



Core Principles Compliance Chart

Document Version: 1.0

Approval Date: October 2025

Approved By: Board of Directors

Next Review Date: NA

Form DCO Directions / Requests:

Attach as **Exhibit A-1**, a regulatory compliance chart setting forth each Core Principle and providing citations to the Applicant's relevant rules, policies, and procedures that address each Core Principle, and a brief summary of the manner in which Applicant will comply with each Core Principle.

DCO Exhibit A-1
Core Principles Compliance Chart - ProphetX LLC¹

Core Principle and Regulation	ProphetX Rulebook / Compliance Manual Citations; Relevant Exhibits	Compliance Demonstration
A — Compliance With Core Principles (17 C.F.R. § 39.10) — Requires compliance with all derivatives clearing organization (“DCO”) Core Principles; designation of a Chief Compliance Officer (“CCO”); an Annual Compliance Report; and an Enterprise Risk Management (“ERM”) program.	Exchange Rulebook (“Rulebook”): Exchange Rule (“Rule”) 2.10; Rule 11.9. Compliance Manual: 1.A–I; 1.B–F (CCO; Annual Report; ERM).	ProphetX LLC (“ProphetX”) is applying for registration as a DCO by submitting Form DCO. Once registered, ProphetX will comply with all DCO Core Principles. The Rulebook, Compliance Manual, Business Continuity and Disaster Recovery Plan, Enterprise Risk Management Framework and other ancillary documents provided in this application have been designed to ensure compliance with the DCO Core Principles, Commodity Exchange Act (“CEA”), and other applicable Commission Regulations. ProphetX has designated a CCO and vested that role with authority and independence to develop and enforce DCO policies preventing violations of the Act and Part 39 of Commission Regulations (Compliance Manual 1.B–C). The CCO reports to the

¹ All capitalized terms used herein have the meanings assigned to them in the ProphetX Rulebook or Compliance Manual. References to the Compliance Manual pertain to its “DCO Core Principles” sections.

Core Principle and Regulation	ProphetX Rulebook / Compliance Manual Citations; Relevant Exhibits	Compliance Demonstration
		Board and/or a senior clearing officer, with performance oversight structured to preserve independence (Compliance Manual I.B). Within ninety days of fiscal year-end, the CCO files an Annual Compliance Report describing policies, testing, material changes, resources, and remediation, accompanied by a certification; Board or senior-officer review is documented (Compliance Manual 1.C–E). ProphetX maintains a Board-approved ERM program led by the Enterprise Risk Officer that identifies risks across operations, cyber, legal/compliance, and settlement, sets risk appetite, assigns ownership, and tracks remediation; quarterly governance reports provide transparency to the Regulatory Oversight Committee (“ROC”) and Board (Compliance Manual 1.D–I).
B — Financial Resources (17 C.F.R. § 39.11) — Requires adequate financial, operational, and managerial resources; one-year operating-cost coverage; and	Compliance Manual: 2.A–K. Exhibit B-1, B-2, B-3 and B-4	ProphetX maintains sufficient financial resources by operating a fully collateralized DCO and by collecting an appropriate level of fees from Market Participants.

Core Principle and Regulation	ProphetX Rulebook / Compliance Manual Citations; Relevant Exhibits	Compliance Demonstration
reporting. For fully collateralized DCOs, certain default-resource calculations are inapplicable.		ProphetX demonstrates at least one year of operating-cost coverage on a rolling basis, using documented methodologies, conservative valuation haircuts, monthly valuation, layered liquidity, and draw tests where applicable (Compliance Manual 2.B–F). Because positions are fully collateralized and cash-settled, default-resource stress testing and the one-day central counterparty liquidity calculation for leveraged exposures are inapplicable; ProphetX maintains immediate access to high-quality liquid assets sufficient for intraday, end-of-day, and next-day obligations (Compliance Manual 2.E–G). Quarterly reports pursuant to Commission Regulation 39.11 and Commission Regulation 39.19 reports include financial resources, haircuts, liquidity narratives, officer certifications, and GAAP statements; records and workpapers are retained per Commission Regulation 1.31 (Compliance Manual 2.F–K).

Core Principle and Regulation	ProphetX Rulebook / Compliance Manual Citations; Relevant Exhibits	Compliance Demonstration
C — Participant and Product Eligibility (17 C.F.R. § 39.12) — Requires objective, risk-based, and publicly disclosed participation standards and timely acceptance/rejection for clearing; product-eligibility standards.	Rulebook: Rule 3.1–3.4; Rule 5.1–5.2. Compliance Manual: 3.A–Q; N–O. Exhibits C-1 and C-2 Market Participant Agreement	ProphetX has established transparent and objective Market Participant eligibility criteria that allow for open access. Participation standards are objective, publicly disclosed, and calibrated to operational capacity and cooperation with oversight; ongoing compliance requires timely notice of material changes by the Market Participant to ProphetX (Rule 3.1–3.2; Compliance Manual 3.A–D). Acceptance/rejection is as fast as technologically practicable and governed by venue-neutral, non-discriminatory checks; prefunding at order entry protocol ensures sufficient resources (Compliance Manual 3.E–H). Products are eligible for clearing when maximum potential loss is computable and prefunded; confirmations at acceptance reflect standardized terms (Rule 5.1–5.2; Compliance Manual 3.N–P).
D — Risk Management (17 C.F.R. § 39.13) — Requires tools and procedures to measure and limit exposures; margin methodology and	Rulebook: Rule 4.12(a); Rule 7.3–7.4. Compliance Manual: 4.A–W.	ProphetX employs a fully collateralized model which requires each Market Participant to provide ProphetX with collateral sufficient to

Core Principle and Regulation	ProphetX Rulebook / Compliance Manual Citations; Relevant Exhibits	Compliance Demonstration
validation; and additional risk controls. Fully collateralized models meet objectives via prefunding.	Exhibits D-1, D-2, D-3 and D-4	cover the maximum potential loss of the contract before a position will be accepted for clearance. Procedures for collecting the collateral necessary to fully collateralize each trade are set forth in the Compliance Manual. The Enterprise Risk Management Framework describes the way in which ProphetX will manage its risks and any potential risks that could threaten the security of ProphetX. ProphetX ensures that orders failing collateral checks are rejected for execution, and upon match, collateral is sequestered until offset or expiration; cash-only collateral eliminates haircut and concentration risks from non-cash assets (Compliance Manual 4.A–E, 4.M). Independent validation covers prefunding algorithms, lifecycle logic, inputs, and reference prices; daily adequacy reviews confirm conservative coverage; correlation-based offsets are not used; traditional backtesting is inapplicable (Compliance Manual 4.F–J). Complementary controls include

Core Principle and Regulation	ProphetX Rulebook / Compliance Manual Citations; Relevant Exhibits	Compliance Demonstration
		product/account risk limits, large-trader reviews, and operational guardrails to ensure orderly markets and system stability; funding occurs pre-trade and no end-of-day calls exist (Compliance Manual 4.K–W).
E — Settlement Procedures (17 C.F.R. § 39.14) — Requires timely daily settlement, safe settlement-bank arrangements, settlement finality, and accurate funds-flow records.	Rulebook: Rule 5.1–5.2; Rule 7.1–7.2; Rule 7.6. Compliance Manual: 5.A–H. Exhibits E-1, E-2 and E-3	Settlement occurs in near real time through sequestration and release of prefunded cash at offset/expiration and collection of fees; end-of-day focuses on deposits and withdrawals, not variation margin (Compliance Manual 5.A–C). ProphetX maintains accounts at qualified depositories under enforceable control agreements, ensuring settlement finality and same-day access; daily reconciliations and exception escalation are documented (Compliance Manual 5.D–H). Physical delivery and inter-CCP netting are not applicable. ProphetX’s settlement bank information is provided in Exhibit F-1. When it is determined that the underlying occurrence has transpired

Core Principle and Regulation	ProphetX Rulebook / Compliance Manual Citations; Relevant Exhibits	Compliance Demonstration
		per the market and the market is closed, the funds are assigned to the Market Participants holding the Contracts. Any applicable funds for Contracts that are due to a Market Participant at settlement will then be made available in the Market Participant's account balance, less associated transaction fees.
F — Treatment of Funds (17 C.F.R. § 39.15) — Requires standards and procedures to protect member funds, segregation at qualified depositories, and permissible investments with minimal risk.	Rulebook: Rule 7.2–7.6. Compliance Manual: 6.A–F. Exhibits F-1, F-2 and F-3 DCO Exhibit F-1.A - Settlement Bank Account Agreement	Market Participant funds are segregated from proprietary capital in titled accounts at high-quality banks; transfers require dual authorization; withdrawals follow documented workflows with destination verification (Rule 7.2; Compliance Manual 6.B–D). Funds are held in cash; if invested, instruments are limited to highly liquid, low-risk assets consistent with regulatory standards and internal policy (Rule 7.5; Compliance Manual 6.E), including CFTC Regulations 1.25 and 39.15(e).

Core Principle and Regulation	ProphetX Rulebook / Compliance Manual Citations; Relevant Exhibits	Compliance Demonstration
G — Default Rules and Procedures (17 C.F.R. § 39.16) — Requires clear default-management rules and timely actions to contain losses and continue meeting obligations. Prefunding minimizes default exposure.	Rulebook: Rule 2.8; Ch. 11. Compliance Manual cross-references: 4.E–W; 5.A–H; 11.F–H. Exhibit G	Prefunding precludes unsecured exposures, rendering mutualized waterfalls inapplicable. If a Market Participant fails operationally or refuses cooperation, ProphetX may impose liquidation-only status, direct position reductions, and apply posted collateral to obligations under the Rulebook (Compliance Manual 4.E; 11.F–H). Emergency and disciplinary authorities permit swift, documented actions with required Commission notifications; default rules are public in the Rulebook (Compliance Manual 11; Rule 2.8). Program effectiveness is periodically reviewed and reported to the ROC.
H — Rule Enforcement (17 C.F.R. § 39.17) — Requires adequate arrangements to monitor and enforce rules, impose sanctions, resolve disputes, and report to the Commission.	Rulebook: Ch. 11 (Rules 11.1–11.9). Compliance Manual: 7.A–I. Exhibit H	ProphetX monitors compliance with clearing rules—prefunding, segregation, settlement, and cooperation—and investigates potential violations using compelled information production as needed (Rule 11.2; Compliance Manual 7.B–D). Interim measures (e.g., liquidation-only) protect settlement finality; contested matters are adjudicated by an independent panel;

Core Principle and Regulation	ProphetX Rulebook / Compliance Manual Citations; Relevant Exhibits	Compliance Demonstration
		final actions are reported to the Commission and published where required (Rules 11.3–11.9; Compliance Manual 7.E–I). ProphetX has the authority and ability to enforce its Rules. Pursuant to the Rulebook, any person that directly or indirectly effects a transaction on ProphetX or any Market Participant shall be subject to ProphetX's jurisdiction for matters of discipline and rule enforcement. As set forth in Chapter 7, violations of any of the provisions may result in temporary or permanent suspension of trading privileges for a Market Participant.
I — System Safeguards (17 C.F.R. § 39.18) — Requires a program of risk analysis and oversight for reliable, secure, and scalable systems; BCDR; independent testing; and CFTC notifications.	Compliance Manual: 8.A–K; 20.A–M. Exhibit I Business Continuity and Disaster Recovery Plan Business Continuity and Disaster Recovery Policy	ProphetX maintains documented safeguards (info-sec, BCDR, capacity, SDLC/change control, vendor oversight) with a Board-approved RTO not later than next business day (Compliance Manual 8.B–E). ProphetX has established a Business Continuity and Disaster Recovery Plan. The Business Continuity and Disaster Recovery Policy requires

Core Principle and Regulation	ProphetX Rulebook / Compliance Manual Citations; Relevant Exhibits	Compliance Demonstration
	Enterprise Risk Management Framework Technology Questionnaire	ProphetX to conduct a business continuity test at least once per year. Independent annual penetration tests and key-controls assessments, tabletop exercises, and an annual Enterprise Technology Risk Assessment are performed (Compliance Manual 8.F–H). Significant systems issues, BCDR activations, and material changes are notified within prescribed timelines, with remediation tracked to closure and reported to governance. The Technology Questionnaire describes the automated system components and the distribution of personnel who oversee the automated systems.
J — Reporting (17 C.F.R. § 39.19) — Requires specified daily, quarterly, annual, and event-driven reports to the Commission; fully collateralized DCOs have tailored daily reporting.	Compliance Manual: 9. Exhibit J	ProphetX complies with Commission Regulation 39.19(b) reporting and event-specific notices under Commission Regulation 39.19(c)(4). As a fully collateralized DCO, ProphetX is exempt from daily reporting under Commission Regulation 39.19(c)(1) (Compliance

Core Principle and Regulation	ProphetX Rulebook / Compliance Manual Citations; Relevant Exhibits	Compliance Demonstration
		Manual 9). The DCO submits quarterly financial-resources reports under Commission Regulation 39.19(c)(2) and annual reports—CCO Annual Compliance Report and audited financials—under Commission Regulation 39.19(c)(3), with records retained and readily retrievable (Compliance Manual 9). Additionally, the Commission will be promptly notified of any electronic trading halts or interruptions, significant system malfunctions, cybersecurity incidents that jeopardize automated system operations, any activation of the business continuity-disaster recovery plan, and any planned changes to automated systems that may impact reliability or any risk analysis program.
K — Recordkeeping (17 C.F.R. § 39.20) — Requires comprehensive retention of DCO records for at least five years, with two years readily accessible, and prompt production to the Commission.	Rulebook: Rule 2.10; Rule 3.3. Compliance Manual: 10.A–G. Exhibit K	ProphetX maintains append-only/WORM-equivalent repositories for all Part 39 records with encryption, role-based access, redundancy, and indices; five-year retention period with two years readily accessible (Rule 2.10; Compliance Manual 10.B–E).

Core Principle and Regulation	ProphetX Rulebook / Compliance Manual Citations; Relevant Exhibits	Compliance Demonstration
		Productions support Commission-prescribed formats with chain-of-custody and confidentiality safeguards (Compliance Manual 10.F–G).
L — Public Information (17 C.F.R. § 39.21) — Requires sufficient public disclosures for participants to evaluate risks and costs; website posting of rules, fees, default rules, and daily data.	Rulebook: Rule 2.13. Compliance Manual: 11.A–E. Exhibit L	ProphetX posts the Rulebook; terms and conditions; fees; daily settlement, volume, and open interest; and clearing process descriptions on its website (Compliance Manual 11.B–D). Disclosures state explicitly that ProphetX employs no margin methodology and maintains no guaranty fund under its fully collateralized model, while meeting Commission Regulation 39.11 financial-resources requirements (Compliance Manual 11.C).
M — Information Sharing (17 C.F.R. § 39.22) — Requires entering into and honoring appropriate information-sharing arrangements and using obtained data to manage risks.	Rulebook: Rule 2.11. Compliance Manual: 12.A. Exhibit M	ProphetX is authorized to enter information-sharing arrangements with regulators and SROs and to provide data through the Commission where directed; confidentiality is preserved and shared information is used to manage cross-market risks (Compliance Manual 12.A).

Core Principle and Regulation	ProphetX Rulebook / Compliance Manual Citations; Relevant Exhibits	Compliance Demonstration
		Documentation and retention comply with Commission Regulations 39.20 and Commission Regulation 1.31.
N — Antitrust Considerations (17 C.F.R. § 39.23) — Prohibits unreasonable restraints of trade and material anti-competitive burdens unless necessary to achieve CEA purposes.	Compliance Manual: 13.A–E. Exhibit N	ProphetX maintains neutral access and pricing and evaluates rules, fees, products, and vendor arrangements for competitive effects; where restrictions are necessary to achieve CEA purposes, rationales and less-restrictive alternatives are documented and periodically reviewed (Compliance Manual 13.B–E).
O — Governance (17 C.F.R. § 39.24) — Requires clear, transparent governance; fitness standards; participant input; and assignment of responsibility for risk decisions, including emergencies.	Rulebook: Rule 2.2; Rule 2.6–2.7; Rule 2.8. Compliance Manual: 14.A–E. Exhibit O	ProphetX’s governance framework specifies Board and committee responsibilities, independent functions with direct Board access, and emergency authorities; the Board approves the risk framework and risk-impacting changes (Compliance Manual 14.A–C). Fitness standards apply to directors, disciplinary decision-makers, and Market Participants; conflicts are managed

Core Principle and Regulation	ProphetX Rulebook / Compliance Manual Citations; Relevant Exhibits	Compliance Demonstration
		with documented recusals (Rules 2.2, 2.6; Compliance Manual 14.D–E). ProphetX has set eligibility standards to ensure that its rules and decisions reflect the legitimate interests of its Market Participants and stakeholders. Pursuant to Chapter 2 of the Rulebook, prior to nomination to the Board of Directors, each individual must certify that they are not disqualified pursuant to the DCO's rules.
P — Conflicts of Interest (17 C.F.R. § 39.25) — Requires policies and processes to minimize conflicts in decision-making and to manage MNPI; documentation of recusals and resolutions.	Rulebook: Rule 2.6; Rule 2.7; Rule 11.3. Compliance Manual: 15.A–G. Exhibit P	ProphetX's Policy and Procedures on Conflicts of Interest mandate disclosure, mitigation, and recusal; MNPI is controlled by least-privilege access and restrictions on use/disclosure; employees are prohibited from trading on ProphetX (Rules 2.6–2.7; Compliance Manual 15.B–E). Determinations and recusals are documented to help ensure independence in disciplinary matters (Rules 2.6 and 11.3; Compliance Manual 15.F–G).

Core Principle and Regulation	ProphetX Rulebook / Compliance Manual Citations; Relevant Exhibits	Compliance Demonstration
Q — Composition of Governing Boards (17 C.F.R. § 39.26) — Requires governance that includes market-participant perspectives and independent directors consistent with DCO obligations.	Compliance Manual: 16.A–E. Exhibit Q	Board composition emphasizes expertise in collateralization, operations, surveillance, and compliance, calibrated to a disintermediated, fully collateralized model; channels for Market Participant input are structured and documented (Compliance Manual 16.A–C). Independence and fitness standards apply; conflicts and recusals are recorded; composition is evaluated annually and adjusted as needed (Compliance Manual 16.D–E).
R — Legal Risk (17 C.F.R. § 39.27) — Requires a well-founded, transparent, and enforceable legal framework addressing novation, netting, settlement finality, collateral, and close-out.	Rulebook: Rule 5.1–5.2; Rule 7.2; Rule 9.1–9.5; Rule 10.1. Compliance Manual: 17.A–L. Market Participant Agreement Exhibit R	ProphetX's legal framework comprises the Rulebook, Market Participant agreements, bank/control agreements, and operating procedures that address acceptance for clearing, novation, collateral interests, settlement finality, and close-out (Rule 5.1–5.2; Compliance Manual 17.B–E). Legal opinions (internal/external as appropriate) address enforceability,

Core Principle and Regulation	ProphetX Rulebook / Compliance Manual Citations; Relevant Exhibits	Compliance Demonstration
		settlement finality, and treatment of funds in ordinary and insolvency scenarios and are refreshed upon material change (Compliance Manual 17.F–H). Vendor contracts include confidentiality, BCDR, and regulatory cooperation; horizon scanning and change management update rules and contracts for legal developments; records are retained per Commission Regulation 39.20 and Commission Regulation 1.31 (Compliance Manual 17.I–L).