhibit V – Q7 (scalable & reliable) to this Application.</p> <p>See RSA at Exhibit N to this Application.</p>
<p><u>§ 37.1400 (b)</u> - Establish and maintain emergency procedures, backup facilities, and a plan for disaster recovery that allow for:</p> <p>(1) The timely recovery and resumption of operations; and (2) The fulfillment of the responsibilities and obligations of the swap execution facility; and</p>	<p>The SEF has established, and will cause its regulatory service provider to establish, and maintain emergency procedures, backup facilities, and a plan for disaster recovery.</p>	<p>See Exhibit V – Q7 & 8 to this Application.</p> <p>Compliance Manual (Section 27) at Exhibit O attached to this Application.</p> <p>See response to question 8 in Exhibit V to this Application.</p> <p>See RSA at Exhibit N to this Application.</p>
<p><u>§ 37.1400(c)</u> - Periodically conduct tests to verify that the backup resources of the</p>	<p>The SEF has established, and will cause its regulatory service provider to, periodically conduct tests to verify that</p>	<p>See Exhibit V – Q8 (q)(s) to this Application.</p>

<p>swap execution facility are sufficient to ensure continued:</p> <ul style="list-style-type: none"> (1) Order processing and trade matching; (2) Price reporting; (3) Market surveillance; and (4) Maintenance of a comprehensive and accurate audit trail. 	<p>the backup resources are sufficient.</p>	<p>Compliance Manual (Section 27) at Exhibit O attached to this Application.</p> <p>See Business Continuity Plan at Exhibit V to this Application.</p> <p>See RSA at Exhibit N to this Application.</p>
<p><u>§ 37.1401</u> – Requirements.</p> <p><u>§ 37.1401(a)</u> – A swap execution facility’s program of risk analysis and oversight with respect to its operations and automated systems shall address each of the following categories of risk analysis and oversight:</p> <ul style="list-style-type: none"> (1) Information security; (2) Business continuity-disaster recovery planning and resources; (3) Capacity and performance planning; (4) Systems operations; (5) Systems development and quality assurance; and (6) Physical security and environmental controls. 	<p>The SEF, and its regulatory service providers, program of risk analysis and oversight adequately addresses the following:</p> <ul style="list-style-type: none"> (1) Information security; (Question 5 – Exhibit V) (2) Business continuity-disaster recovery planning and resources; (Question 8 – Exhibit V) (3) Capacity and performance planning; (Questions 1a, 4a, 4b, 7 – Exhibit V) (4) Systems operations; (Questions 2(d)(4) and 3 – Exhibit V) (5) Systems development and quality assurance; and (Question 4 – Exhibit V) (6) Physical security and environmental controls. (Question 6 – Exhibit V) 	<p>See Exhibit V Q5, to this Application.</p> <p>See Exhibit V Q8, to this Application.</p> <p>See Exhibit V - 1a, 4a & 4b, 7 to this Application.</p> <p>See Exhibit V – 2(d)(4), 3 to this Application.</p> <p>See Exhibit V – 4 to this Application.</p> <p>See Exhibit V – 6 to this Application.</p> <p>See Business Continuity Plan at Exhibit V to this Application.</p> <p>See RSA at Exhibit N to this Application.</p>
<p><u>§ 37.1401(b)</u> – A swap execution facility shall maintain a business continuity-disaster recovery plan and resources, emergency procedures, and backup facilities sufficient to enable timely recovery and resumption of its operations and resumption of its ongoing fulfillment of its responsibilities and obligations as a swap execution facility following any</p>	<p>The SEF and its regulatory services provider maintain a business continuity-disaster recovery plan and resources, emergency procedures, and backup facilities sufficient to enable timely recovery and resumption of its operations and resumption of its ongoing fulfillment of its responsibilities and obligations as a swap execution facility following any disruption of its operations</p>	<p>See Business Continuity Plan at Exhibit V to this Application.</p> <p>See RSA at Exhibit N to this Application.</p> <p>See Exhibit V – 8 to this Application.</p>

<p>disruption of its operations. Such responsibilities and obligations include, without limitation, order processing and trade matching; transmission of matched orders to a designated clearing organization for clearing, where appropriate; price reporting; market surveillance; and maintenance of a comprehensive audit trail. The swap execution facility's business continuity disaster recovery plan and resources generally should enable resumption of trading and clearing of swaps executed on the swap execution facility during the next business day following the disruption. Swap execution facilities determined by the Commission to be critical financial markets pursuant to Appendix E to part 40 of this chapter are subject to more stringent requirements in this regard, set forth in § 40.9 of this chapter.</p>		
<p><u>§ 37.1401(c)</u> - A swap execution facility that is not determined by the Commission to be a critical financial market satisfies the requirement to be able to resume its operations and resume its ongoing fulfillment of its responsibilities and obligations during the next business day following any disruption of its operations by maintaining either:</p> <p>(1) Infrastructure and personnel resources of its own that are sufficient to ensure timely recovery and resumption of its operations and resumption of its ongoing fulfillment of its responsibilities and obligations as a swap execution facility</p>	<p>The SEF will, and will cause its regulatory services provider to, maintain infrastructure and personnel resources of its own that are sufficient to ensure timely recovery and resumption of its operations and resumption of its ongoing fulfillment of its responsibilities and obligations as a swap execution facility following any disruption of its operations.</p>	<p>See RSA at Exhibit N to this Application.</p> <p>See Exhibit V – 8 – 8 to this Application.</p>

<p>following any disruption of its operations; or</p> <p>(2) Contractual arrangements with other swap execution facilities or disaster recovery service providers, as appropriate, that are sufficient to ensure continued trading and clearing of swaps executed on the swap execution facility, and ongoing fulfillment of all of the swap execution facility's responsibilities and obligations with respect to such swaps, in the event that a disruption renders the swap execution facility temporarily or permanently unable to satisfy this requirement on its own behalf.</p>		
<p><u>§ 37.1401(d)</u> - A swap execution facility shall notify Commission staff promptly of all:</p> <p>(1) Electronic trading halts and material system malfunctions;</p> <p>(2) Cyber security incidents or targeted threats that actually or potentially jeopardize automated system operation, reliability, security, or capacity; and</p> <p>(3) Activations of the swap execution facility's business continuity-disaster recovery plan.</p>	<p>The SEF will promptly notify the CFTC upon the occurrence of any occurrence of an event enumerated in CFTC regulation 3.1401(d).</p>	<p>See Compliance Manual Chapter 27 at Exhibit O to this Application.</p>
<p><u>§ 37.1401(e)</u> - A swap execution facility shall provide Commission staff timely advance notice of all material:</p> <p>(1) Planned changes to automated</p>	<p>The SEF shall provide Commission staff timely advance notice of all material planned changes to (1) automated systems that may impact the reliability, security, or adequate scalable capacity of such systems, and (2) the SEF's program of risk analysis and oversight.</p>	<p>See Compliance Manual 27 at Exhibit O to this Application.</p>

<p>systems that may impact the reliability, security, or adequate scalable capacity of such systems; and</p> <p>(2) Planned changes to the swap execution facility's program of risk analysis and oversight.</p>		
<p><u>§ 37.1401(f)</u> - A swap execution facility shall provide to the Commission, upon request, current copies of its business continuity-disaster recovery plan and other emergency procedures, its assessments of its operational risks, and other documents requested by Commission staff for the purpose of maintaining a current profile of the swap execution facility's automated systems.</p>		<p>See Compliance Manual 27 at Exhibit O to this Application.</p> <p>See Business Continuity Plan at Exhibit V to this Application.</p>
<p><u>§ 37.1401(g)</u> - A swap execution facility shall conduct regular, periodic, objective testing and review of its automated systems to ensure that they are reliable, secure, and have adequate scalable capacity. A swap execution facility shall also conduct regular, periodic testing and review of its business continuity disaster recovery capabilities. Pursuant to Core Principle 10 under section 5h of the Act (Recordkeeping and Reporting) and §§ 37.1000 through 37.1001, the swap execution facility shall keep records of all such tests, and make all test results available to the Commission upon request.</p>	<p>The SEF will, and will cause its regulatory service provider to, conduct regular, periodic, objective testing and review of its automated systems to ensure that they are reliable, secure, and have adequate scalable capacity. The SEF will, and will cause its regulatory service provider to, conduct regular, periodic testing and review of its business continuity disaster recovery capabilities.</p> <p>The SEF will keep records of all such tests, and make all test results available to the Commission upon request.</p>	<p>See Exhibit V – 3(b)(1), 3(b)(2), 3(c)(4), 3(e)(5), 6(b), 7, 8(f), 8(m), 8(q) to this Application.</p> <p>See RSA at Exhibit N to this Application.</p> <p>See Compliance Manual Chapter 27 at Exhibit O to this Application.</p>
<p><u>§ 37.1401(h)</u> - Part 40 of this chapter</p>		

<p>governs the obligations of those registered entities that the Commission has determined to be critical financial markets, with respect to maintenance and geographic dispersal of disaster recovery resources sufficient to meet a same-day recovery time objective in the event of a widescale disruption. Section 40.9 establishes the requirements for core principle compliance in that respect.</p>	<p>The SEF has not been determined (at time of application) to be a critical financial market.</p>	
Core Principle 15: Designation of a Chief Compliance Officer		
<p><u>§ 37.1500</u> – Designation of a chief compliance officer.</p> <p><u>§ 37.1500(a)</u> - In general. Each swap execution facility shall designate an individual to serve as a chief compliance officer.</p>	<p>The SEF’s President shall appoint the Chief Compliance Officer of the SEF. The Chief Compliance Officer may only be removed from their post by a majority vote of the board of managers.</p>	<p>See Rule 206 (Chief Compliance Officer). See Compliance Manual Chapter 10 at Exhibit O to this Application.</p>
<p><u>§ 37.1500(b)</u> - Duties. The chief compliance officer shall:</p> <p>(1) Report directly to the board or to the senior officer of the facility;</p> <p>(2) Review compliance with the core principles in this subsection;</p> <p>(3) In consultation with the board of the facility, a body performing a function similar to that of a board, or the senior officer of the facility, resolve any conflicts of interest that may arise;</p>	<p>The CCO shall report directly to the SEF’s President.</p> <p>The SEF’s Rules require and state that the CCO’s duties are functions include ensuring the SEF’s compliance with the core principles (Rule 206(c)(i)).</p> <p>The SEF’s Rules require and state that the CCO’s duties are functions include resolving (in conjunction with the Board of Managers or the President) any conflicts of interest that may arise (Rule 206(c)(ii)).</p>	<p>See Rule 206 (Chief Compliance Officer).</p> <p>See Rule 206 (Chief Compliance Officer). See Compliance Manual Chapters 9 and 10 at Exhibit O to this Application.</p> <p>See Rule 206 (Chief Compliance Officer). See Compliance Manual Chapters 8, 9 and 10 at Exhibit O to this Application.</p>

<p>(4) Be responsible for establishing and administering the policies and procedures required to be established pursuant to this section;</p> <p>(5) Ensure compliance with the Act and the rules and regulations issued under the Act, including rules prescribed by the Commission pursuant to section 5h of the Act; and</p> <p>(6) Establish procedures for the remediation of noncompliance issues found during compliance office reviews, look backs, internal or external audit findings, self-reported errors, or through validated complaints.</p>	<p>The SEF's Rules require and state that the CCO is responsible for establishing and administering written policies and procedures reasonably designed to prevent violations of the CEA and the rules of the CFTC (Rule 206(c)(iii)).</p> <p>The SEF's Rules require and state that the CCO is responsible for ensuring compliance with the CEA and the rules of the CFTC, including rules prescribed by the CFTC pursuant to Section 5h of the CEA (Rule 206(c)(iv)).</p> <p>The SEF's Rules require and state that the CCO is responsible for establishing procedures for the remediation of noncompliance issues identified by the Chief Compliance Officer through compliance office reviews, look backs, internal or external audit findings, self-reported errors, or through validated complaints (Rule 206(c)(v)).</p>	<p>See Rule 207 (Conflicts of Interest of Named Persons) and 209 (Conflict of Interest in Emergencies).</p> <p>See Rule 206 (Chief Compliance Officer).</p> <p>See Compliance Manual Chapters 9 & 10 at Exhibit O to this Application.</p> <p>See Rule 206 (Chief Compliance Officer).</p> <p>See Rule 801 (Disciplinary Rules – General).</p> <p>See Compliance Manual Chapters 9 and 10 at Exhibit O to this Application.</p> <p>See Rule 206 (Chief Compliance Officer).</p> <p>See Compliance Manual Chapters 7, 9 and 10 at Exhibit O to this Application.</p>
<p><u>§ 37.1500(c)</u> - Requirements for procedures. In establishing procedures under paragraph (B)(6) of this section, the chief compliance officer shall design the procedures to establish the handling, management response, remediation,</p>	<p>The SEF's Rules require and state that the CCO is responsible designing procedures to establish the handling, management response, remediation, retesting, and closing of noncompliance issues (Rule 206(c)(vi)).</p>	<p>See Rule 206 (Chief Compliance Officer).</p> <p>See Compliance Manual Chapters 7, 9 and 10 at Exhibit O to this Application.</p>

<p>retesting, and closing of noncompliance issues.</p>		
<p><u>§ 37.1500(d)</u> - Annual reports. (1) In general. In accordance with rules prescribed by the Commission, the chief compliance officer shall annually prepare and sign a report that contains a description of:</p> <p>(i) The compliance of the swap execution facility with the Act; and</p> <p>(ii) The policies and procedures, including the code of ethics and conflict of interest policies, of the swap execution facility.</p> <p>(2) Requirements. The chief compliance officer shall:</p> <p>(i) Submit each report described in clause (1) with the appropriate financial report of the swap execution facility that is required to be submitted to the Commission pursuant to section 5h of the Act; and</p> <p>(ii) Include in the report a certification that, under penalty of law, the report is accurate and complete.</p>	<p>The SEF’s Chief Compliance Officer shall prepare and sign an annual compliance report in the form and manner prescribed by CFTC Regulation 37.1500(d).</p>	<p>See Rule 206 (Chief Compliance Officer).</p> <p>See Compliance Manual Sections 9.2.3 and 23.5 at Exhibit O to this Application.</p> <p>See Chapter 12 and 13 for Conflict of Interest Policy and Code of Business Conduct and Ethics found in Compliance Manual Exhibit O to this Application.</p>
<p><u>§ 37.1501</u> - Chief compliance officer.</p> <p><u>§ 37.1501(a)</u> - Definition of board of directors. For purposes of this part, the term “board of directors” means the board of directors of a swap execution facility, or for those swap execution facilities whose organizational structure does not include a board of directors, a body performing a function similar to a</p>	<p><u>§ 37.1501</u> - Chief compliance officer.</p> <p>Board of Directors means, the Board of Managers of the SEF.</p>	<p>See definition section of the SEF Rulebook.</p>

board of directors.		
<p><u>§ 37.1501(b)</u> – Designation and qualifications of chief compliance officer —</p> <p>(1) Chief compliance officer required. Each swap execution facility shall establish the position of chief compliance officer and designate an individual to serve in that capacity.</p> <p>(i) The position of chief compliance officer shall carry with it the authority and resources to develop and enforce policies and procedures necessary to fulfill the duties set forth for chief compliance officers in the Act and Commission regulations.</p> <p>(ii) The chief compliance officer shall have supervisory authority over all staff acting at the direction of the chief compliance officer.</p> <p>(2) Qualifications of chief compliance officer. The individual designated to serve as chief compliance officer shall have the background and skills appropriate for fulfilling the responsibilities of the position. No individual disqualified from registration pursuant to sections 8a(2) or 8a(3) of the Act may serve as a chief compliance officer.</p>	<p>The SEF’s President shall appoint the Chief Compliance Officer of the SEF. The Chief Compliance Officer may only be removed from their post by a majority vote of the SEF’s Board of Managers.</p> <p>SEF Rule 206(b) provides that the Chief Compliance Officer shall have the authority and resources to develop and enforce policies and procedures necessary to perform his duties hereunder and under the CEA and CFTC regulations. The Chief Compliance Officer shall have authority over all staff acting at his direction.</p> <p>SEF Rule 206(b) provides that the Chief Compliance Officer must not be subject to Statutory Disqualification and must have the background and skills appropriate for fulfilling the responsibilities of the position.</p>	<p>See Rule 206 (Chief Compliance Officer).</p> <p>See Compliance Manual Chapter 4 and 10 at Exhibit O to this Application.</p> <p>See Rule 206(b) and (e) (Chief Compliance Officer).</p> <p>See Exhibit F to this Application with respect to Chief Compliance Officer’s background and skills.</p>
<p><u>§ 37.1501(c)</u> – Appointment, supervision, and removal of chief compliance office—</p>		

<p>(1) Appointment and compensation of chief compliance officer. (i) A swap execution facility's chief compliance officer shall be appointed by its board of directors or senior officer. A swap execution facility shall notify the Commission within two business days of appointing any new chief compliance officer, whether interim or permanent.</p> <p>(ii) The board of directors or the senior officer shall approve the compensation of the chief compliance officer.</p> <p>(iii) The chief compliance officer shall meet with the board of directors at least annually and the regulatory oversight committee at least quarterly.</p> <p>(iv) The chief compliance officer shall provide any information regarding the swap execution facility's self-regulatory program that is requested by the board of directors or the regulatory oversight committee.</p> <p>(2) Supervision of chief compliance officer. A swap execution facility's chief compliance officer shall report directly to the board of directors or to the senior officer of the swap execution facility, at the swap execution facility's discretion.</p> <p>(3) Removal of chief compliance officer. (i) Removal of a swap execution facility's chief compliance officer shall require the approval of a majority of the swap execution facility's board of directors. If the swap execution facility does not have a board of directors, then the chief compliance officer may be removed by</p>	<p>The SEF's Rules provide that the President shall have the authority to appoint and approve the compensation of the Chief Compliance Officer of the SEF. The Chief Compliance Officer may only be removed from their post by a majority vote of the board of managers.</p> <p>The SEF shall notify the Commission within two business days of appointing any new chief compliance officer, whether interim or permanent.</p> <p>The SEF's Rules provide that the Chief Compliance Officer will be required to meet with the Board at least annually and with the Regulatory Oversight Committee at least quarterly, and shall provide any information regarding the SEF's self-regulatory program that is requested by the Board or such committee.</p> <p>The Chief Compliance Officer shall report directly to the Board or the President.</p> <p>The Chief Compliance Officer can only be removed by a majority of the Board.</p>	<p>See Rule 206 (Chief Compliance Officer).</p> <p>See Compliance Manual Section 10 at Exhibit O to this Application.</p> <p>See Rule 206(d) (Chief Compliance Officer).</p> <p>See Rule 206(a) (Chief Compliance Officer).</p> <p>See Rule 206(a) (Chief Compliance Officer).</p> <p>See Compliance Manual Chapter 10 at Exhibit O to this Application.</p>
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<p>the senior officer of the swap execution facility. (ii) The swap execution facility shall notify the Commission of such removal within two business days.</p>		
<p><u>§ 37.1501(d)</u> - Duties of chief compliance officer. The chief compliance officer's duties shall include, but are not limited to, the following:</p> <p>(1) Overseeing and reviewing the swap execution facility's compliance with section 5h of the Act and any related rules adopted by the Commission;</p> <p>(2) In consultation with the board of directors, a body performing a function similar to the board of directors, or the senior officer of the swap execution facility, resolving any conflicts of interest that may arise, including:</p> <p>(i) Conflicts between business considerations and compliance requirements;</p> <p>(ii) Conflicts between business considerations and the requirement that the swap execution facility provide fair, open, and impartial access as set forth in § 37.202; and;</p> <p>(iii) Conflicts between a swap execution facility's management and members of the board of directors;</p> <p>(3) Establishing and administering written policies and procedures reasonably designed to prevent violations of the Act and the rules of the Commission;</p> <p>(4) Taking reasonable steps to ensure</p>	<p>The SEF's Rules provide that the duties of the Chief Compliance Officer are those enumerated in CFTC Regulation 37.1501.</p>	<p>See Rule 206 (Chief Compliance Officer).</p>

<p>compliance with the Act and the rules of the Commission;</p> <p>(5) Establishing procedures for the remediation of noncompliance issues identified by the chief compliance officer through a compliance office review, look-back, internal or external audit finding, self-reported error, or validated complaint;</p> <p>(6) Establishing and following appropriate procedures for the handling, management response, remediation, retesting, and closing of noncompliance issues;</p> <p>(7) Establishing and administering a compliance manual designed to promote compliance with the applicable laws, rules, and regulations and a written code of ethics designed to prevent ethical violations and to promote honesty and ethical conduct;</p> <p>(8) Supervising the swap execution facility's self-regulatory program with respect to trade practice surveillance; market surveillance; real-time market monitoring; compliance with audit trail requirements; enforcement and disciplinary proceedings; audits, examinations, and other regulatory responsibilities with respect to members and market participants (including ensuring compliance with, if applicable, financial integrity, financial reporting, sales practice, recordkeeping, and other requirements); and</p>		
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<p>(9) Supervising the effectiveness and sufficiency of any regulatory services provided to the swap execution facility by a regulatory service provider in accordance with § 37.204.</p>		
<p><u>§ 37.1501(e)</u> - Preparation of annual compliance report. The chief compliance officer shall, not less than annually, prepare and sign an annual compliance report that, at a minimum, contains the following information covering the time period since the date on which the swap execution facility became registered with the Commission or since the end of the period covered by a previously filed annual compliance report, as applicable:</p> <p>(1) A description of the swap execution facility's written policies and procedures, including the code of ethics and conflict of interest policies;</p> <p>(2) A review of applicable Commission regulations and each subsection and core principle of section 5h of the Act, that, with respect to each:</p> <p>(i) Identifies the policies and procedures that are designed to ensure compliance with each subsection and core principle, including each duty specified in section 5h(f)(15)(B) of the Act;</p> <p>(ii) Provides a self-assessment as to the effectiveness of these policies and procedures; and</p> <p>(iii) Discusses areas for improvement and recommends potential or prospective changes or improvements to its compliance program and resources;</p> <p>(3) A list of any material changes to</p>	<p>The SEF's Chief Compliance Officer will prepare and sign an annual compliance report in the form and manner prescribed in CFTC Regulation 37.1501(e).</p>	<p>See Rule 206(c)(x) (Chief Compliance Officer).</p> <p>See Compliance Manual Chapter 10.3.9 and 9.2.3 at Exhibit O to this Application.</p>

<p>compliance policies and procedures since the last annual compliance report;</p> <p>(4) A description of the financial, managerial, and operational resources set aside for compliance with respect to the Act and Commission regulations, including a description of the swap execution facility's self-regulatory program's staffing and structure, a catalogue of investigations and disciplinary actions taken since the last annual compliance report, and a review of the performance of disciplinary committees and panels;</p> <p>(5) A description of any material compliance matters, including noncompliance issues identified through a compliance office review, look-back, internal or external audit finding, self-reported error, or validated complaint, and an explanation of how they were resolved; and</p> <p>(6) A certification by the chief compliance officer that, to the best of his or her knowledge and reasonable belief, and under penalty of law, the annual compliance report is accurate and complete.</p>		
<p><u>§ 37.1501(f)</u> - Submission of annual compliance report.</p> <p>(1) Prior to submission to the Commission, the chief compliance officer shall provide the annual compliance report to the board of directors of the swap execution facility for its review. If</p>	<p>Prior to submitting the annual compliance report to the Commission, the SEF's Chief Compliance Officer will provide the annual compliance report to the Board of Managers of the SEF for review and such submission shall be recorded in the board minutes.</p>	<p>See Compliance Manual Chapter 10.3.9 at Exhibit O to this Application.</p>

<p>the swap execution facility does not have a board of directors, then the annual compliance report shall be provided to the senior officer for his or her review. Members of the board of directors and the senior officer shall not require the chief compliance officer to make any changes to the report. Submission of the report to the board of directors or the senior officer, and any subsequent discussion of the report, shall be recorded in board minutes or a similar written record, as evidence of compliance with this requirement.</p> <p>(2) The annual compliance report shall be submitted electronically to the Commission not later than 60 calendar days after the end of the swap execution facility's fiscal year, concurrently with the filing of the fourth fiscal quarter financial report pursuant to § 37.1306.</p> <p>(3) Promptly upon discovery of any material error or omission made in a previously filed annual compliance report, the chief compliance officer shall file an amendment with the Commission to correct the material error or omission. An amendment shall contain the certification required under paragraph (e)(6) of this section.</p> <p>(4) A swap execution facility may request from the Commission an extension of time to file its annual compliance report based on substantial, undue hardship. Extensions of the filing deadline may be granted at the discretion of the Commission.</p>	<p>The annual compliance report will be submitted to the CFTC in the form and manner required by CFTC regulation 37.1501(f).</p>	
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<p><u>§ 37.1501(g)</u> - Recordkeeping. (1) The swap execution facility shall maintain:</p> <p>(i) A copy of the written policies and procedures, including the code of ethics and conflicts of interest policies adopted in furtherance of compliance with the Act and Commission regulations;</p> <p>(ii) Copies of all materials created in furtherance of the chief compliance officer's duties listed in paragraphs (d)(8) and (d)(9) of this section, including records of any investigations or disciplinary actions taken by the swap execution facility;</p> <p>(iii) Copies of all materials, including written reports provided to the board of directors or senior officer in connection with the review of the annual compliance report under paragraph (f)(1) of this section and the board minutes or a similar written record that documents the review of the annual compliance report by the board of directors or senior officer; and</p> <p>(iv) Any records relevant to the swap execution facility's annual compliance report, including, but not limited to, work papers and other documents that form the basis of the report, and memoranda, correspondence, other documents, and records that are (A) Created, sent, or received in connection with the annual compliance report and (B) Contain conclusions, opinions, analyses, or financial data related to the annual compliance report.</p> <p>(2) The swap execution facility shall maintain records in accordance with</p>	<p>The SEF shall, and shall cause its regulatory services provider to, maintain complete and accurate books and records of all activities of the SEF, to include the enumerated items described in CFTC regulations 37.1501(g) and any other item that the Commission may require.</p>	<p>See Rule 206 (Chief Compliance Officer).</p> <p>See Compliance Manual Chapters 9, 10 and 26 at Exhibit O to this Application.</p>
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§1.31 and part 45 of this chapter.		
<p><u>§ 37.1501(h)</u> - Delegation of authority. The Commission hereby delegates, until it orders otherwise, to the Director of the Division of Market Oversight or such other employee or employees as the Director may designate from time to time, authority to grant or deny a swap execution facility's request for an extension of time to file its annual compliance report under paragraph (f)(4) of this section.</p>		