



Sporttrade DCO LLC Rulebook

Version: 1.0

SPORTTRADE DCO, LLC

DERIVATIVES CLEARING ORGANIZATION RULES

DCO Version 1.0

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**DERIVATIVES CLEARING ORGANIZATION
RULES OF SPORTTRADE DCO, LLC**

Introduction

The Commodity Exchange Act requires that Sporttrade DCO, LLC (“Clearinghouse”) comply with the core principles set forth in the Commodity Exchange Act, as amended, and the regulations, rules and orders of the Commodity Futures Trading Commission (the “CFTC” or the “Commission”), and establish, monitor and enforce its Rules relating to its business as a derivatives clearing organization (“DCO”). The following DCO Rules of the Clearinghouse pertain to the clearing of Contracts as a provider of Clearing Services and the rights and Obligations of Members in connection with such activities. Capitalized terms not defined herein will have the meanings assigned to them in Chapter 1.

Chapter 1 Definitions

Rule 1.1 Definitions

As used in these Rules, the following terms have the following respective meanings:

Affiliate: A Person who, directly or indirectly, controls, is controlled by, or is under common control with another Person.

Appeals Committee: A committee of the Board composed of Directors pursuant to Rule 2.7, and that acts in an adjudicative role and fulfills various adjudicative responsibilities and duties as described in Chapter 7.

Applicable Law: With respect to any Person, any statute, law, regulation, rule or ordinance of any government, governmental or self-regulatory authority applicable to such Person, including without limitation the CEA and CFTC regulations and any laws and regulations relating to economic or trade sanctions.

As Soon As Technologically Practicable: As soon as possible, taking into consideration the prevalence, implementation, and use of technology by comparable market participants.

Authorized Representative: With respect to any Member that is an entity, an officer of such entity who is responsible for supervising clearing activities of the Member, including activities of its Authorized User(s) and activities of its employees relating to Transactions, and for providing information regarding the Member to the Clearinghouse upon request of the Clearinghouse.

Authorized User: A natural person who is either employed by or is an agent of a Member and who is authorized by the Member to clear Transactions.

Board: The Board of Directors of the Clearinghouse.

Business Day: Any day on which a DCM that clears trades through the Clearinghouse is open for trading, as the context requires.

CEA: The Commodity Exchange Act, as amended.

Chief Compliance Officer: The individual designated to serve as the Clearinghouse's chief compliance officer, who has full responsibility and authority to develop and enforce, in consultation with the Board of Directors, appropriate compliance policies and procedures, to fulfill the duties set forth in the Act and Commission regulations.

Chief Executive Officer: The individual appointed by the Board to serve as the Clearinghouse's chief executive officer.

Chief Risk Officer: The individual appointed by the Board to serve as the Clearinghouse's chief risk officer, and is responsible for implementing the risk management framework and for making appropriate recommendations to the Regulatory Oversight Committee or Board of Directors, as applicable, regarding risk management functions.

Claim: Any dispute which arises out of any Transaction, which dispute does not require for adjudication the presence of essential witnesses or third parties over whom the Clearinghouse does not have jurisdiction or who are otherwise not available. The term "Claim" does not include disputes arising from underlying commodity transactions which are not a part of, or directly connected with, any Transaction.

Cleared Swaps Customer: As set forth in CFTC regulation 22.1.

Cleared Swaps Customer Account: As set forth in CFTC regulation 22.1.

Cleared Swaps Customer Collateral: As set forth in CFTC regulation 22.1.

Clearinghouse: Sporttrade DCO, LLC.

Clearing Privileges: Any right granted by the Clearinghouse to a Member to clear Contracts.

Clearing Services: The provision by the Clearinghouse to a registered DCM of clearing, settlement and ancillary services in a non-discriminatory manner, subject to the rules of the registered DCM.

Commission or CFTC: The U.S. Commodity Futures Trading Commission.

Clearinghouse: Sporttrade DCO, LLC.

Clearinghouse Official: A Director, Officer, committee member, or such other individual as the Board may designate from time to time.

Clearinghouse Representative: Any Clearinghouse Official, Clearinghouse employee, consultant of the Clearinghouse, contractor of the Clearinghouse, or agent of the Clearinghouse.

Compliance Department: The department, reporting to the Chief Compliance Officer, that is responsible for compliance, investigations and disciplinary proceedings.

Contract: Any contract for which the Clearinghouse provides Clearing Services subject to the Rules.

Contract Specifications: The terms and conditions of a Contract as published in the Rules of and posted by a Platform.

Default and Defaulting Member: For any Member, the Clearinghouse may find (but is not required to find) that the Person is in Default if the Clearinghouse determines any of the following: (i) that the Person fails to comply with the requirements of Clearinghouse Rules 5.1(1) or 5.1(10); (ii) that the Person fails to promptly discharge any Obligation owed to the Clearinghouse; (iii) that the Person has failed to timely pay any dues, fees, fines, assessments, or penalties (by whatever name) levied upon it by the Clearinghouse in accordance with Clearinghouse Rules; (iv) that the Person has commenced a voluntary or a joint case in bankruptcy, or filed a voluntary petition or an answer seeking liquidation, reorganization, arrangement, readjustment of its debts or any other relief for the benefit of creditors under any bankruptcy or insolvency act or law of any jurisdiction, now or hereafter existing, or if such Person has applied for or consented to the appointment of a custodian, liquidator, conservator, receiver or trustee (or other similar official) for all or a substantial part of its property; (v) that the Person has made an assignment for the benefit of creditors; (vi) that the Person becomes or admits that it is insolvent; (vii) that an involuntary case is commenced against such Person in bankruptcy or an involuntary petition is filed seeking liquidation, reorganization, arrangement, readjustment of its debts or any relief for the benefit of creditors under any bankruptcy or insolvency act or law of any jurisdiction, now or hereafter existing; (viii) that a custodian, liquidator, receiver or trustee (or other similar official) of the Person is appointed for all or a substantial part of its property, (ix) that a warrant of attachment, execution or similar process is issued against the Person's collateral; (x) that the Securities Investor Protection Corporation has filed an application for a protective decree with respect to the Person; or (xi) any SRO has commenced default or suspension proceedings against the Person.

Designated Contract Market or DCM: A board of trade designated by the CFTC as a contract market under Section 5 of the CEA and in accordance with the provisions of Part 38 of CFTC regulations.

Director: A member of the Board.

Disciplinary Action: Any inquiry, investigation, disciplinary proceeding, appeal from a disciplinary proceeding, summary imposition of fines, summary suspension or other summary action.

Disciplinary Panel: A panel appointed by the Regulatory Oversight Committee pursuant to Rule 2.7 to act in an adjudicative role and fulfill various adjudicative responsibilities and duties as described in Chapter 7.

Eligible Contract Participant or ECP: As set forth in Section 1a(18) of the CEA and as further defined in CFTC regulation 1.3.

Emergency: Any occurrence or circumstance which, in the opinion of the Board, the Chief Executive Officer, the Chief Compliance Officer, or a designee duly authorized to issue such an opinion, requires immediate action, and which threatens, or may threaten, such things as the fair and orderly trading, liquidation, settlement, delivery, or the integrity of any Contract or the timely collection and payment of funds in connection with clearing and settlement by the Clearinghouse, including without limitation:

- 1) Any circumstance that may materially affect the performance of any Contract, including without limitation failure of the payment system, the bankruptcy or insolvency of any Member, or any actual, attempted or threatened theft or forgery of, or other interference with, the collateral or delivery or transfer thereof;
- 2) Any action taken by any United States or foreign regulatory, self-regulatory, judicial, arbitral, or governmental (whether national, state or municipal) or quasi- governmental authority, or any agency, department, instrumentality, or subdivision thereof; or other Person exercising, or entitled to exercise, any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power; or any other entity registered with the Commission, board of trade, market or facility which may have a direct impact on trading, clearing, or settlement of any Contract cleared through the Clearinghouse;
- 3) Any actual, attempted, or threatened corner, squeeze, congestion, or undue concentration of positions in any Contract cleared through the Clearinghouse;
- 4) Any other circumstance that may have a severe, adverse effect upon the functioning of the Clearinghouse; or any manipulative or attempted manipulative activity.

Emergency Action: An action deemed to be necessary or appropriate to respond to an Emergency and taken pursuant to Rule 2.8.

Emergency Rule(s): Procedures or rules adopted in response to an Emergency pursuant to Rule 2.8.

Futures Commission Merchant or FCM: A registered Futures Commission Merchant that has entered into an FCM Clearing Member Agreement with the Clearinghouse and may be authorized by a Platform to carry customer accounts.

FCM Customer: A customer of an FCM.

FCM Customer account: A Member Account established and maintained by the Clearinghouse for an FCM for its FCM Customers.

Fully Collateralized Contract: Contracts with respect to which each party's obligations are fully pre-paid at the time the Contracts are entered into, and with respect to which no further amounts are due, either for margin, Settlement Amounts or otherwise.

Legal Entity Identifier or LEI: The identifying code that is required of each counterparty to any swap subject to the CFTC's jurisdiction and that is used in all recordkeeping and all swap data reporting pursuant to Part 45 of CFTC regulations.

Market Participant Director: A Director who has been found by the Board to be a market participant and suitable to be a Director pursuant to Section 5b(c)(2)(Q) of the CEA.

Material Relationship: As set forth in Rule 2.2(7).

Maximum Downside Exposure: The Total Exposure less the minimum possible settlement value of the positions of a Member.

Member: An FCM and/or a Self-Clearing Member.

Member Account: An account established and maintained for a Member by the Clearinghouse on its books and records to which a financial asset is or may be credited in accordance with these Rules and such other procedures as the Clearinghouse may implement from time to time.

Member Agreement: The agreement between the Clearinghouse and any Person that the Person must agree to prior to the Person becoming a Member as either an FCM or Self-Clearing Member.

Member Portal: The vehicle through which Members send and receive messages to or from the Clearinghouse and other Members, update account and contact information, and submit deposit and withdrawal notifications. This can include a Platform, if Members send and receive messages via the Platform.

NFA: The National Futures Association.

Notice: A communication sent by or on behalf of the Clearinghouse to all Members in accordance with Rule 2.12.

Notice of Charges: As set forth in Rule 7.4.

Novation: The process whereby a party to a Contract entered into on a DCM that clears through the Clearinghouse transfers all of its rights, liabilities, duties and obligations under the Contract to a new legal party other than the counterparty to the original Contract. The transferee accepts all of the transferor's rights, liabilities, duties and obligations under the original Contract.

Obligation: Any Rule, order or procedure issued by the Clearinghouse, including a Notice or other requirement implemented by the Clearinghouse under the Rules, as well as any contractual obligations between, on the one hand, a Person, and on the other hand, the Clearinghouse, and any Transaction entered into by a Member, Authorized User, or FCM Customer.

OFAC: The Office of Foreign Assets Control of the U.S. Department of the Treasury.

Officer: An individual as set forth in Rule 2.3.

Operating Agreement: The Limited Liability Company Operating Agreement of the Clearinghouse, as it may be modified from time to time.

Order: Either a bid or an offer for a Contract cleared by the Clearinghouse that is subject to these Rules.

Participant: A Self-Clearing Member, an FCM, and/or an FCM Customer.

Person: As defined in Section 1a(38) of the CEA and in CFTC regulation 1.3.

Platform: The electronic trading facility operated by the DCM that clears through the Clearinghouse that provides Members with the ability to execute Orders and Transactions from the interaction of multiple bids and multiple offers within a pre-determined, non-discretionary automated trade matching and execution algorithm.

Proprietary Data and Personal Information: Information identifying a natural person (*e.g.*, name, e-mail address) or other data proprietary to any Person that discloses such Person's trade secrets, market positions and/or other business transactions, excluding Transaction Data.

Proprietary Information: As set forth in Rule 9.2.

Public Director: A Director who has been found by the Board to have no Material Relationship with the Clearinghouse in accordance with Rule 2.2(7).

Public Dissemination and Publicly Disseminate: To publish and make available Swap Transaction and Pricing Data in a non-discriminatory manner, through the Internet or other electronic data feed that is widely published (in a manner that is freely available and readily accessible to the public) and in machine-readable electronic format.

Regulatory Agency: Any government body, including the Commission, and any organization, whether domestic or foreign, granted authority under statutory or regulatory provisions to regulate its own activities and the activities of its members, and includes the Clearinghouse, any DCM that clears through the Clearinghouse, and NFA.

Regulatory Oversight Committee: The committee of the Board constituted in accordance with Rule 2.6.

Reporting Counterparty: As set forth in Part 45 of CFTC regulations and means the Member that is designated as the Reporting Counterparty for swap data reporting purposes.

Respondent: Any Person subject to a Disciplinary Action and such Person's legal counsel or representative.

Rule(s): These rules of the Clearinghouse, as in effect and as may be amended from time to time.

Self-Clearing Member: A Person, other than an FCM, that has entered into the Member Agreement for Self-Clearing Members or an FCM Member clearing for its own proprietary account (as defined by CFTC regulation 1.3).

Self-Clearing Member Account: A Member Account established and maintained by the Clearinghouse for a Self-Clearing Member, which includes a Member Account for an FCM Member clearing for its proprietary account (as defined by CFTC regulation 1.3).

Self-Regulatory Organization: Except for purposes of Rule 2.4(1), as set forth in CFTC regulation 1.3 and includes a DCO and DCM.

Settlement Bank: A depository approved by the Clearinghouse as an acceptable location for depositing Member funds.

Settlement Bank Business Day: A day a Settlement Bank is open for business.

Swap: A Contract that is a swap as defined in Section 1a(47) of the CEA and as further defined by CFTC regulation 1.3, and shall include Contracts that are options as set forth in the Contract Specifications.

Swap Transaction and Pricing Data: Any data required to be reported under Part 43 of CFTC regulations.

Total Exposure: The sum of the price basis of Contracts purchased by a Member, in the absence of any netting or hedging.

Trading Hours: The hours during which Orders may be entered according to the rules of a DCM that clears through the Clearinghouse, and as may be revised from time to time by such DCM.

Transaction: Any purchase or sale of any Contract made on a Platform or pursuant to the Rules.

Transaction Data: Orders, bids, offers and related information concerning Contracts executed subject to the Rules, together with all information and other content contained in, displayed on, generated by or derived from the Platform.

UCC: The Uniform Commercial Code as in effect in the State of New York.

User ID: Has the meaning ascribed to it in Rules 3.6 and 3.7.

Underlying: The index, rate, risk, measure, instrument, differential, indicator, value, contingency, commodity, occurrence, or extent of an occurrence that shall determine the amount payable or deliverable under a Contract.

Website: The Clearinghouse home page and related web pages on the Internet, or a website to which the Clearinghouse home page has a link, or the website of a Platform.

Withdrawal Close-Out Deadline Date: (i) In the case of a Member whose status as a Member has been involuntarily terminated by the Clearinghouse, the date so designated by the Clearinghouse; and (ii) in the case of a Member that has delivered a Withdrawal Notice, the date falling 30 Business Days after such Member's Withdrawal Notice Date or such later date as the Clearinghouse may in its discretion permit and notify in writing to the affected Member, provided such date is not in excess of the earlier of the end of the most recent Cooling Off Period existing as of the Withdrawal Notice Date or six months from the Withdrawal Notice Date.

Withdrawal Date: In respect of the termination of Member status for a withdrawing Member, the later of (i) where applicable, the Withdrawal Close-Out Deadline Date; and (ii) the date as of which all of the withdrawing Member's open positions in respect of its Member Account(s), as applicable, have been terminated or closed out in full and all obligations of the withdrawing Member in respect thereof have been satisfied and performed in full.

Withdrawal Notice: A Notice served by the Member to the Clearinghouse under the Rules indicating that such Member intends to withdraw from being a Member (and thereby becomes a withdrawing Member).

Withdrawal Notice Date: The date on which a Member delivers a Withdrawal Notice to the Clearinghouse.

Rule 1.2 Rules of Construction

For purposes of these Rules, the following rules of construction shall apply:

- 1) Any word conveying a singular number includes the plural number, where the context permits, and vice versa.
- 2) References to any Regulatory Agency include any successor Regulatory Agency.

- 3) If, for any reason, a Rule is found or determined to be invalid or unenforceable by a court of law, the Commission, or another governmental or quasi-governmental agency with supervisory authority, such Rule shall be considered severed from the Rules and all other Rules shall remain in full force and effect.
- 4) All references to time are to the local time in New York, New York unless expressly provided otherwise.
- 5) All terms defined in the UCC and not otherwise defined herein shall have the respective meanings accorded to them therein.
- 6) In the event of a conflict between these Rules and a non-disclosure agreement between the Clearinghouse, or an Affiliate of the Clearinghouse, and a Member, these Rules shall govern.
- 7) In the event of a conflict between these Rules and the CEA or CFTC regulations, the applicable provision of the CEA and/or CFTC regulations shall govern.
- 8) All cross-references to Rules are for convenience only. A Rule's meaning is not altered because of an out-of-date or erroneous cross-reference.
- 9) All references to CFTC regulation parts and sections include successor parts and sections.
- 10) All ambiguities are to be resolved in favor of an interpretation that is consistent with Applicable Law.

Chapter 2 Clearinghouse Governance

Rule 2.1 Ownership

The Clearinghouse is a Delaware limited liability company. The management and operation of the Clearinghouse is governed by the Operating Agreement and the Rules. Member status does not confer any equity interest or voting right in the Clearinghouse.

Rule 2.2 Board

- 1) The Board's mission is to oversee the Clearinghouse's business activities to ensure that the Clearinghouse continues to provide safe, secure, and efficient Clearing Services for the financial markets.
- 2) The Board shall, subject to applicable provisions in the Operating Agreement:
 - a) Be the governing body of the Clearinghouse;
 - b) Be constituted, and shall constitute its committees or subcommittees, to permit consideration of the views of market participants;
 - c) Have charge and control of all property of the Clearinghouse;
 - d) Provide, acquire and maintain adequate offices and facilities;
 - e) Adopt, amend or repeal any Rules, with the input of Officers and committees or subcommittees;

- f) Have the power to act in Emergencies as detailed in Rule 2.8; and
 - g) Make certain that the Clearinghouse's design, rules, overall strategy, and major decisions appropriately reflect the legitimate interests of Members, customers of Members, and other relevant stakeholders.
- 3) To the extent consistent with other statutory and regulatory requirements on confidentiality and disclosure:
 - a) Major decisions of the Board shall be clearly disclosed to Members and other relevant stakeholders in the manner set forth in this Chapter, and to the Commission; and
 - b) Major decisions of the Board having a broad market impact shall be clearly disclosed to the public via publication on the Website.
- 4) Any authority or discretion by the Rules vested in any Officer or delegated to any committee or subcommittee shall not be construed to deprive the Board of such authority or discretion and, in the event of a conflict, the determination of the matter by the Board shall prevail.
- 5) A majority of the Directors serving on the Board, including at least one Public Director, shall constitute a quorum for the transaction of business of the Board. At all times when the Board is conducting business at a meeting of the Board, a quorum of the Board must be present at such meeting. The Board may act only by the decision of a majority of the Directors constituting a quorum of the Board by vote at a meeting, by unanimous written consent without a meeting, or as otherwise set forth in the Operating Agreement.
- 6) The Board shall comprise the number of Directors set forth in the Operating Agreement, which shall include Public Directors and Member Directors in at least the number or percentage required under the CEA or CFTC regulations, but in any event, (i) no less than two Directors shall be Public Directors, and (ii) no less than one Director shall be a Member Director.
- 7) To qualify as a Public Director, an individual must be found, by the Board and on the record, to have no Material Relationship, as defined below, with the Clearinghouse. The Board must make such finding at the time the Public Director is elected and as often as necessary in light of all circumstances relevant to such Public Director, but in no case less than annually. A Material Relationship is one that reasonably could affect the independent judgment or decision-making of the Director. The Board need not consider previous service as a Director of the Clearinghouse to constitute a Material Relationship. A Director shall be considered to have a Material Relationship with the Clearinghouse if any of the following circumstances exist or have existed within the past year:
 - a) Such Director is or was an Officer or an employee of the Clearinghouse, or an officer or an employee of an Affiliate of the Clearinghouse; or
 - b) Such Director is or was a director, an officer, or an employee of a Member.
- 8) If any of the immediate family of a Director, i.e., spouse, parents, children, and siblings, in each case, whether by blood, marriage, or adoption, or any person residing in the home of the Director or that of his or her immediate family, has a Material Relationship as defined above, then that Material Relationship is deemed to apply to such Director.

- 9) The Board shall have procedures, as may be adopted by the Board from time to time, to remove a Director where the conduct of such Director is likely to be prejudicial to the sound and prudent management of the Clearinghouse.
- 10) The Board shall review its performance and that of its individual Directors annually and shall consider periodically using external facilitators for such review.
- 11) Each Director is entitled to indemnification pursuant to the Operating Agreement with respect to matters relating to the Clearinghouse.

Rule 2.3 Officers

- 1) The Board shall appoint a Chief Executive Officer, Chief Compliance Officer, Chief Risk Officer and such other officers of the Clearinghouse as it may deem necessary or appropriate from time to time.
- 2) The Chief Compliance Officer must:
 - a) Have the background and skills appropriate for fulfilling the responsibilities of the position;
 - b) Be an individual who would not be disqualified from registration under Section 8a(2) or 8a(3) of the CEA;
 - c) Report to, and have his or her compensation approved by, the Board or, in the event that the Board delegates its authority to the Chief Executive Officer, the Chief Executive Officer; and
 - d) Fulfill his or her duties as required pursuant to CFTC regulations, including, but not limited to, the preparation and submission of an annual compliance report as described in CFTC regulation 39.10(c)(3), and assist the Regulatory Oversight Committee in its preparation of an annual report.
- 3) The Chief Risk Officer must:
 - a) Have the background and skills appropriate for fulfilling the responsibilities of the position;
 - b) Be an individual who would not be disqualified from registration under Section 8a(2) or 8a(3) of the CEA;
 - c) Report to, and have his or her compensation approved by, the Board or, in the event that the Board delegates its authority to the Chief Executive Officer, the Chief Executive Officer; and
 - d) Fulfill his or her duties as required pursuant to CFTC regulations, including, but not limited to, implementing the risk management framework, including the procedures, policies and controls described in CFTC regulation 39.13(b), and for making appropriate recommendations to the derivatives clearing organization's risk management committee or board of directors, as applicable, regarding the derivatives clearing organization's risk management functions.

- 4) Any Officer may also be a director, officer, partner or employee of the Clearinghouse or of any of its Affiliates, subject to disclosure and resolution of conflicts of interest.
- 5) The Officers shall have such powers and duties in the management of the Clearinghouse as the Board may prescribe from time to time, subject to any limitations set forth in the Operating Agreement.
- 6) Each Officer is entitled to indemnification pursuant to the Operating Agreement with respect to matters relating to the Clearinghouse.

Rule 2.4 Eligibility and Fitness

- 1) An individual may not serve as a Director or Officer, or serve on a committee or subcommittee established by the Board, or hold a 10 percent or more ownership interest in the Clearinghouse, if the individual:
 - a) Within the prior three years has been found, by a final decision of a court of competent jurisdiction, an administrative law judge, the CFTC, or any Self-Regulatory Organization, to have committed a disciplinary offense;
 - b) Within the prior three years has entered into a settlement agreement in which any of the findings or, in the absence of such findings, any of the acts charged included a disciplinary offense;
 - c) Is currently suspended from trading on a Designated Contract Market or a Swap Execution Facility, is suspended or expelled from membership in a Self-Regulatory Organization, is serving any sentence of probation, or owes any portion of a fine or penalty imposed pursuant to either:
 - i) A finding by final decision of a court of competent jurisdiction, an administrative law judge, the CFTC or any Self-Regulatory Organization that such person committed a disciplinary offense; or
 - ii) A settlement agreement in which any of the findings or, in the absence of such findings, any of the acts charged included a disciplinary offense;
 - d) Is currently subject to an agreement with the CFTC or Self-Regulatory Organization not to apply for registration with the CFTC or for membership in the applicable Self-Regulatory Organization;
 - e) Is currently, or within the past three years has been, subject to a revocation or suspension of registration by the CFTC, or has been convicted within the past three years of any of the felonies listed in Section 8a(2)(D)(ii) through (iv) of the CEA;
 - f) Is currently subject to a denial, suspension or disqualification from serving on a Disciplinary Panel, arbitration panel or governing board of any Self-Regulatory Organization as that term is defined in Section 3(a)(26) of the Securities Exchange Act of 1934; or
 - g) Is subject to a statutory disqualification pursuant to Section 8a(2) of the CEA.

For purposes of this Rule 2.4, the terms “disciplinary offense,” “final decision” and “settlement agreement” have the meaning given those terms in CFTC regulation 1.63(a).

- 2) An individual may not serve as a Director or Officer, or serve on a committee or subcommittee established by the Board, or hold a 10 percent or more ownership interest in Sporttrade DCO LLC, if the individual has been informed by the Clearinghouse in a Notice under Chapter 7 of these Rules that the person has committed a disciplinary offense, for the duration of the time specified in the Notice.
- 3) Any Director, Officer, member of a committee established by the Board, and any individual nominated to serve in any such role, shall immediately notify the Chief Executive Officer if such individual is subject to one or more of the criteria in Rule 2.4(1). Prior to nomination to the Board, each individual shall certify he or she is not disqualified pursuant to Rule 2.4(1). Upon appointment, each Director, Officer, and member of a committee shall provide to the Clearinghouse, where applicable, changes in registration information within 30 days and certification of compliance accordingly. The Clearinghouse shall verify information supporting Board compliance with eligibility criteria.
- 4) To serve as a Director, an individual must possess the ability to contribute to the effective oversight and management of the Clearinghouse, taking into account the needs of the Clearinghouse and such factors as the individual's experience, perspective, skills and knowledge of the industry in which the Clearinghouse operates.
- 5) A Director or Officer must meet any qualifications set forth from time to time in the Operating Agreement.
- 6) An individual may not serve on any Disciplinary Panel or the Appeals Committee during any proceeding affecting or concerning such individual, to be determined in a reasonable manner by the Clearinghouse's Chief Compliance Officer.
- 7) If the Clearinghouse determines that an individual subject to this Rule 2.4 no longer meets the criteria set forth in Rule 2.4(1), the Clearinghouse shall inform the CFTC of such determination. The Clearinghouse shall provide to the CFTC, upon request, an individual's certification of compliance with the criteria set forth in Rule 2.4(1).
- 8) The Clearinghouse shall submit to the CFTC within thirty days after each Board election, a list of the Board's Directors, the Member interests they represent, and how the composition of the Board meets the requirements of CFTC regulation 1.64(b) and the Clearinghouse's Rules and procedures.

Rule 2.5 Committees and Subcommittees

- 1) The Board may create, appoint Directors to serve on, and delegate powers to committees and subcommittees. There shall be a Regulatory Oversight Committee, a Disciplinary Panel, and an Appeals Committee, as well as any other committee that the Board duly forms.
- 2) Each committee and subcommittee shall assist in the supervision, management and control of the affairs of the Clearinghouse within its particular area of responsibility, subject to the Operating Agreement and the authority of the Board.
- 3) Subject to the authority of the Board, each committee and subcommittee shall determine the manner and form in which its proceedings shall be conducted. A majority of the members serving on a committee or subcommittee, including at least one Public Director, shall constitute a quorum for the transaction of business of a committee or subcommittee. Each committee and subcommittee may act only by the decision of a quorum, by vote at a meeting or by unanimous

written consent without a meeting. The Board has the authority to overrule the decisions of any committee or subcommittee.

- 4) In the event the Board rejects a recommendation or supersedes an action of the Regulatory Oversight Committee, the Chief Risk Officer or the Chief Compliance Officer, the Clearinghouse shall maintain documentation detailing: (1) the recommendation or action of the Regulatory Oversight Committee, the Chief Risk Officer or the Chief Compliance Officer, as the case may be; (2) the rationale for such recommendation or action; (3) the rationale of the Board for rejecting such recommendation or superseding such action; and (4) the course of action that the Board decided to take contrary to such recommendation or action.
- 5) In the event that the Regulatory Oversight Committee rejects a recommendation or supersedes an action of any of its subcommittees, the Clearinghouse shall maintain documentation detailing (1) the recommendation or action of the subcommittee; (2) the rationale for such recommendation or action; (3) the rationale of the Regulatory Oversight Committee for rejecting such recommendation or superseding such action; and (4) the course of action that the Regulatory Oversight Committee decided to take contrary to such recommendation or action.

Rule 2.6 Regulatory Oversight Committee

- 1) The Regulatory Oversight Committee shall be a standing committee of the Board consisting of only Public Directors, as appointed by the Board from time to time. No less than two Public Directors shall serve on the Regulatory Oversight Committee.
- 2) Each member of the Regulatory Oversight Committee shall serve for a term of one calendar year from the date of his or her appointment or for the remainder of his or her term as a Public Director, and until the due appointment of his or her successor, or until his or her earlier resignation or removal, with or without cause, as a member of the Regulatory Oversight Committee or as a Public Director. A member of the Regulatory Oversight Committee may serve for multiple terms.
- 3) The mission of the Regulatory Oversight Committee is to ensure that the Clearinghouse performs its function and mission in a manner that is fully compliant with the CEA, CFTC regulations, and Applicable Law, to oversee the Clearinghouse's risk management program as it relates to clearing risk and the Clearinghouse's default management program, and to ensure that the Clearinghouse adequately controls risk.
- 4) The Regulatory Oversight Committee shall oversee the Clearinghouse's risk management program as it relates to clearing risk. The Board shall delegate sufficient authority, dedicate sufficient resources, and allow sufficient time for the Regulatory Oversight Committee to fulfill its mandate. The Regulatory Oversight Committee shall make such recommendations to the Board that will, in its judgment, best promote the interests of the Clearinghouse.
- 5) The Committee shall establish and oversee at least one market participant risk advisory working group ("Working Group") as a forum to seek risk-based input from a broad array of market participants. The Committee may establish more than one Working Group, at its discretion.
- 6) The Regulatory Oversight Committee shall oversee the Clearinghouse's regulatory program on behalf of the Board. The Board shall delegate sufficient authority, dedicate sufficient resources, and allow sufficient time for the Regulatory Oversight Committee to fulfill its mandate. The Regulatory Oversight Committee shall make such recommendations to the Board that will, in its judgment, best promote the interests of the Clearinghouse. The Regulatory Oversight Committee

shall also have such other powers and perform such other duties as set forth in the Rules and as the Board may delegate to it from time to time.

- 7) The Regulatory Oversight Committee shall appoint individuals to the Disciplinary Panel in accordance with these Rules, Applicable Law, and the composition requirements of the Disciplinary Panel. The Committee shall appoint at least one person who would not be disqualified from serving as a Public Director to serve as the Chairperson of the Disciplinary Panel.
- 8) The Regulatory Oversight Committee shall supervise the Chief Compliance Officer, who will report directly to the Regulatory Oversight Committee and to the Board or, if the Board delegates such authority, to the Chief Executive Officer.
- 9) The Regulatory Oversight Committee shall prepare an annual report that assesses the Clearinghouse's self-regulatory program for the Board and the CFTC. The annual report shall set forth the regulatory program's expenses, describe its staffing and structure, catalogue Disciplinary Actions taken during the year, and review the performance of the Disciplinary Panel. Such report may be prepared in conjunction with the Chief Compliance Officer's annual compliance report as required pursuant to CFTC regulation 39.10(c)(3).
- 10) Without limiting the generality of the foregoing, the Regulatory Oversight Committee shall have the authority to:
 - a) Monitor the regulatory program of the Clearinghouse for sufficiency, effectiveness, and independence;
 - b) Oversee all facets of the regulatory program, including trade practice and market surveillance, audits, examinations, and other regulatory responsibilities with respect to Members (including ensuring compliance with financial integrity, financial reporting, sales practice, recordkeeping, and other requirements); and the conduct of investigations;
 - c) Review the size and allocation of the regulatory budget and resources, and the number, hiring, termination, and compensation of regulatory personnel;
 - d) Recommend changes that would ensure fair, vigorous, and effective regulation; and
 - e) Review all regulatory proposals prior to implementation to make certain that the proposals appropriately reflect the legitimate interests of Members and other relevant stakeholders and advise the Board as to whether and how such changes may impact regulation.

Rule 2.7 Disciplinary Panel and Appeals Committee

- 1) The Disciplinary Panel shall be:
 - a) A standing committee consisting of at least three members, including at least one person who would not be disqualified from serving as a Public Director who will serve as the Chairperson, as appointed from time to time. At least one member of the Disciplinary Panel must be a Member or an employee of a Member. The Board may establish more than one Disciplinary Panel. The Regulatory Oversight Committee will appoint individuals for membership on the Disciplinary Panel. Each Disciplinary Panel shall include members with sufficient differing experience and Member interests so as to ensure fairness and to prevent special treatment or preference for any Person.

- b) Responsible for conducting hearings, rendering decisions, and imposing sanctions with respect to any Disciplinary Action. The Disciplinary Panel shall also have such other powers and perform such other duties as set forth in the Rules and as the Board may determine from time to time.
- 2) Each member of the Disciplinary Panel shall serve for a term of two calendar years from the date of his or her appointment, and until the due appointment of his or her successor, or until his or her earlier resignation or removal, with or without cause, as a member of the Disciplinary Panel. A member of the Disciplinary Panel may serve for multiple terms.
- 3) The Appeals Committee shall be:
 - a) A standing committee, the members of which shall be appointed by the Chairperson of the Board on an as-needed basis, provided that, at all times the Appeals Committee shall include at least one Public Director who shall serve as the Chairperson of the Appeals Committee.
 - b) Responsible for conducting hearings of appeals of decisions of the Disciplinary Panel, rendering decisions of such appeals, and imposing sanctions with respect to such appeals. The Appeals Committee shall also have such other powers and perform such other duties as set forth in these Rules and as the Board may determine from time to time.
- 4) Each member of the Appeals Committee shall serve for a term of one calendar year from the date of his or her appointment or for the remainder of his or her term as a Public Director, as applicable, and until the due appointment of his or her successor, or until his or her earlier resignation or removal, with or without cause, as a member of the Appeals Committee or as a Public Director. A member of the Appeals Committee may serve for multiple terms.

Rule 2.8 Emergency Rules

- 1) During an Emergency, the Clearinghouse may implement temporary emergency procedures and rules pursuant to Rule 2.8, subject to the applicable provisions of the CEA and CFTC regulations.
- 2) The Chief Compliance Officer or designee or, if the CCO or designee is unavailable, the Chief Executive Officer or his or her designee, are authorized to determine whether an Emergency exists and whether Emergency Rules or Emergency Actions are warranted. Emergency Rules may require or authorize the Clearinghouse, the Board, any committee of the Board or any Officer to take Emergency Actions, including, but not limited to, the following actions:
 - a) Suspend or curtail clearing of any Contract traded on a DCM that clears through the Clearinghouse, or limit such clearing to Transactions that result in liquidations;
 - b) Provide alternative settlement mechanisms for any Contract cleared by the Clearinghouse (including by altering the settlement terms or conditions or fixing the settlement price);
 - c) Order the transfer or liquidation of open positions in any Contract cleared by the Clearinghouse; provided that if a Contract is fungible with a contract on another Platform in addition to the Clearinghouse, the liquidation or transfer of open interest in such Contract will be ordered only as directed, or agreed to, by CFTC staff or the CFTC;
 - d) Impose or modify position limits, price limits, and intraday market restrictions; or
 - e) Any other action, if so directed by the CFTC.

- 3) Before taking an Emergency Action, the effects of such Emergency Action on markets underlying the Contract(s) affected by such Emergency Action, on markets that are linked or referenced to such Contracts and similar markets on other trading venues, or any potential conflicts of interest shall be considered and documented as required under Rule 2.9.
- 4) Before any Emergency Rule may be adopted and enforced, the Regulatory Oversight Committee shall approve the implementation of such Emergency Rule at a duly convened meeting. If the Chief Compliance Officer, or his or her designee, or if the Chief Compliance Officer or his or her designee is unavailable, the Chief Executive Officer, or his or her designee, determines that Emergency Rules must be implemented with respect to an Emergency before a meeting of the Regulatory Oversight Committee can reasonably be convened, then the Chief Compliance Officer, or his or her designee, or if the Chief Compliance Officer or his or her designee is unavailable, the Chief Executive Officer, or his or her designee, shall have the authority, without Board or committee action, to implement any Emergency Rules with respect to such Emergency that he or she deems necessary or appropriate to respond to such Emergency. In such circumstances, the Chief Compliance Officer, or his or her designee, or if the Chief Compliance Officer or his or her designee is unavailable, the Chief Executive Officer, or his or her designee, must convene a meeting of the Regulatory Oversight Committee to ratify the actions taken by the Chief Compliance Officer, or his or her designee, or the Chief Executive Officer, or his or her designee, as soon as practicable. Whenever the Clearinghouse implements an Emergency Rule or takes an Emergency Action, a duly Authorized Representative of the Clearinghouse, where possible, will inform Members through a Notice.
- 5) The Clearinghouse will use reasonable efforts to notify the CFTC and the Board prior to implementing, modifying or terminating an Emergency Rule. If such prior notification is not possible or practicable, the Clearinghouse will notify the CFTC and the Board as soon as possible or reasonably practicable, but in any event no longer than 24 hours after implementing, modifying or terminating an Emergency Rule.
- 6) Upon taking any Emergency Action, the Clearinghouse will document the decision-making process related to such Emergency Action, including the process for minimizing conflicts of interest, the extent to which the Clearinghouse considered the effect of its Emergency Action on the Underlying markets and on markets that are linked or referenced to the contract market and similar markets on other trading venues, and reasons for using emergency authority under this Rule 2.8. Such documentation will be maintained in accordance with Rule 2.10.
- 7) The Chief Compliance Officer, or his or her designee, or if the Chief Compliance Officer or his or her designee is unavailable, the Chief Executive Officer, or his or her designee, may determine that an Emergency has been reduced sufficiently to allow the Clearinghouse to resume normal functioning, in which case any Emergency Actions responding to such Emergency may be terminated and a duly Authorized Representative of the Clearinghouse will inform Members through a Notice.
- 8) Members must promptly notify the Clearinghouse of any circumstance that may give rise to a declaration of an Emergency.

Rule 2.9 Conflicts of Interest

- 1) Named Party in Interest Conflict

- a) No member of the Board, any Board Committee, or the Disciplinary Panel shall participate in such body's deliberations or voting in any matter involving a named party in interest where such member:
 - i) Is the named party in interest in the matter;
 - ii) Is an employer, employee or fellow employee of a named party in interest;
 - iii) Is associated with a named party in interest through a "broker association" as defined in CFTC regulation 156.1;
 - iv) Has any other significant, ongoing business relationship with a named party in interest, excluding relationships limited to Contracts cleared through the Clearinghouse; or
 - v) Has a family relationship (i.e., the member's spouse, parents, children, and siblings, in each case, whether by blood, marriage, or adoption, or any person residing in the home of the member or that of his or her immediate family) with a named party in interest.
- b) Prior to consideration of any matter involving a named party in interest, each member of the deliberating body shall disclose to the Chief Compliance Officer whether such member has one of the relationships listed above with a named party in interest.
- c) The Chief Compliance Officer shall determine whether any member of the relevant deliberating body is subject to a conflicts restriction under this Rule 2.9. Such determination shall be based upon a review of the following information:
 - i) Information provided by such member pursuant to clause (2) above; and
 - ii) Any other source of information that is held by and reasonably available to the Clearinghouse.

2) Financial Interest in a Significant Action Conflict

- a) No member of the Board, any Board Committee or the Disciplinary Panel shall participate in the body's deliberations or voting on any significant action if such member knowingly has a direct and substantial financial interest in the result of the vote based upon either Clearinghouse or non-Clearinghouse positions that could reasonably be expected to be affected by the action.
- b) Prior to consideration of any significant action, each member of the deliberating body who does not choose to abstain from deliberations and voting shall disclose to the Chief Compliance Officer any information that may be relevant to a determination of whether such member has a direct and substantial financial interest in the result of the vote.
- c) The Chief Compliance Officer shall determine whether any member of the relevant deliberating body who does not choose to abstain from deliberations and voting is subject to a conflicts restriction under this Rule 2.9 based on a review of the totality of the circumstances.
- d) Any member who would otherwise be required to abstain from deliberations and voting pursuant to clause (1) above may participate in deliberations, but not in voting, if the deliberating body, after considering the factors specified below, determines that such

participation would be consistent with the public interest (e.g. if the member has significant expertise and background that provides useful context); provided, however, that before reaching any such determination, the deliberating body will fully consider the information specified in clause (3) above which is the basis for such member's direct and substantial financial interest in the significant action that is being contemplated. In making its determination, the deliberating body shall consider:

- i) Whether such member's participation could unduly influence the outcome of the deliberations;
 - ii) Whether such member's participation in the deliberations is necessary to achieve a quorum; and
 - iii) Whether such member has unique or special expertise, knowledge, or experience in the matter being considered.
- 3) The minutes of any meeting to which the conflicts determination procedures set forth in this Rule apply shall reflect the following information:
- a) The names of all members who participated in such meeting;
 - b) The name of any member who voluntarily recused himself or herself or was required to abstain from deliberations or voting on a matter and the reason for the recusal or abstention, if stated;
 - c) The information that was reviewed for each member of the relevant deliberating body; and
 - d) Any determination made in accordance with Rule 2.9 above.

Rule 2.10 Recordkeeping

- 1) The Clearinghouse shall keep, or cause to be kept, complete and accurate books and records of accounts and activities of the Clearinghouse, including all books, records and other documentation required to be maintained pursuant to the CEA and CFTC regulations.
- 2) The Clearinghouse shall retain all such books and records in accordance with the CEA and CFTC regulations.
- 3) The Clearinghouse will provide information required to be maintained or provided pursuant to the CEA and CFTC regulations to the Commission, the U.S. Securities and Exchange Commission, the U.S. Department of Justice or any representative of a prudential regulator as authorized by the Commission, upon request, in each case in the form and manner required under these Rules, and/or the CEA and CFTC regulations.

Rule 2.11 Information-Sharing Agreements

- 1) The Clearinghouse may enter into information-sharing agreements or other arrangements or procedures to coordinate surveillance with other markets on which financial instruments related to the Contracts cleared through the Clearinghouse trade. As part of any information-sharing agreements or other arrangements or procedures adopted pursuant to this Rule, the Clearinghouse may:

- a) Provide market surveillance reports to other markets;
 - b) Share information and documents concerning current and former Members' or Members' Authorized Users with other markets;
 - c) Share information and documents concerning ongoing and completed investigations with other markets; or
 - d) Require its current or former Members' or Members' Authorized Users to provide information and documents to the Clearinghouse at the request of other markets with which the Clearinghouse has an information-sharing agreement or other arrangements or procedures.
- 2) The Clearinghouse may enter into any information-sharing agreements or other arrangements or procedures, including an information-sharing agreement or other arrangement or procedure similar to that described above in paragraph (A), with any Person or body (including but not limited to a Regulatory Agency or Swap Data Repository) if the Clearinghouse considers such agreement, arrangement or procedures to be in furtherance of the Clearinghouse's purpose or duties under these Rules or Applicable Law.
 - 3) The Clearinghouse may provide information to a duly authorized foreign governmental authority, as directed by the CFTC, in accordance with an information-sharing agreement or other arrangements or procedures executed with such foreign governmental authority or the CFTC.

Rule 2.12 Public Information

- 1) Accurate, complete and current copies of these Rules shall be published on the Website.
- 2) The Clearinghouse shall make public on a daily basis information on settlement prices, volume, open interest, and opening and closing ranges for actively traded Contracts.
- 3) Except as provided herein, the Clearinghouse shall publish on its Website a Notice with respect to each addition to, modification of, or clarification of, the Rules, and any Contract Specification prior to the earlier of:
 - a) The effective date thereof; and
 - b) The filing of such change with the Commission.
- 4) If confidential treatment is sought with respect to any information the Clearinghouse submits to a Regulatory Agency, only the public version of such filing shall be disclosed pursuant to Rule 2.12.
- 5) Any Notice shall be deemed to have been made to all Members and any other such Person as may be required by the following:
 - a) For Members, by sending such Notice to the email address on file with the Clearinghouse.
 - b) For all Members and the public, by posting the Notice on the Website.

Rule 2.13 Affiliate Entities

- 1) The Clearinghouse, pursuant to approval by the Board, permits an affiliated entity (the “Affiliate”) to participate on its Platform, subject to the following provisions:
 - a) The Affiliate is a Self-Clearing Member of the Platform.
 - b) The Clearinghouse has ensured the Affiliate does not have access to the Clearinghouse’s material non-public information, and the Clearinghouse ensures the Affiliate’s access to information is limited to public information available to all Members. (The provision of information to common Directors of the Clearinghouse, any Affiliate or the holding company shall not constitute a violation of this proscription.) The Clearinghouse ensures the Affiliate maintains operational independence from the Clearinghouse. Operational independence means that the Affiliate must:
 - i) Have and maintain operations, including servers, databases, accounts, tools, software, and development tooling, separate from the Clearinghouse;
 - ii) Have no access to Clearinghouse operations;
 - iii) Be subject to all of the Rules in this Rulebook, including the Rules regarding Participation (see Rule 2.13);
 - iv) Not have access to material non-public information, including but not limited to information regarding Order flow, trading, settlement, Contracts, and compliance; and
 - v) Have and maintain physical separation from the Clearinghouse.
- 2) All capital underlying trading by an Affiliate will not originate from the Clearinghouse.

Chapter 3 Member Rules

Rule 3.1 Jurisdiction, Applicability of Rules

- 1) Any Person, including a Member or an Authorized User, directly or indirectly initiating, executing, and/or clearing a Transaction on the Clearinghouse or subject to these Rules, and any Person for whose benefit such a Transaction has been initiated or executed, and/or cleared, including an Authorized Representative and any employee or agent of a Member, and any other Person accessing the Clearinghouse: (i) agrees to be bound by and comply with these Rules, the Obligations and Applicable Law, in each case to the extent applicable to such Person; (ii) expressly consents and submits to the jurisdiction of the Clearinghouse with respect to any and all matters arising from, related to, or in connection with, the status, actions or omissions of such Person; and (iii) agrees to assist the Clearinghouse in complying with the Clearinghouse’s legal and regulatory Obligations, cooperate with the Clearinghouse, the CFTC and any Regulatory Agency with jurisdiction over the Clearinghouse in any inquiry, investigation, audit, examination or proceeding. any amendments to or the repeal of a Rule, or the adoption of a new Rule, shall, upon the effective date of such amendment, repeal or adoption, as applicable, be binding on all Persons subject to the jurisdiction of the Clearinghouse, regardless of when such Person became subject to the Clearinghouse’s jurisdiction, and on all Contracts as applicable.

- 2) All Clearinghouse Members are also subject to the jurisdiction of the CFTC regardless of location, nationality, citizenship, or place of incorporation.

Rule 3.2 Member Agreements, Eligibility Criteria, Classifications and Privileges

The Clearinghouse will provide fair and open access to Members.

- 1) Each Member shall have the right to access electronically its proprietary account, provided that such Member is eligible for and has applied for and received Clearing Privileges.
- 2) In order to become a Member, an applicant must:
 - a) Agree to the relevant Member Agreement, as well as submit any material or information required by the Clearinghouse, and remit any application fee, as may be established by the Clearinghouse from time to time;
 - b) Not be subject to any economic or trade sanctions programs administered by OFAC or other relevant U.S. or non-U.S. authority, and must not be listed on OFAC's List of Specially-Designated Nationals and Blocked Persons, or if applicant is an entity, not include any such person among its beneficial owners;
 - c) (for U.S. applicants:) If an applicant is an entity, be validly organized, and in good standing, in the United States;
 - d) (for non-U.S. applicants:) If an applicant is an entity, be validly organized, and in good standing, in either the Cayman Islands or British Virgin Islands;
 - e) Not be prohibited from using the services of the Clearinghouse for any reason whatsoever;
 - f) Designate at least one Authorized User (or in the case of a natural person Member, such natural person shall be deemed to be the Authorized User);
 - g) If an applicant is an entity, designate at least one Authorized Representative who is responsible for supervising all activities of the Member, its Authorized User(s) and its employees relating to Transactions, for making withdrawal requests and for providing any information the Clearinghouse may request regarding such Member; and
 - h) Meet any other criteria and provide the Clearinghouse with any other information the Clearinghouse may request regarding the Member.
- 3) By agreeing to the Member Agreement, the applicant agrees to be bound by the Rules and the published policies of the Clearinghouse.
- 4) No person affiliated, within the meaning of Section 5b(c)(2)(O) of the CEA, with a Director of the Clearinghouse or a Member shall meet criteria for refusal to register a person under Section 8a(2) of the CEA; unless the Regulatory Oversight Committee finds that there are special circumstances warranting the waiver of such disqualification with respect to the affiliate.
 - a) With respect to affiliates, the Board shall be entitled to rely on a representation from the relevant Director or Member that, to the best of such person's knowledge, none of its affiliates is subject to disqualification pursuant to the Clearinghouse's fitness standards

and that such person will notify the Clearinghouse if at any time such Director or Member becomes aware that any such affiliate fails to meet the fitness standards.

- b) Section 5b(c)(2)(O)(ii)(IV) of the CEA requires each DCO to establish fitness standards for persons with direct access to the settlement or clearing activities of the DCO (“Access Persons”). The only persons with such access are Members.
- 5) Applicants for Membership status of the Clearinghouse may withdraw their applications at any time without prejudice or without losing their right to apply at a future time.
 - 6) Clearinghouse staff may, in its sole discretion, approve, deny, or condition the Clearing Privileges of any applicant as Clearinghouse staff deems necessary or appropriate.
 - a) In the event that Clearinghouse staff decides to decline or condition the Clearing Privileges of an application for admission as a Member, or to terminate a Person’s status as Member, Clearinghouse staff shall notify such Person thereof and the Notice will specify the basis for the Clearinghouse’s decision. Such Person may, within 28 Business Days, request that the Compliance Department reconsider the determination.
 - b) Within 28 Business Days of receiving a request for reconsideration, the Compliance Department shall confirm, reverse, or modify the original determination and shall promptly notify such Person accordingly. The Compliance Department may, in its sole discretion, schedule a hearing (in person or by teleconference), request additional information from such Person or establish any other process that it believes is necessary or appropriate to consider the request for reconsideration.
 - c) The Compliance Department’s decision is the final action of the Clearinghouse and is not subject to appeal within the Clearinghouse.
 - 7) Upon approval by the Clearinghouse of an applicant as a Member, the Member shall continue to comply with all applicable eligibility criteria in this Rule or as the Clearinghouse may require, and shall have Clearing Privileges, which the Clearinghouse may revoke, amend, or expand in accordance with these Rules.
 - 8) The Clearinghouse will apply Member access criteria in a fair and non-discriminatory manner that is not anti-competitive.

Rule 3.3 Member Obligations

- 1) Each Member consents to the Clearinghouse providing information related to Know Your Customer, Customer Due Diligence, or Anti-Money Laundering to Settlement Banks or potential Settlement Banks.
- 2) Each Member must immediately notify the Clearinghouse in writing upon becoming aware:
 - a) That the Member, any of the Member’s officers or any of the Member’s Authorized Users has had trading or Clearing Privileges suspended, access to, or membership or clearing membership in any Regulatory Agency denied;
 - b) That the Member, any of the Member’s officers or any of the Member’s Authorized Users has been convicted of, pleaded guilty or no contest to, or entered a plea agreement to any felony in any domestic, foreign or military court, or with the CFTC, as applicable;

- c) That the Member, any of the Member's officers or any of the Member's Authorized Users has been convicted of, pleaded guilty or no contest to, or entered a plea agreement to a misdemeanor in any domestic, foreign or military court, or with the CFTC, as applicable, which involves:
 - i) Embezzlement, theft, extortion, fraud, fraudulent conversion, forgery, counterfeiting, false pretenses, bribery, gambling, racketeering, or misappropriation of funds, securities or properties; or
 - ii) Any Transaction in or advice concerning swaps, futures, options on futures or securities;
 - d) That the Member, any of the Member's officers or any of the Member's Authorized Users has been subject to, or associated with a firm that was subject to, regulatory proceedings before any Regulatory Agency;
 - e) Of any other material change in any information contained in the Member's application;
 - f) Of becoming the subject of a bankruptcy petition, receivership proceeding, or the equivalent, or being unable to meet any financial obligation as it becomes due. (Note: Members subject to the jurisdiction of the U.S. Bankruptcy Court may be subject to any or all of the following actions: liquidation or transfer of positions, suspension, or revocation of clearing membership. The Clearinghouse will further comply with all requirements placed upon it under law with regard to the bankruptcy.); or
 - g) Of information that concerns any financial or business developments that may materially affect the Member's ability to continue to comply with applicable participation requirements.
- 3) Each Member must diligently supervise all activities of the Member's employees and/or agents, including all Authorized Users and Authorized Representatives, relating to Orders, Transactions and communications with the Clearinghouse. Any violation of these Rules by any employee, Authorized Representative or Authorized User of a Member may constitute a violation of the Rules by such Member.
 - 4) Each Member must provide all reports required by Applicable Law to the Clearinghouse, including, but not limited to, the reports required under CFTC regulation 39.12(a)(5). Such reports must be made available by the Member to the CFTC when so required, and the Clearinghouse will also make such reports available to the CFTC when so required.
 - 5) Each Member must provide to the CFTC all reports required to be so provided under Applicable Law.

Rule 3.4 Member and Authorized User Obligation to Cooperate

- 1) Each Member and Authorized User must comply with these Rules, applicable provisions of the CEA, and relevant CFTC regulations. Each Member and Authorized User also must cooperate promptly and fully with the Clearinghouse, its agents, and the CFTC in any investigation, call for information, inquiry, audit, examination, or proceeding. Such cooperation shall include providing the Clearinghouse with access to information on the activities of such Member and/or Authorized User in any referenced market that provides the underlying prices for any market. If any Member or Authorized User fails to satisfy any Obligation, the Member or Authorized User may be subject to discipline under these Rules, and may also be subject to civil or criminal prosecution.

- 2) Each Member and Authorized User consents to allow the Clearinghouse to provide all information the Clearinghouse has about the Member or Authorized User, including the Member's and Authorized User's trading activity, to the CFTC or any other Regulatory Agency, law enforcement authority, or judicial tribunal, including (as may be required by information-sharing agreements or other arrangements or procedures or other contractual, regulatory, or legal provisions) foreign regulatory or self-regulatory bodies, law enforcement authorities, or judicial tribunals, without Notice to the Member and Authorized User.
- 3) Each Member and Authorized User, upon request by the Clearinghouse or any Regulatory Agency, must promptly respond to any requests for information, including by providing any necessary information for the Clearinghouse to perform any of the functions described in the CEA.

Rule 3.5 FCM Customer Obligations

- 1) FCM Customers must follow the rules and requirements imposed by the FCM.
- 2) FCM Customers must accept and be bound by these Rules.

Rule 3.6 FCM Customer Obligations Responsible Agents

- 1) Each Member that is an Entity shall at all times have at least one employee or agent (each, a "Responsible Agent") designated as its administrator with respect to the clearing of Contracts by the Authorized Users of such Member. Each Member that is a natural person shall serve as its own Responsible Agent. The Clearinghouse may prescribe such qualification standards for Responsible Agents as it may from time to time determine necessary or advisable. Among other things, each Responsible Agent shall have full control over access to the clearing system by the Member (including its Authorized Users) represented by such Responsible Agent. The Responsible Agent(s) of any Member shall also be solely responsible for any and all communications between the Clearinghouse and such Member, and any and all notices or other communications sent to such Responsible Agent(s) by the Clearinghouse shall be binding on such Member. Each Member shall notify the Clearinghouse promptly of any change regarding any of its Responsible Agents.
- 2) Each Member shall (i) be solely responsible for controlling and monitoring the use of all User IDs and passwords to access the Sportrade DCO LLC Direct System (issued to its Authorized Users and Responsible Agent(s) by the Clearinghouse, (ii) provide such User IDs and passwords only to its Authorized Users and Responsible Agent(s), and (iii) shall notify the Clearinghouse promptly upon becoming aware of any unauthorized disclosure or use of the User IDs or passwords or access to the Clearinghouse or of any other reason for deactivating User IDs or passwords. Each Member, on behalf of itself and its Authorized Users, shall be bound by any actions taken through the use of its User IDs and passwords (other than any such actions resulting from the fault or negligence of the Clearinghouse), including the execution of transactions, whether or not such actions were authorized by such Member or any of its supervised persons or executed by anyone other than an Authorized User of such Member.
- 3) Notwithstanding anything to the contrary in Rule 3.7, each Authorized User shall have his or her own unique User IDs and passwords that may be used only by such Authorized User and solely for the purpose of submitting transactions for clearing in respect of the Account for which the Authorized User has Clearing Privileges.

Rule 3.7 Clearing Members and Authorized User Access

- 1) During the Member application process, an applicant, to become a Member, will be required to register a user identification (“User ID”) and password.
- 2) The Member will be required to enter the User ID and password to log onto and access clearing system. Each time the Member submits its unique User ID and password to the Clearinghouse in order to log onto the clearing system, the Member affirms that it understands, and agrees to be bound by, these Rules and other policies and procedures of the Clearinghouse, as amended.
- 3) Each Authorized User shall maintain a unique User ID and password, distinct from the User ID and password of the Member but identified as related to the Member with which the Authorized User is associated. The Member will only provide the User IDs to its officers, employees or agents who are designated as, and authorized as, Authorized Users. The Clearinghouse reserves the right to revoke or modify a User ID at any time without prior notice.
- 4) The Member will be responsible for protecting its User IDs and passwords, and with respect to itself, the ID(s) and password(s) of its Authorized User(s), from improper disclosure. In addition, a Member may not knowingly or negligently permit any Person not authorized by the Clearinghouse and by the Member to use the User ID and password to access the secure portion of the Clearinghouse website, including the clearing system. The Member is required to immediately notify the Clearinghouse if it knows, or has reason to believe, that its User ID or the User ID and/or password of any Authorized User have been disclosed to any Person not authorized by the Clearinghouse and the Member to use such User ID and/or password.
- 5) The Member authorizes the Clearinghouse to rely upon any instruction received through use of its User IDs without further inquiry, and the Clearinghouse shall not be liable to the Member for any actions taken based on instructions received through such User IDs, even if such instructions were not authorized by the Member. The Member will be liable for any and all costs, expenses, losses or other amounts that may result from actions taken, including transactions cleared through the Clearinghouse, by any person, authorized or not, using its User ID and password or the ID and/or password of any Authorized User. The Clearinghouse will not be responsible in any way for unauthorized transactions in a Member’s Account.
- 6) The Member is responsible for contracting with an internet service provider through which it will access the Clearinghouse website and for having a backup service provider if reasonably necessary. The Member is also responsible for maintaining an internet connection speed adequate for its needs. The Clearinghouse will not be responsible in any way for any transactions submitted for clearing that were delayed because of failure of the Member’s internet service provider or slowness of its internet connection speed. No communication from a Member will be deemed to have been received by the Clearinghouse until that communication is logged by the Clearinghouse server.

Rule 3.8 Dues, Fees and Expenses Payable by Members

- 1) Members are not required to pay dues.
- 2) Members may be charged fees in connection with Clearing Privileges in such amounts as may be revised from time to time. Fees and any revisions to such fees will be provided on the Website and in Notices.

- 3) Members may be charged fees related to clearing, such as for the settlement of Contracts at expiration, in an amount to be reflected from time to time on the Website and in Notices.
- 4) The Clearinghouse may also deduct from a Self-Clearing Member Account fees or expenses incurred in connection with the Member's trading or account activity, such as fees for wire transfers or check processing via electronic check, or storage or other fees or expenses related to trading or Clearing Privileges. All such fees shall be charged in an amount to be reflected from time to time on the Website and in Notices.
- 5) The Clearinghouse may also deduct from an FCM Customer account fees or expenses incurred in connection with FCM Customers' trading or account activity, and the FCM's trading, account or FCM activity, such as fees for wire transfers or check processing via electronic check, or storage or other fees or expenses related to trading or Clearing Privileges. All such fees shall be charged in an amount to be reflected from time to time on the Website and in Member Notices.
- 6) If the Clearinghouse determines in the future to impose dues or new fees, the Clearinghouse shall notify Members of any dues or additional fees that will be imposed at least 10 Business Days before they take effect.

Rule 3.9 Recording of Communications

The Clearinghouse may record conversations and retain copies of electronic communications between Clearinghouse Officials, on one hand, and Members, Authorized Users, Authorized Representatives or other agents, on the other hand. Any such recordings may be retained by the Clearinghouse in such manner and for such periods of time as the Clearinghouse may deem necessary or appropriate. The Clearinghouse shall retain such records for the retention periods necessary to comply with CFTC regulation 1.35 or such longer period as the Clearinghouse deems appropriate.

Rule 3.10 Member Accounts

- 1) The Clearinghouse shall establish and maintain a Member Account (or, if applicable, Member Accounts) for each Member, and the Clearinghouse undertakes to treat the Member for whom each Member Account is maintained as entitled to exercise the rights that comprise each financial asset which is credited to such Member Account. However, the Clearinghouse shall have complete and absolute discretion as to whether any particular financial asset is accepted by it for credit for any Member Account.
- 2) The Clearinghouse shall have only such duties and obligations with respect to each Member Account as are set forth in Article 8 of the UCC or otherwise mandated by Applicable Law. Each Member acknowledges and agrees that the Clearinghouse is not a fiduciary for any Member.

Rule 3.11 Termination of Member Status

- 1) To voluntarily terminate Member status, a Member must deliver to the Clearinghouse a Withdrawal Notice. Such Withdrawal Notice shall be accepted immediately upon receipt and shall be effective upon such Member's fulfillment of its obligations under paragraph (C) below, or at such other time as the Clearinghouse may determine in its reasonable discretion is desirable for the efficient operation of the Clearinghouse. Platforms may offer Members the ability to request termination through the Platform, and the Platform will communicate the request to the Clearinghouse.

- 2) When the Clearinghouse accepts a Withdrawal Notice from a withdrawing Member, all rights and privileges of such Member terminate (including, without limitation, Clearing Privileges) except as set forth in paragraph (C) below. The accepted request to terminate Member status shall not affect the rights of the Clearinghouse under these Rules or relieve the former Member of such Member's Obligations under the Clearinghouse Rules before such withdrawal. Notwithstanding the accepted request to terminate Member status, the terminated Member remains subject to the Clearinghouse Rules, the Obligations and the jurisdiction of the Clearinghouse for acts done and omissions made while a Member, must comply with paragraphs (C) and (E) below, must cooperate in any Disciplinary Action under Chapter 7 as if the terminated Member were still a Member, and must comply with requests for information from the Clearinghouse regarding activities and Obligations while a Member for at least five years following its withdrawal.
- 3) A Member that has requested termination of its Member status pursuant to paragraph (A) above (a withdrawing Member), or whose status as a Member has been terminated by the Clearinghouse pursuant to Chapter 7, is referred to collectively in this Rule 3.11 as a terminated Member and shall be subject to the following requirements, Obligations and provisions:
 - a) A terminated Member must use all reasonable endeavors to close out or transfer all open positions in its Member Account(s), as applicable, prior to the Withdrawal Close-Out Deadline Date;
 - b) After the Withdrawal Notice Date, a terminated Member may only be entitled to submit Transactions for clearing which it can demonstrate have the overall effect of reducing open positions or risks to the Clearinghouse, whether by hedging, transferring, terminating, liquidating or otherwise closing out open Contracts;
- 4) Any request to terminate Member status pursuant to paragraph (A) above shall be irrevocable by the Member and membership may only be reinstated pursuant to a new application for membership following the close-out or transfer of all open Contracts in such Member's Member Account(s).
- 5) Following termination of all open positions to which a withdrawing Member was party to in relation to its Member Account(s), as applicable, and satisfaction in full by such withdrawing Member of all Obligations in respect thereof, the Clearinghouse shall return the withdrawing Member's unused contributions to the Guaranty Fund and any unused Withdrawal Deposit, as well as any other assets of the withdrawing Member not previously returned on the date that is sixty (60) days after the withdrawing Member's Withdrawal Date, or such earlier date as is determined by the Clearinghouse.
- 6) Notwithstanding anything in these Rules:
 - a) The Clearinghouse may at its discretion return amounts due to the withdrawing Member by way of transfer or return of U.S. dollars to the withdrawing Member; and
 - b) The Clearinghouse may make partial payment of any amounts due, excluding the withdrawing Member's Guaranty Fund contribution, prior to the time specified in this Rule 3.11.
- 7) This Rule 3.11 shall not apply to a Defaulting Member.

Chapter 4 FCMs and FCM Customers

Rule 4.1 FCMs

- 1) An FCM must execute an FCM Member Agreement with the Clearinghouse, adhere to the terms of that agreement, accept and be bound by these Rules, and at all times act in a manner that is consistent with these Rules.
- 2) An FCM must be a member (or equivalent term) of a Platform.
- 3) FCMs may establish accounts as permitted by the rules of any Platform where they carry customer accounts, including but not limited to a trading account, error account, test account, and an account used for liquidating FCM Customer positions pursuant to this Rule, or an equivalent account with a similar purpose.
- 4) If an FCM Customer's account with the FCM becomes negative due to the FCM Customer's activity on a Platform, and as a result the FCM Customer owes the FCM money, the FCM may liquidate some or all of the FCM Customer's positions.
- 5) FCMs must, on an annual basis, submit their business continuity and disaster recovery plans to the Clearinghouse's Compliance Department for review. FCMs must ensure that their plans coordinate with the Clearinghouse's in an adequate manner to enable effective resumption of daily processing, clearing, and settlement of Transactions following a disruption. As part of this requirement, FCMs must coordinate with the Clearinghouse's periodic, synchronized testing of its business continuity and disaster recovery plan. FCMs must also adopt, adhere to, and enforce risk management and other policies and procedures in accordance with CFTC regulation 1.11. FCMs must promptly provide, upon request by the Clearinghouse or the CFTC, information related to the risk management policies, procedures and practices of the FCM.
- 6) The Clearinghouse may, in its sole discretion, approve, deny, revoke, or condition any application to become an FCM as it deems necessary or appropriate to the discharge of its legal and regulatory obligations. The Clearinghouse may, in its sole discretion and as it deems necessary or appropriate to the discharge of its legal and regulatory obligations or to preserve the integrity of the Clearinghouse's clearing systems, pause or terminate access for an FCM.
- 7) FCMs must cooperate with the Clearinghouse, the CFTC, and any related governmental authority in any inquiry, investigation, audit, examination or proceeding relating to the FCM's business carrying customer accounts with the Clearinghouse, including disclosing the identity and contact information of FCM Customers as relevant (such information will be walled off by the Clearinghouse solely for the purpose of its compliance with its legal and regulatory obligations, and cannot be utilized for any commercial purpose). FCMs must keep complete and accurate books and records as required to be maintained pursuant to the CEA and CFTC regulations for the time period, and in the manner, specified by CFTC regulations. FCMs must make such books and records available for inspection by the Clearinghouse, the CFTC or other governmental authority.
- 8) FCMs must perform all required KYC, CDD, and AML activities with regard to their FCM Customers.
- 9) FCMs must not engage in practices that may cause degradation of the clearing systems or the Platform and its systems. FCMs must also not engage in acts or practices contrary to the purposes of the Clearinghouse, nor commit any act or engage in any conduct that is likely to bring the

Clearinghouse into disrepute. These prohibited practices include, but are not limited to, (i) engaging in any activity that presents a risk of harm to the Clearinghouse, other FCMs, a Platform, or the public, and (ii) engaging in conduct or practices that are detrimental to the best interests of the Clearinghouse or that adversely affect the integrity of the Clearinghouse or its systems.

- 10) All FCM Customer funds received by the Clearinghouse from an FCM to purchase, guarantee, secure, or settle positions of FCM Customers, and all money accruing to such FCM Customers as a result thereof, shall be segregated as Cleared Swaps Customer Collateral in accordance with all relevant provisions of the CEA and CFTC regulations. This Rule satisfies the requirement in CFTC regulations 1.20(d)(1) and 22.5 that an FCM must obtain a written acknowledgement from the Clearinghouse that such FCM Customer funds are being held in accordance with such provisions.
- 11) Each FCM must require each FCM Customer to accept and be bound by these Rules prior to allowing the FCM Customer to trade on a Platform.
- 12) Each FCM must enforce eligibility criteria on its FCM Customers to ensure that it accepts as FCM Customers only Persons who are permitted under Applicable Law to participate on a Platform and with the Clearinghouse. Each FCM must also require its FCM Customers to inform it of any change to the FCM Customer's eligibility.
- 13) FCMs shall comply with all Applicable Law, including but not limited to CFTC regulations 1.10, 1.12, and 1.20 - 1.32 and Part 22 of CFTC regulations.

Rule 4.2 FCM Customers

- 1) FCM Customers accept and agree to be bound by the relevant FCM's rules and these Rules.
- 2) As required in CFTC regulations 39.15(d), an FCM Customer may request to transfer the FCM Customer's positions from an FCM to an account with a different FCM, or the FCM Customer's own account, but only if the following conditions are met:
 - a) The FCM Customer instructs the FCM to make the transfer;
 - b) The FCM Customer is not currently in Default to the FCM; and
 - c) The other FCM has consented to the transfer.

Rule 4.3 FCM Accounts

- 1) Each FCM must establish with the Clearinghouse the accounts and financial relationships set forth in the FCM Member Agreement.
- 2) All FCM Customer funds deposited by FCM Members with the Clearinghouse are held in a Cleared Swaps Customer Account and are treated as Cleared Swaps Customer Collateral.
- 3) As described in Rule 4.3, and as required by CFTC regulations 1.20 and 22.3, Cleared Swaps Customer Collateral must remain segregated from all other funds.
- 4) Each FCM must monitor funding levels in the FCM's account and ensure that there is sufficient collateral to support predicted future trading volume.

- 5) All FCM Member proprietary funds deposited by an FCM Member with the Clearinghouse are held in the Self-Clearing Member Account of that FCM Member and are treated as member collateral, unless such funds are deposited as a residual interest in an FCM Customer account in which case they are treated as Cleared Swaps Customer Collateral.

Rule 4.4 Segregation of Customer Funds and Assets for FCM Clearing Members

- 1) Each FCM Clearing Member must comply with the requirements of the CEA and CFTC Regulations regarding segregation of customer funds from the FCM Clearing Member's own funds or assets, including, but not limited to, CFTC regulations 1.20 through 1.30, 1.32, and 30.7.
- 2) The Clearinghouse shall comply with the applicable segregation requirements of Section 4d of the CEA and CFTC Regulations with respect to customer funds held by the Clearinghouse.
- 3) As used in this Rule 4.4, "customer funds" has the same meaning as in CFTC regulation 1.3.

Rule 4.5 FCM Financial Requirements

- 1) Unless otherwise provided, all FCMs must comply with the requirements set forth in CFTC regulations 1.10, 1.12, 1.17, and 1.18 (this provision does not exclude the requirement for FCMs, as Members, to comply with all Applicable Law). This includes, but is not limited to, the following:
 - a) Maintenance of minimum capital requirements;
 - b) Submission of a timely and complete Form 1-FR, FOCUS Report or other requested information;
 - c) Notification requirements when a Member:
 - i) Fails to maintain minimum capital requirements;
 - ii) Fails to maintain early warning capital requirements;
 - iii) Fails to maintain current books and records;
 - iv) Determines the existence of a material inadequacy as specified in CFTC regulation 1.16(d)(2);
 - v) Changes its fiscal year; or
 - vi) Changes its public accountant.
 - d) Completely and accurately computing and recording the balances in the net capital computation including capital requirements;
 - e) Subordination agreement requirements, including the filing of such agreements; and
 - f) Preparation of a monthly computation of adjusted net capital and minimum financial requirements.

- 2) In addition to the notifications, forms, and reports required by CFTC regulations, copies of the notifications must be furnished to both the Clearinghouse and the Platform within twenty-four hours of when the notification was furnished to the CFTC.
- 3) The specific requirements in this Rule do not diminish in any way the obligation of FCMs to satisfy the requirements applicable to all Members to provide all required reports set forth in Chapter 4.

Chapter 5 Clearing

Rule 5.1 Clearance and Substitution

- 1) The Clearinghouse only accepts Fully Collateralized Contracts that are funded by U.S. dollars. Each Member, on behalf of itself and its Customers, shall deposit and maintain with the Clearinghouse the USD funds required to fully collateralize Orders pursuant to Contract Specifications, including payment of premiums and payment of settlement obligations, as applicable, prior to submission of such Orders to the Exchange. Collateral transfers made by a Member (on behalf of itself or its Customers) to the Clearinghouse or by the Clearinghouse to a Member are irrevocable and unconditional when effected. A Member (on behalf of itself and its Customers) shall, at all times, maintain with the Clearinghouse sufficient USD funds necessary to fully collateralize each open position in a Contract.
- 2) Upon submission of a Transaction for a Fully Collateralized Contract, the Clearinghouse will conduct a review of the relevant Member Account to ensure that the Transaction is fully collateralized prior to accepting the Transaction for clearing. If such Member Account does not have the necessary funds and/or collateral to fully collateralize the Transaction, the Clearinghouse will not accept the Transaction. For Self-Clearing Members, this means that the Clearinghouse will review the Self-Clearing Member Account; for FCM Customers, the Clearinghouse will review the FCM Customer account.
- 3) The Clearinghouse will coordinate with all Platforms to develop procedures and system integrations that facilitate prompt, efficient, and accurate processing of all Transactions submitted to the Clearinghouse for clearing. Additionally, the Clearinghouse will coordinate with each Member that is a FCM, swap dealer, or major swap participant to establish fully automated systems for accepting or rejecting trades that are submitted to the Clearinghouse for clearing by or for the Member or a FCM Customer of the Member.
- 4) For trades executed competitively on or subject to the rules of a Platform:
 - a) The Clearinghouse will coordinate with all Platforms to establish automated systems that will accept or reject for clearing all Contracts that are listed for clearing by the Clearinghouse and are executed competitively on or subject to the rules of a Platform.
 - b) The Clearinghouse will accept for clearing all trades:
 - i) Made on a Platform; and
 - ii) That satisfy the criteria of the Clearinghouse, including but not limited to applicable risk filters. The Clearinghouse's criteria will be non-discriminatory across trading venues. The Clearinghouse will also coordinate with Platforms to integrate and be able to apply the criteria in a fully automated system and if that

is impracticable, the Clearinghouse will apply the criteria As Soon As Technologically Practicable if fully automated systems were used.

- c) The Clearinghouse will only accept for clearing trades that satisfy the requirements that are set out in Chapter 5 of these Rules.
- 5) The Clearinghouse will accept all trades:
- i) That are submitted by the parties to the Clearinghouse in accordance with CFTC regulation 23.506;
 - ii) For which the executing parties have clearing arrangements in place with Members of the Clearinghouse;
 - iii) For which the executing parties identify the Clearinghouse as the intended clearinghouse; and
 - iv) That satisfy the criteria of the Clearinghouse, including but not limited to applicable risk filters. The Clearinghouse's criteria will be non-discriminatory across trading venues. The Clearinghouse will also coordinate with Platforms and executing parties to integrate and be able to apply the criteria in a fully automated system and if that is impracticable, the Clearinghouse will apply the criteria As Soon As Technologically Practicable if fully automated systems were used.
- b) The Clearinghouse will only accept for clearing trades that satisfy the requirements that are set out in Chapter 5 of these Rules.
- 6) The submission of a Transaction to the Clearinghouse by or on behalf of the buying and selling Members shall constitute a request, by such Members, for the clearing of such Transaction by the Clearinghouse. Upon acceptance thereof, by the Clearinghouse:
- a) The Transaction, if a Transaction in a swap, shall be extinguished, and replaced with an equal and opposite swap between the Clearinghouse and each Member. Upon extinguishing and replacing the original Contract, the Members shall be released from their obligations to each other, and, along with the Clearinghouse, shall have all rights and obligations under the Contract that replaced the extinguished Contract, in each case as provided in the Rules.
 - b) Where an FCM Member acts to clear a Contract made for the account of an FCM Customer, the FCM Member becomes obligated to the Clearinghouse, and the Clearinghouse becomes obligated to the Member, with respect to such Contract in the same manner and to the same extent as if the Contract were for the proprietary account of the FCM Member.
- 7) Transactions for Contracts with the same terms and conditions, as defined by the Contract Specifications, submitted to the Clearinghouse for clearing, are economically equivalent within the Clearinghouse and may be offset with each other within the Clearinghouse.
- 8) All terms of a cleared swap must conform to product specifications established under Clearinghouse Rules. Upon acceptance of a cleared swap Contract Transaction for clearing, the Clearinghouse will provide a confirmation of the trade to the Members. That confirmation will serve as the definitive written record of the terms of the Transaction which shall legally supersede

any previous agreement, serve as a confirmation of the swap and shall be available on the Platform.

- 9) If a Contract is rejected for clearing by the Clearinghouse for any reason, such Contract is void *ab initio*.
- 10) Any failure to deposit and maintain USD funds or collateral in accordance with the Rules of the Clearinghouse, or to withdraw USD funds or collateral as required by the Clearinghouse, may be deemed a Default of an Obligation and an act detrimental to the interest or welfare of the Company.

Rule 5.2 Settlement of Contracts

- 1) Except as otherwise provided by Commission order, the Clearinghouse shall effect settlement at least once each Business Day, and shall have the authority and operational capacity to effect a settlement with each Member, on an intraday basis, either routinely, when thresholds specified by the Clearinghouse are breached, or in times of extreme market volatility.
- 2) The Clearinghouse shall maintain, in its systems, a record of each Member's Contracts.
- 3) Upon the settlement resulting from expiration, all Members who have an open position will be notified of the final amount payable. Such notice may be delivered by the Platform, or for FCM Customers, by the FCM. The Clearinghouse will transfer the amount payable under the Contract's terms to the relevant Member Accounts for Members holding open positions. For Self-Clearing Members, the amount payable will be transferred to the Self-Clearing Member Account; for FCM Customers, the amount payable will be transferred to the FCM Customer account for the FCM to credit the FCM Customer.
- 4) For a Transaction in a Fully-Collateralized Contract that results in an increase in a Member's Maximum Downside Exposure, the Clearinghouse will designate as committed collateral funds from the appropriate Member Account(s) in the amount necessary to cover the increase. For Self-Clearing Members, the Self-Clearing Member Account will be debited. For FCM Customers, the FCM will debit the funds in the FCM Customer's account with the FCM and the Clearinghouse will debit the Funds in the FCM Customer account.
- 5) For a Transaction in a Fully-Collateralized Contract that results in a decrease to a Member's Maximum Downside Exposure, the Clearinghouse will un-designate the decreased amount from constituting committed collateral funds within the relevant Member Account(s). For Self-Clearing Members, the Self-Clearing Member Account will be credited; for FCM Customers, the FCM will credit the funds in the FCM Customer's account with the FCM and the Clearinghouse will credit the funds in the FCM Customer account.

Rule 5.3 Deposit Procedures

- 1) Members make deposits to the Clearinghouse through a Member Portal which is linked to the applicable payment processor or money transmitter service for the payment type selected, and by direct bank transfers to the relevant Settlement Bank. Wire transfers must be executed pursuant to the instructions provided by the Platform.
- 2) Funds are available for use with respect to Clearing Privileges no later than the next Settlement Bank Business Day after the funds arrive in the Settlement Bank.

Rule 5.4 Withdrawal Procedures

- 1) Members make withdrawals through a Member Portal.
- 2) Members are responsible for providing accurate account information to allow the Clearinghouse to effect transfers to the Members.
- 3) Withdrawals occur no later than the next Settlement Bank Business Day after a Member has submitted a withdrawal request via a Member Portal if the Member submits a withdrawal notification during Trading Hours, subject to verification by the Clearinghouse that the withdrawal will not cause the Member to fall below any applicable margin, Guaranty Fund, or other collateral requirement, and that no payment, margin, or other Obligation to the Clearinghouse is outstanding or in Default.
- 4) If a Member fails to adhere to the withdrawal procedures set forth herein, the Clearinghouse will take reasonable measures to effect the withdrawal; however, if unable to effect the withdrawal, the Member's collateral may become the sole property of the Clearinghouse, to the extent permitted by Applicable Law.

Rule 5.5 Reconciliation

The Clearinghouse shall reconcile the positions and cash balances of each Member Account (whether a Self-Clearing Member Account or an FCM Customer account) periodically, including at the end of each Settlement Bank Business Day. The Clearinghouse shall make available to each Member at all times the positions and cash balances of each such Member. All Members shall be responsible, pursuant to Applicable Law for reconciling their records of their positions and cash balances with the records of positions and cash balances that the Clearinghouse makes available to Members.

Rule 5.6 Risk Management Actions

- 1) As provided in CFTC regulation 39.13(h)(6), the Clearinghouse may take the following actions as appropriate, based on the application of objective and prudent risk management standards:
 - a) Imposing position limits;
 - b) Prohibiting an increase in positions;
 - c) Requiring a reduction of positions;
 - d) Liquidating or transferring positions; and
 - e) Suspending or revoking clearing membership.
- 2) The Clearinghouse may take any other action it deems necessary based on the application of objective and prudent risk management standards.

Rule 5.7 Finality of Settlements

All payments or transfers of funds to and from the Clearinghouse and within the Clearinghouse are irrevocable and unconditional when, as the case may be, they are debited from or credited to an account of the Clearinghouse, whether such account of the Clearinghouse is held at the Clearinghouse or at a Settlement Bank, provided that adjustments may be made after such time for the correction of errors.

Chapter 6 Business Conduct and Trading Practices

Rule 6.1 Scope

This Chapter 6 applies to all Transactions except as may be provided herein. Members and, where applicable, Authorized Users and Authorized Representatives, shall adhere to and comply fully with this Chapter 6.

Rule 6.2 Acts Detrimental to the Welfare or Reputation of the Clearinghouse Prohibited

No Member, Authorized Representative, Authorized User shall engage in any Clearinghouse activity that tends to impair the welfare, reputation, integrity or good name of the Clearinghouse.

Rule 6.3 Supervision; Information Sharing

- 1) A Member that has one or more Authorized Users shall be responsible for establishing, maintaining and administering reasonable supervisory procedures to ensure that its Authorized Users comply with these Rules and Applicable Law, and such Member may be held accountable for the actions of such Authorized Users with respect to the Clearinghouse.
- 2) Members and Authorized Users shall cooperate fully with the Clearinghouse or a Regulatory Agency in any investigation, call for information, inquiry, audit, examination or proceeding.
- 3) Members and Authorized Users shall ensure that any information disclosed to the Clearinghouse is accurate, complete and consistent. No existing or prospective Member or Authorized User shall make any false statements or misrepresentations in any application, report or other communication to the Clearinghouse.

Rule 6.4 Business Conduct

- 1) Conducting clearing activities in an honorable and principled manner consistent with these Rules is the essence of ethical conduct with respect to the Clearinghouse. Members, Authorized Users, Authorized Representatives, and other Persons subject to the Clearinghouse's jurisdiction shall act with ethical integrity with regard to their Clearinghouse activity, and shall adhere to the following ethical standards:
 - a) A Member, Authorized User, Authorized Representative, and any other Person subject to the Clearinghouse's jurisdiction shall abstain from engaging in conduct that is a violation of these Rules or Applicable Law, and will conduct its business in accordance with Applicable Law, and in good faith, with a commitment to honest dealing.
 - b) No Member, Authorized User, Authorized Representative, or other Person subject to the Clearinghouse's jurisdiction shall engage in any fraudulent act or engage in any scheme to defraud, deceive, trick or mislead in connection with or related to any Clearinghouse activity.

Rule 6.5 Compliance

Each Member shall take appropriate steps to ensure compliance with these Rules and Applicable Law. When relevant, Members shall have a compliance program commensurate with the size and scope of its clearing activities on the Clearinghouse and designed to ensure appropriate, timely and ongoing review of trading practices and compliance with the Rules. Each Member shall act in accordance with these practices for compliance and monitoring with regard to its Clearinghouse activity:

- 1) Provide for proper training of personnel on the provisions of the Rules;
- 2) Maintain internal policies and procedures to promote compliance with the Rules;
- 3) Promptly disclose to the Clearinghouse the details of any violations of the Rules involving a Member's activities on the Clearinghouse, including its own activities or those of another Member, and a Member shall promptly disclose to the Clearinghouse the details of any disciplinary sanctions, fines or other related determinations made by a Regulatory Agency or another market on which such Member trades, or provision of market information to the Clearinghouse or any of its Affiliates;
- 4) Provide an environment that encourages employees to engage in safe and confidential discussions and to disclose to senior management any trading practices that might violate the Rules;
- 5) Require any consultant, contractor and subcontractor to disclose all financial affiliations and conflicts of interest. Ensure that consultants, contractors or subcontractors do not cause any disclosure of information in violation of the Rules, including this code of conduct, and that confidentiality agreements are in effect where appropriate; and
- 6) Establish clear lines of accountability for trading practices, including provisions relating to the responsibilities of corporate Officers, with appropriate oversight by the Board of Directors or other senior corporate management committee.

Chapter 7 Discipline and Enforcement

Rule 7.1 General

- 1) Market Monitoring
 - a) The Clearinghouse shall record and store a record of all data entered into the Platform that is provided to the Clearinghouse, including the Members' and Authorized User's identity, information on Transactions and any other information required and in accordance with the Clearinghouse's policies.
 - b) The Compliance Department will conduct investigations when the Compliance Department staff at any time has reason to believe that inappropriate activity of any sort is taking place that relates to the Clearinghouse or a Platform.
- 2) Compliance Department
 - a) The Clearinghouse has a Compliance Department consisting of one or more compliance staff. The Chief Compliance Officer is responsible for overseeing the Compliance Department and shall report to the Regulatory Oversight Committee and the CEO.

- b) The Compliance Department shall investigate activity that it determines could constitute a violation of these Rules and Applicable Laws, and shall enforce the Rules and prosecute possible Rule violations within the Clearinghouse's disciplinary jurisdiction.
 - c) The Compliance Department shall conduct periodic reviews of Members to verify compliance with these Rules. Such reviews may include, but are not limited to, reviews of randomly selected samples of audit trail data, and reviews of account numbers.
- 3) The Clearinghouse, through the Compliance Department, Disciplinary Panel, and Appeals Committee, shall conduct inquiries, investigations, disciplinary proceedings, appeals from disciplinary proceedings, summary impositions of fines, summary suspensions, and other summary actions in accordance with this Chapter 7. Any Person subject to the Clearinghouse's jurisdiction under Rule 3.1 is subject to the Clearinghouse's disciplinary authority set forth in this Chapter 7.
- 4) The Clearinghouse, through the Compliance Department, shall commence an investigation upon (i) the discovery or receipt of information that indicates a reasonable basis for finding that a violation may have occurred or will occur, or (ii) the receipt of a request from Commission staff.
- 5) No Clearinghouse Official shall interfere with or attempt to influence the process or resolution of any Disciplinary Action, except to the extent provided under these Rules with respect to a proceeding in which a Person is a member of the relevant Disciplinary Panel or Appeals Committee.
- 6) Representation by Counsel
 - a) A Respondent, upon being served with a Notice of Charges, has the right to retain and be represented by legal counsel or any other representation of its choosing, except any Director or a member of the Disciplinary Panel or person substantially related to the underlying investigations, such as material witnesses or Respondents during such proceedings.
 - b) In the event of any appeal that requires the Clearinghouse to retain legal counsel, the Respondent shall be responsible for the reasonable attorney's fees incurred by the Clearinghouse if the Respondent does not prevail in the dispute.
- 7) The Clearinghouse may hold a Member liable for, and impose sanctions against such Member, for such Member's own acts and omissions that constitute a violation, and with regard to Members for the acts and omissions of each Authorized User, or other agent or representative of such Member, in each case, that constitute a violation as if such violation were that of the Member.
- 8) Ex Parte Communications
 - a) A Respondent (and any counsel or representative of such Respondent) and the Compliance Department (and any counsel or representative of the Compliance Department) shall not knowingly make or cause to be made an ex parte communication relevant to the merits of a disciplinary proceeding or an appeal from a disciplinary proceeding to any member of the Disciplinary Panel or the Appeals Committee that hears such proceeding.
 - b) Members of a Disciplinary Panel or Appeals Committee shall not knowingly make or cause to be made an ex parte communication relevant to the merits of a disciplinary proceeding or an appeal from a disciplinary proceeding to any Respondent (and any

counsel or representative of such Respondent) or the Compliance Department (and any counsel or representative of the Compliance Department).

- c) Any Person who receives, makes or learns of any communication that is prohibited by this Rule 7.1 shall promptly give notice of such communication and any response thereto to the Compliance Department and all parties to the proceeding to which the communication relates.
- d) A Person shall not be deemed to have violated this Rule 7.1 if the Person refuses an attempted communication concerning the merits of a proceeding as soon as it becomes apparent that the communication concerns the merits, and promptly gives notice of such attempt to the Compliance Department.

Rule 7.2 Investigations

- 1) If after review of a suspected violation the Compliance Department determines that there are sufficient grounds to warrant it, the Compliance Department will commence an investigation. The Compliance Department will endeavor to complete any investigation within 12 months of the time a potential Rule violation is suspected, unless there exists significant reason to extend the investigation beyond such period. Upon the conclusion of any investigation, the Compliance Department shall draft a report detailing the facts that led to the opening of the investigation, the facts that were found during the investigation, and the Compliance Department's analysis and conclusion. Such internal report shall be maintained in accordance with Rule 2.10.
- 2) The Compliance Department has the authority to:
 - a) Initiate and conduct inquiries and investigations;
 - b) Examine books and records of any Person subject to the Clearinghouse's jurisdiction under Rule 3.1;
 - c) Prepare investigative reports and make recommendations concerning initiating disciplinary proceedings;
 - d) Issue a Notice of Charges to a Respondent;
 - e) Prosecute alleged violations within the Clearinghouse's disciplinary jurisdiction; and
 - f) Represent the Clearinghouse on appeal from any disciplinary proceeding, summary imposition of fines, summary suspension or other summary action.
- 3) Each Person subject to the jurisdiction of the Clearinghouse:
 - a) Is obligated to appear and testify and respond in writing to interrogatories within the time period required by the Compliance Department in connection with:
 - i) Any Rule;
 - ii) Any inquiry or investigation; or
 - iii) Any preparation by and presentation during a Disciplinary Action;

- b) Is obligated to produce books, records, papers, documents or other tangible evidence in its possession, custody or control within the time period required by the Compliance Department in connection with:
 - i) Any Rule;
 - ii) Any inquiry or investigation; or
 - iii) Any preparation by and presentation during a Disciplinary Action; and
- c) May not impede or delay any Disciplinary Action.

Rule 7.3 Disciplinary Panel

- 1) If the Respondent disputes the Compliance Department's findings with respect to a Disciplinary Action, the Clearinghouse shall convene the Disciplinary Panel to adjudicate the findings by the Compliance Department that are under dispute. The Chief Compliance Officer, or an individual designated by the Chief Compliance Officer, may be appointed to argue the matter on behalf of the Clearinghouse.
 - a) Members of the Disciplinary Panel shall be individuals that do not have a direct interest (financial, personal or otherwise) in the matter, but in no event may be members of the Compliance Department or any Persons involved in adjudicating any other stage of the same proceeding.
 - b) In the event that members of the Disciplinary Panel do not satisfy the requirements of this Rule 7.3(1), then the Regulatory Oversight Committee may substitute a new member for the Disciplinary Panel or act as the Disciplinary Panel, to the extent that the substituted member or the Regulatory Oversight Committee, as the case may be, does not have a direct interest (financial, personal or otherwise) in the matter.
- 2) Members of the Disciplinary Panel and the Compliance Department may not communicate regarding the merits of a matter brought before the Disciplinary Panel without informing the Respondent who is the subject of the communication of the substance of such communication and allowing the Respondent an opportunity to respond. The Compliance Department may compel testimony, subpoena documents, and require statements under oath from any Respondent or, to the extent the Respondent is a Member, any of its Authorized Users, Authorized Representatives or other employees or agents.
- 3) The Compliance Department and other Clearinghouse Representatives working under the supervision of the Compliance Department may not operate under the direction or control of any Member, Authorized User, Authorized Representative or any other representative of a Member.

Rule 7.4 Notice of Charges

- 1) If the Compliance Department determines that there is reasonable cause to believe that a Respondent has violated these Rules or Applicable Law, the Compliance Department will issue a Notice of Charges to the Respondent. The Notice of Charges will be sent via email to the Respondent's last known email address. The Notice of Charges shall include:
 - a) The reason the investigation was initiated;
 - b) The Rule or Rules alleged to have been violated;

- c) The Respondent's response, if any, or a summary of the response;
 - d) A summary of the investigation conducted;
 - e) Findings of fact and the Compliance Department's conclusions as to each charge, including which of these Rules the Respondent violated, if any;
 - f) A summary of the Respondent's, and any relevant Authorized User's or Authorized Representative's, disciplinary history, if any;
 - g) The penalty, if any, proposed by the Compliance Department; and
 - h) The Respondent's right to a hearing.
- 2) If the Compliance Department institutes an investigation of any Affiliate of the Clearinghouse, the Chief Compliance Officer shall notify the Commission's Division of Market Oversight or the Division of Clearing and Risk, as appropriate, or their successor divisions, of that fact. At the conclusion of any such investigation, the Chief Compliance Officer shall provide the Commission's Division of Market Oversight, or the Division of Clearing and Risk, as appropriate, or their successor divisions, with a copy of the report or other documentation specified in Rule 7.2.

Rule 7.5 Contesting and Appeals

- 1) The Respondent subject to the investigation may contest the Notice of Charges by submitting an answer to the Notice of Charges by electronic mail to the Compliance Department within 15 calendar days of receipt of the Notice of Charges. The Respondent's answer must contain a detailed response to the findings and conclusions as to each charge and any other information the Respondent believes is relevant.
- 2) The Respondent has a right to examine all relevant books, documents, or other evidence in the possession or under the control of the Compliance Department, except that the Compliance Department may withhold from inspection any documents that:
 - a) Are privileged or that constitute attorney work product;
 - b) Were prepared by any Clearinghouse Representative but which will not be offered in evidence in the disciplinary proceedings;
 - c) May disclose a technique or guideline used in examinations, investigations, or enforcement proceedings;
 - d) May disclose the identity of an unrelated Member;
 - e) May disclose any confidential information other than Respondent's; or
 - f) Disclose the identity of a confidential source.
- 3) If the Respondent fails to answer a Notice of Charges, then such failure shall be deemed an admission to the findings in the Notice of Charges, and the Compliance Department's findings and conclusions shall become final and the Compliance Department shall impose the penalty (if any) that it proposes. The Compliance Department shall notify the Respondent of the imposition of any penalty by email sent to Respondent's last known email address.

- 4) If the findings of the Compliance Department are contested, the Compliance Department's report and the Respondent's response will be submitted to a Disciplinary Panel.
- 5) The Disciplinary Panel will conduct a fair hearing with the Compliance Department or other Clearinghouse Representative and the Respondent within 15 calendar days of receipt of the Respondent's answer to the Notice of Charges contesting such Notice of Charges, unless Respondent and the Compliance Department agree to an extension. Parties may attend virtually. The formal rules of evidence shall not apply, but the hearing procedures must not deny a fair hearing.
 - a) The hearing shall be recorded, and all information submitted by the parties and the recording of the hearing shall be preserved by the Compliance Department, along with the Disciplinary Panel's findings, as the record of the proceedings (the hearing record) in accordance with Rule 2.10.
 - b) The hearing record shall be transcribed if requested by the Commission or Respondent, if the decision is appealed pursuant to these Rules, or if the Commission reviews the decision pursuant to Section 8c of the CEA or Part 9 of CFTC regulations.
- 6) Prior to the Disciplinary Panel's hearing, the parties may (but need not) submit proposed findings, briefs, and exhibits (including affidavits), and during the hearing the parties may present witnesses. The Respondent is entitled to cross-examine witnesses. Persons within the Clearinghouse's jurisdiction who are called as witnesses must participate in the hearing and produce evidence within the rules set forth in paragraph B of this Rule. The Compliance Department shall use reasonable efforts to secure the presence of all other witnesses whose testimony would be relevant.
- 7) Within 15 calendar days after the Disciplinary Panel's hearing, the Disciplinary Panel shall issue a decision, which shall be delivered to the Respondent by email to Respondent's last known email address. The findings of the Disciplinary Panel shall contain the following information:
 - a) A brief summary of the hearing;
 - b) Findings and conclusions with respect to each charge, and a complete explanation of the evidence and other basis for such findings and conclusions;
 - c) A declaration of any penalty to be imposed on the Respondent as the result of the findings and conclusions, including the basis for such penalty;
 - d) The effective date and duration of that penalty; and
 - e) A statement that the Respondent has the right to appeal any adverse decision by the Disciplinary Panel to the Appeals Committee within 15 calendar days of receipt of the Disciplinary Panel's decision, and the email addresses to send notice of Respondent's decision to appeal.
- 8) Either the Respondent or the Compliance Department may appeal the decision of the Disciplinary Panel within 15 calendar days by filing an appeal by email with the Appeals Committee and forwarding a copy to the other parties to the appeal. The Appeals Committee may review a decision on its own initiative. Any penalties shall be stayed pending appeal unless the Regulatory Oversight Committee determines that a stay pending appeal would likely be detrimental to the Clearinghouse, other Members, or the public, in which case the penalty shall apply during the appeal period. The Appeals Committee shall review the hearing record and any information

submitted by the Compliance Department or the Clearinghouse Representative and the Respondent on appeal and issue a decision, which shall be final on the date of such issuance. The Respondent shall be notified of the Appeals Committee's decision by email and the Respondent's last known email address. The hearing record, any information submitted on appeal, and the Appeals Committee's decision shall be preserved as the record on appeal in accordance with Rule 2.10. The decision shall contain:

- a) A brief statement of the facts on appeal;
 - b) Findings and conclusions with respect to each charge that was appealed, and a complete explanation of the Appeals Committee's conclusions;
 - c) The Appeals Committee's determination with regard to each penalty;
 - d) A statement that any Person aggrieved by the action may have a right to appeal the action pursuant to Part 9 of the Commission's Regulations, within 30 calendar days of service; and
 - e) A statement that any Person aggrieved by the action may petition the Commission for a stay pursuant to Part 9 of the Commission's Regulations, within ten calendar days of service.
- 9) Notice of the Appeals Committee's decision will be sent to Respondent via email to Respondent's last known email address. Notice will be sent no later than two Business Days after the Appeals Committee members sign the decision.

Rule 7.6 Settlements

- 1) The Compliance Department may enter into settlements with any Respondent any time following the issuance of a Notice of Charges and prior to any final decision by the Appeals Committee. The Respondent may initiate a settlement offer. Any settlement offer shall be forwarded to the Disciplinary Panel with a recommendation by the Compliance Department that the proposed settlement be accepted, rejected, or modified. A settlement offer may be withdrawn at any time before it is accepted by the Disciplinary Panel.
- 2) The Disciplinary Panel may accept or reject a proposed settlement, and the decision of the Disciplinary Panel shall be final and may not be appealed. In addition, the Disciplinary Panel may propose a modification to the proposed settlement for consideration by the Respondent and the Compliance Department.
- 3) Any settlement under this Rule shall be in writing and shall state:
 - a) The Notice of Charges or a summary thereof;
 - b) The Respondent's answer, if any, or a summary thereof;
 - c) A summary of the investigation conducted;
 - d) Findings and conclusions as to each charge, including each act the Respondent was found to have committed or omitted, be committing or omitting, or be about to commit or omit, and each of these Rules or Applicable Law that such act or practice violated, is violating, or is about to violate;

- e) Any penalty imposed and the penalty's effective date; and
 - f) Where customer harm is found to exist, full customer restitution where it can be reasonably determined.
- 4) Failed settlement negotiations or withdrawn settlement offers, will not prejudice a Respondent or otherwise affect subsequent procedures in the Rule enforcement process.

Rule 7.7 Notice of Decision

- 1) The Compliance Department shall provide to the NFA for inclusion in its Internet- accessible database of disciplinary matters within two Settlement Bank Business Days after a decision becomes final, notice of any decision providing that a Respondent is suspended, expelled, disciplined or denied access to the Clearinghouse.
- 2) The Compliance Department shall make public notice of the Disciplinary Action, when the Disciplinary Action becomes final, by posting on its Website the information required by CFTC regulation 9.11 for a period of five consecutive Settlement Bank Business Days in accordance with CFTC regulation 9.13.

Rule 7.8 Penalties

- 1) As a result of a Disciplinary Action or as part of a settlement, the Compliance Department may impose one or more of the following penalties, commensurate with the violation committed, in consideration with the Respondent's disciplinary history, and including full customer restitution where customer harm is found and where such restitution can be reasonably determined:
 - a) A letter of warning, censure, or reprimand (although no more than one such letter may be issued to the same Person found to have committed the same Rule violation within a rolling 12-month period);
 - b) A fine or penalty for each Rule or Applicable Law violation sufficient to deter recidivism plus the monetary value of any benefit received as a result of the violation or the cost of damages to the unoffending counterparty;
 - c) Suspension of Member or a Member's Authorized User status or privileges for a specified period, including partial suspension of such privileges (for example, suspension of Clearing Privileges in particular types of Contracts or of placement of certain types of Orders); and
 - d) Revocation of Member or a Member's Authorized User status or privileges, including partial revocation of such privileges (for example, revocation of Clearing Privileges in particular types of Contracts).
- 2) Penalties that the Clearinghouse may impose are separate from any penalty that a Platform imposes.

Rule 7.9 Summary Suspension

- 1) The Compliance Department may summarily suspend or restrict a Member's or a Member's Authorized User's privileges if the Chief Compliance Officer believes suspension or restriction is

necessary to protect the swaps, commodity futures or options markets, the Clearinghouse, the public, or other Members.

- 2) The Compliance Department may deny or terminate or restrict the status of a Member, and a Member's Authorized User if, (i) such Person is unable to demonstrate its ability to satisfy the applicable criteria set forth in Chapter 3 of these Rules, (ii) such Person is unable to demonstrate its compliance with all other applicable Rules, (iii) such Person's inability to demonstrate compliance with such criteria or Rules would, in the Clearinghouse's sole discretion, bring the Clearinghouse into disrepute or cause the Clearinghouse to fail to be in compliance with the CEA, CFTC regulations or other laws and regulations, (iv) such Person or any of its Authorized Users, as applicable, has committed a violation of the Rules, or (v) other good cause is shown as the Clearinghouse may reasonably determine in its discretion.
- 3) Whenever practicable, the Compliance Department shall notify the Member or a Member's Authorized User whose privileges are to be summarily suspended by email at the Member's or Member's Authorized User's last known email address before the action is taken. If prior notice is not practicable, the Member or Member's Authorized User shall be served with notice at the earliest opportunity. This notice shall:
 - a) State the action taken or to be taken;
 - b) Briefly state the reasons for the action;
 - c) State the time and date when the action became or becomes effective and its duration; and
 - d) State that any Person aggrieved by the action may petition the Commission for a stay of the effective date of the action pending a hearing pursuant to Part 9 of CFTC regulations, within ten calendar days of service.
- 4) In the case of an Authorized User, notice will also be sent to the relevant Member, via email to the Member's last known email address.
- 5) The Member or Member's Authorized User whose privileges are to be summarily suspended shall be given an opportunity for appeal under the procedures outlined in Rule 7.5.

Rule 7.10 Reporting Violations to the Commission

- 1) Whenever the Clearinghouse suspends, expels, fines or otherwise disciplines or denies any Person access to the Clearinghouse, the Clearinghouse will make the disclosures required by CFTC regulations. Without limiting the generality of the foregoing, upon rendering a final decision regarding a disciplinary or access denial action, the Clearinghouse shall provide notice to the Commission in a form and manner specified by the Commission.
- 2) The Clearinghouse will submit to the Commission a schedule listing all those Clearinghouse Rule violations which constitute disciplinary offenses as defined in paragraph (a)(6)(i) of CFTC regulation 1.63 and, to the extent necessary to reflect revisions, will submit an amended schedule within thirty days of the end of each calendar year. The Clearinghouse will maintain the schedule required by this section, and post the schedule on the Clearinghouse's Website.
- 3) The Clearinghouse will submit to the Commission, within thirty days of the end of each calendar year, a certified list of any Members or Persons who have been removed from any Disciplinary Panel, the Board or any Clearinghouse committee pursuant to these Rules or Applicable Law during the prior year.

- 4) Whenever the Clearinghouse finds by final decision that a Member or Person has violated a Rule or otherwise committed a disciplinary offense, and such finding makes such person ineligible to serve on the Clearinghouse's Disciplinary Panels, Clearinghouse committees, or the Board, the Clearinghouse shall inform the Commission of such finding and the length of the ineligibility in a notice it is required to provide to the Commission pursuant to either CEA Section 17(h)(1) or CFTC regulation 9.11.

Rule 7.11 Coordination with Platforms

The Compliance Department may coordinate rule surveillance and enforcement with Platforms as the Chief Compliance Officer deems appropriate. This includes sharing information, except where prohibited, and analyses. This applies to the Clearinghouse's Rules, and to a Platform's rules.

Rule 7.12 Disciplinary Offenses

Notices of disciplinary decisions sent to Members and a Member's Authorized Users under this Chapter will include whether the violation is considered a disciplinary offense within the meaning of Chapter 7. This will enable any person who has been found to have committed a Rule violation to know whether the person is now disqualified from Clearinghouse committee service and the duration of any such disqualification.

Rule 7.13 Reporting Offenses to the CFTC

Disciplinary offenses will be reported to the CFTC and/or its designee(s).

Chapter 8 Arbitration

Rule 8.1 In General

- 1) Any Claim by a Member against another Member (including any related counterclaims) shall be settled by arbitration in accordance with this Chapter 8.
- 2) Notwithstanding paragraph A, the arbitration panel, in its sole and absolute discretion, may decline to take jurisdiction of, or, having taken jurisdiction may at any time decline to proceed further with, any Claim or any other dispute, controversy or counterclaim, other than such as may be asserted under paragraph A.
- 3) A Claim brought pursuant to this Rule 8.1 shall be adjudicated by qualified arbitrators appointed in accordance with Rule 8.5 below.
- 4) Persons to a dispute resolved in accordance with this Chapter 8 shall have the right to retain and be represented by legal counsel or any other representation of its choosing, except any Director or a member of the Disciplinary Panel or person substantially related to the underlying investigations, such as material witnesses or Respondents during such proceedings. Persons to a dispute resolved in accordance with this Chapter 8 shall be responsible for their own costs, expenses and attorneys' fees incurred in connection with the dispute. Notwithstanding the foregoing, the Person that prevails shall be entitled to recover from the other party all reasonable costs, expenses and attorneys' fees incurred in any arbitration arising out of or relating to this Chapter 8, and in any legal action or administrative proceeding to enforce any arbitration award or relief.

- 5) Any award or relief granted by the arbitrators hereunder shall be final and binding on the parties hereto and may be enforced by any court of competent jurisdiction.
- 6) Notwithstanding the foregoing, this Chapter 8 does not apply to disputes between Members where:
 - a) Such Persons are required by the rules of a non-Clearinghouse Self-Regulatory Organization to submit to the dispute resolution procedures of that Self-Regulatory Organization; or
 - b) Such Persons have, by valid and binding agreement, committed to arbitrate or litigate in a forum other than the Clearinghouse.

Rule 8.2 Fair and Equitable Arbitration Procedures

- 1) A Person desiring to initiate an arbitration as provided in Rule 8.1 shall file a notice of arbitration within two years from the time the Claim arose. The Notice must set forth the name and address of the party or parties against whom the Claim is being asserted, the nature and substance of the Claim, the relief requested, and the factual and legal bases alleged to underlie such relief.
- 2) The Notice shall be accompanied by a non-refundable check payable to the Clearinghouse in payment of the arbitration fee. The amount of the fee shall be, (i) \$500 for a Claim requesting relief totaling less than \$25,000 in the aggregate or, (ii) \$1,000 for a Claim requesting relief totaling \$25,000 or more in the aggregate.
- 3) Upon receipt, the Clearinghouse shall promptly convene an arbitration panel in accordance with Rule 8.5. The Clearinghouse shall deliver a copy of the Notice to each other party and to the arbitration panel.
- 4) Within 20 business days following the delivery of the Notice, each Respondent shall file a written response with the Clearinghouse, with a copy to the claimant, setting forth its or his position and any counterclaims, as applicable. If the response sets forth one or more counterclaims, the claimant shall file within 20 business days a written reply to such counterclaims with the Clearinghouse, with a copy to the Respondent.
- 5) Once each party has had an opportunity to respond to the Claim and all counterclaims, the arbitration panel shall promptly schedule a hearing. Notwithstanding the foregoing, Claims requesting relief totaling less than \$5,000 in the aggregate may, in the interests of efficiency and economy, be resolved without a hearing.
- 6) The chairman of the arbitration panel shall preside over the hearing and shall make such determinations on the relevancy and procedure as will promote a fair and expeditious adjudication.
- 7) The arbitration panel shall consider all relevant, probative testimony and documents submitted by the parties. The arbitration panel shall not be bound by the formal rules of evidence.
- 8) The final decision of the panel shall be by majority vote of the arbitrators, as applicable.
- 9) Within 60 days after the termination of the hearing, the arbitration panel shall render its final decision in writing and deliver a copy thereof either in person or by first-class mail to each of the parties. The arbitration panel may grant any remedy or relief which it deems just and equitable, including, without limitation, the awarding of interest and the arbitration fee.

- 10) The final decision of the arbitration panel shall not be subject to appeal within the Clearinghouse.
- 11) No verbatim record shall be made of the proceedings, unless requested by a party who shall bear the cost of such record.

Rule 8.3 Withdrawal of Arbitration Claim

Any Notice may be withdrawn at any time before the response is filed in accordance with this Chapter 8. If a response has been filed, any withdrawal shall require the consent of the party against which the Claim is asserted.

Rule 8.4 Penalties

- 1) Any failure on the part of a Person to arbitrate a dispute subject to this Chapter 8, or the commencement by any such Person of a suit in any court prior to arbitrating a case that is required to be arbitrated pursuant to this Chapter 8, violates these Rules and shall subject such Person to disciplinary proceedings pursuant to Chapter 7.
- 2) A failure to timely satisfy an arbitration award rendered in any arbitration pursuant to this Chapter is a violation of these Rules, and may result in Disciplinary Action.

Rule 8.5 Arbitration Panel

- 1) On an as-needed basis, the Clearinghouse shall convene an arbitration panel to adjudicate an arbitration claim under this Chapter 8. For a Claim requesting relief totaling less than \$25,000 in the aggregate, the arbitration panel shall consist of one individual. For a Claim requesting relief totaling \$25,000 or more in the aggregate, the arbitration panel shall consist of three individuals.
- 2) Members of the arbitration panel shall be individuals that do not have a direct interest (financial, personal or otherwise) in the matter.
- 3) Any member of the arbitration panel may disqualify himself for any reason he or she deems appropriate.
- 4) Each member of the arbitration panel shall conduct himself in a manner consistent with the American Bar Association/American Arbitration Association's Code of Ethics for Arbitrators in Commercial Disputes, which the Clearinghouse hereby adopts as its own code of ethics for arbitrators.
- 5) Each member of the arbitration panel must have no less than five years' experience in the financial services industry, and at least one arbitrator must have no less than five years' experience in the commodity futures or swap industry.

In the event that members of the arbitration panel do not satisfy the requirements of this Rule 8.5, then the Regulatory Oversight Committee may substitute a new member for the arbitration panel or act as the arbitration panel, to the extent that the substituted member or the Regulatory Oversight Committee, as the case may be, does not have a direct interest (financial, personal or otherwise) in the matter.

Chapter 9 Miscellaneous

Rule 9.1 Prohibited Conduct for Clearinghouse Employees, Directors, and Consultants.

1) Prohibited conduct for Clearinghouse employees:

- a) Clearinghouse employees are prohibited from trading, directly or indirectly, in any Contract cleared by the Clearinghouse.
- b) Clearinghouse employees are prohibited from Trading, directly or indirectly, in any contract traded on any DCM cleared by a DCO if the employee has access to material, non-public information concerning the contract.
- c) Clearinghouse employees are prohibited from disclosing to any other Person, any material, non-public information which such employee obtains as a result of his or her employment at the Clearinghouse where such employee has or should have a reasonable expectation that the information disclosed may assist another person in trading any commodity interest. This Rule does not prohibit disclosures made in the course of an employee's duties, or disclosures made to another Self-Regulatory Organization, linked exchange, court of competent jurisdiction or representative of any agency or department of the federal or state government acting in his or her official capacity.

d) Exceptions to trading prohibitions-

- i) Trading by related entities of the Clearinghouse is allowed on any Platform if the rules of the Platform include provisions for such trading. For example, an entity that is related to the Clearinghouse and a Platform is allowed to trade on the Platform if the rules of a Platform allow for trading on Platform by a related entity.
- ii) With the Chief Executive Officer's written approval, Rule 9.1 does not prohibit an Officer and Clearinghouse employee from participating in a pooled investment vehicle or other investment vehicle whose investments are directed by a third-party advisor if the Clearinghouse Official or employee has no direct or indirect control over transactions executed by the investment vehicles.
- iii) Contractors that provide services for the Clearinghouse that have no connection to the Clearinghouse's Clearing Services and do not have access to any material information are excepted from trading prohibitions. For example, a Person contracted with the Clearinghouse to provide carpet cleaning services is excepted from the trading prohibitions of this Rule.

- (1) The Chief Compliance Officer (or, in the case of an exception for the Chief Compliance Officer, the Board) may grant exceptions to the trading prohibitions in this Rule, if the Chief Compliance Officer determines that the exemption would not be contrary to the purposes of the CEA, CFTC regulations, the public interest, and just and equitable principles of trade.

- (2) As noted in paragraph 1B of this Rule, under no circumstances is any Person allowed to trade on the basis of any material, non-public, information.

2) Prohibited Conduct - Employees, Directors, and Consultants

- a) Clearinghouse employees, Directors, and consultants are prohibited from trading for such Person's own account, or for or on behalf of any other account, in any commodity interest, on the basis of any material, non-public information obtained through special access related to the performance of such Person's official duties as an employee, Directors, committee member, or consultant of the Clearinghouse.
- b) Clearinghouse employees, Directors, and consultants are prohibited from disclosing for any purpose inconsistent with the performance of such Person's official duties as an employee, Directors, committee member, or consultant of the Clearinghouse, any material, non-public information obtained through special access related to the performance of such duties.
- c) No Person shall trade for such Person's own account, or for or on behalf of any other account, in any commodity interest, on the basis of any material, non-public information that such Person knows was obtained in violation of this Rule from an employee, Directors, committee member, or consultant of the Clearinghouse.

3) As used in this Rule, the following terms have the following meanings:

- a) **Commodity interest** means any commodity futures, commodity option or swap contract traded on or subject to the rules of a DCM or cleared by a DCO, or cash commodities traded on or subject to the rules of a board of trade which has been designated as a DCM.
- b) **Clearinghouse Employee** means any employee or contractor of the Clearinghouse, and does not include a Person who is only a Director, a Person who is only a member of a committee, or a Person who is only a consultant.
- c) **Material information** means information which, if such information were publicly known, would be considered important by a reasonable person in deciding whether to trade a particular commodity interest on a DCM, or to clear a swap contract through a DCO. Material information includes, but is not limited to, information relating to present or anticipated cash positions, commodity interests, trading strategies, the financial condition of members of Self-Regulatory Organizations or members of linked exchanges or their customers, or the regulatory actions or proposed regulatory actions of a Self-Regulatory Organization or a linked exchange.
- d) **Non-public information** means information which has not been disseminated in a manner which makes it generally available to the trading public.

Rule 9.2 Property Rights

- 1) Each Member, on behalf of itself and each of its Affiliates, Authorized Users and other Persons affiliated with any of the foregoing, hereby acknowledges and agrees that the Clearinghouse owns and shall retain all right, title and interest in and to the Clearinghouse, all components thereof, including, without limitation, all related applications, all application programming interfaces, user interface designs, software and source code and any and all intellectual property rights therein, including, without limitation, all registered or unregistered, as applicable, (i) copyrights, (ii)

trademarks, (iii) service marks, (iv) trade secrets, (v) trade names, (vi) data or database rights, (vii) design rights, (viii) moral rights, (ix) inventions, whether or not capable of protection by patent or registration, (x) rights in commercial information or technical information, including know-how, research and development data and manufacturing methods, (xi) patents, and (xii) other intellectual property and ownership rights, including applications for the grant of any of the same, in or to the Clearinghouse and all other related proprietary rights of the Clearinghouse and/or any of its Affiliates (together, with any and all enhancements, corrections, bug fixes, updates and other modifications to any of the foregoing and any and all data or information of any kind, other than Proprietary Data and Personal Information, transmitted by means of any of the foregoing, including, without limitation, market data, the Proprietary Information). Each Member, on behalf of itself and each of its Affiliates, Authorized Users and other Persons affiliated with any of the foregoing, further acknowledges and agrees that the Proprietary Information is the exclusive, valuable and confidential property of the Clearinghouse. Each Member acknowledges and agrees that it shall not, and it shall not permit its Affiliates, Authorized Users and other Persons affiliated with any of the foregoing, to reverse engineer, copy, bug fix, correct, update, transfer, reproduce, republish, broadcast, create derivative works based on or otherwise modify, in any manner, all or any part of the Clearinghouse or the Proprietary Information. Each Member further agrees to, and agrees to cause each of its Affiliates, Authorized Users and other Persons affiliated with any of the foregoing to, keep the Proprietary Information confidential and not to transfer, rent, lease, copy, loan, sell or distribute, directly or indirectly, all or any portion of the Clearinghouse or any Proprietary Information.

- 2) Subject to the provisions of this Rule, each Member, on behalf of itself and each of its Affiliates, Authorized Users, and other Persons affiliated with any of the foregoing, hereby acknowledges and agrees that the Clearinghouse is the owner of all rights, title and interest in and to all intellectual property and other proprietary rights (including all copyright, patent, trademark or trade secret rights) in market data, and all derivative works based thereon, and further agrees not to distribute, create derivative works based on, or otherwise use or commercially exploit market data and any such derivative works, provided that Members, Affiliates, Authorized Users, and such other Persons may use market data for their own internal business purposes. Without limiting the generality of the foregoing, Members, Affiliates, Authorized Users, and other Persons affiliated with any of the foregoing may not distribute, sell or retransmit market data exchange to any third party.
- 3) Notwithstanding any other provision of this Rule, each Member and Authorized User retains such rights as it may enjoy under Applicable Law with respect to market data solely in the form such market data was submitted to the Clearinghouse by such Member or Authorized User.
- 4) Transaction Data shall not be disclosed publicly other than on an aggregated or anonymous basis, or in a manner that does not directly or indirectly identify any market participant who has submitted such data.
- 5) The Clearinghouse shall not condition access to the Clearinghouse upon a Member's consent for the Clearinghouse to the use of Proprietary Data and Personal Information for business or marketing purposes. Proprietary Data and Personal Information may not be used by the Clearinghouse for business and marketing purposes unless the market participant has clearly consented to the use of Proprietary Data and Personal Information in such manner. The Clearinghouse, where necessary, for regulatory purposes, may share Proprietary Data and Personal Information with one or more DCMs, or other similar entities, or associations such as the Intermarket Surveillance Group. Further, nothing in this Rule shall preclude the Clearinghouse from disclosing Proprietary Data and Personal Information: (i) as required by Applicable Law or legal process, (ii) as the Clearinghouse may deem necessary or appropriate in

connection with any litigation affecting the Clearinghouse, (iii) to any Clearinghouse Representative authorized to receive such information within the scope of his or her duties, (iv) to a third party performing regulatory or operational services for the Clearinghouse, provided that such party has executed a confidentiality and non-disclosure agreement in a form approved by the Clearinghouse, (v) to a duly Authorized Representative of the CFTC lawfully requesting Proprietary Data and Personal Information, (vi) in a manner in which a market participant consents to such disclosure, (vii) pursuant to the terms of an information-sharing agreement, or (viii) as permitted by CFTC regulations.

Rule 9.3 Signatures

Rather than rely on an original signature, the Clearinghouse may elect to rely on a signature that is transmitted, recorded or stored by any electronic, optical, or similar means (including but not limited to telecopy, imaging, photocopying, electronic mail, electronic data interchange, telegram, or telex) as if it were (and the signature shall be considered and have the same effect as) a valid and binding original.

Rule 9.4 Governing Law

The Rules, and the rights and Obligations of the Clearinghouse and Members under the Rules, shall be governed by, and construed in accordance with, the laws of the State of New York without regard to any provisions of New York law that would apply the substantive law of a different jurisdiction. The State of New York is the “securities intermediary’s jurisdiction” within the meaning of Section 8-110(e) of the UCC for all purposes of the UCC.

Rule 9.5 Legal Proceedings

- 1) Any action, suit or proceeding against the Clearinghouse, its Officers, Directors, limited liability company members, employees, agents, or any member of any committee must be brought within one year from the time that a cause of action has accrued. Any such action, suit or proceeding shall be brought in the State or Federal courts located within the City of New York, New York. Each Member and Authorized User expressly consents to the jurisdiction of any such court, waives any objection to venue therein, and waives any right it may have to a trial by jury.
- 2) In the event that a Member or Authorized User or an Affiliate of such Person fails to prevail in a lawsuit or other legal proceeding instituted by such Member or such Affiliate against, (i) the Clearinghouse or, (ii) any Affiliate of the Clearinghouse or any of its respective Officers, Directors, equity holders, employees, agents, or any member of any committee, related to the business of the Clearinghouse, such Member or Authorized User shall pay to the Clearinghouse all reasonable costs and expenses, including attorneys’ fees, incurred by the Clearinghouse in the defense of such proceeding. This Rule 9.5 shall not apply to Clearinghouse Disciplinary Actions, appeals thereof, or an instance in which the Board has granted a waiver of the provisions hereof.
- 3) The Clearinghouse will provide to the Commission copies of documents pertaining to Clearinghouse-related pending legal proceedings as required under CFTC regulation 1.60.

Rule 9.6 Limitation of Liability; No Warranties

- 1) Except as otherwise set forth in the Rules, or due to Clearinghouse Obligations arising from the act or CFTC regulations, including, without limitation, part 39 of CFTC regulations, or otherwise under Applicable Law, neither the Clearinghouse nor any of its Clearinghouse representatives, Affiliates or Affiliates’ representatives shall be liable to any Person, or any partner, Director,

Officer, agent, employee, Authorized User or Authorized Representative thereof, for any loss, damage, injury, delay, cost, expense, or other liability or Claim, whether in contract, tort or restitution, or under any other cause of action, suffered by or made against them as a result of their use of some or all of the Platform or the Website and by making use of the Platform or the Website, such Persons expressly agree to accept all liability arising from their use of same.

- 2) Except as otherwise set forth in these Rules or due to Clearinghouse Obligations arising from the act or CFTC regulations, including, without limitation, part 39 of CFTC regulations, or otherwise under Applicable Law, neither the Clearinghouse nor any of its Clearinghouse representatives, Affiliates or Affiliates' representatives shall be liable to any Person, or any partner, Director, Officer, agent, employee, Authorized User or Authorized Representative thereof, for any loss, damage, injury, delay, cost, expense, or other liability or Claim, whether in contract, tort or restitution, or under any other cause of action, suffered by or made against them, arising from (a) any failure or non-availability of the Platform or Website; (b) any act or omission on the part of the Clearinghouse, Clearinghouse representatives, Affiliates or Affiliates' representatives including without limitation a decision of the Clearinghouse to void, nullify or cancel Orders or trades in whole or in part; (c) any errors or inaccuracies in information provided by the Clearinghouse, Affiliates, the Platform, or the Website; (d) unauthorized access to or unauthorized use of the Platform or Website by any Person; (e) any force majeure event; or (f) any loss to any Member resulting from a Member's own security or the integrity of a Member's technology or technology systems. This limitation of liability will apply regardless of whether or not the Clearinghouse, any Clearinghouse representatives, any Clearinghouse Affiliates or Affiliates' representatives (or any designee thereof) was advised of or otherwise might have anticipated the possibility of such damages.
- 3) A Person's use of the Platform or the Website, Clearinghouse property and any other information and materials provided by the Clearinghouse is at the Person's own risk, and the Platform, the Website, the Clearinghouse property and any other information and materials provided by the Clearinghouse hereunder are provided on an "as is" and "as available" basis, without warranties or representations of any kind, express or implied, by statute, common law or otherwise, including all implied warranties of merchantability, fitness for a particular purpose and non-infringement, and any warranties arising from a course of dealing, usage or trade practice. The Clearinghouse does not guarantee that (a) the Clearinghouse property, the Platform, or the Website will operate in an error-free, secure or uninterrupted manner; (b) any information or materials provided by the Clearinghouse or accessible through the Clearinghouse property, the Platform, or the Website will be accurate, complete, reliable, or timely; or (c) the Clearinghouse property or any aspects of the Platform or the Website will be free from viruses or other harmful components. The Clearinghouse shall have no liability for the creditworthiness of any Person or for the acts or omissions of any Person utilizing the Platform, the Website, or any aspect of the Clearinghouse, Platform, or Website. A Person accessing the Clearinghouse is solely responsible for the security and integrity of the Person's technology. A Person's access to the Clearinghouse may be internet-based and the Clearinghouse has no control over the internet or a Person's connections thereto. Any Person accessing the Clearinghouse acknowledges that the internet, computer networks, and communications links and devices necessary to enable a Person to access and use the Platform and the Website are inherently insecure and vulnerable to attempts at unauthorized entry and that no form of protection can ensure that a Member's data, hardware, or software or the Platform or other Clearinghouse property will be fully secure. Furthermore, the Clearinghouse shall have no obligation to monitor or verify any information displayed through the Platform or the Website.

- 4) A Member that has collateral deposited for its benefit with the Clearinghouse pursuant to these Rules shall hold the Clearinghouse harmless from all liability, losses and damages which may result from or arise with respect to the care and sale of such collateral provided that the Clearinghouse has acted reasonably and in accordance with Applicable Law under the circumstances. Furthermore, the Clearinghouse has no responsibility for any act or omission of any third party service provider that the Clearinghouse has chosen with reasonable care. The Clearinghouse has no responsibility or liability for any loss of collateral that results, directly or indirectly, from a breach to a Member's security or electronic systems, including but not limited to cyber attacks, or from a Member's negligence with respect to a wallet, address or the receipt of collateral upon the request of a withdrawal, or from a Member's deposit, mistake, error, negligence, or misconduct with respect to any collateral transfers a Member makes or attempts to make to the Clearinghouse.
- 5) No Member, Authorized User, Authorized Representative or any other Person shall be entitled to commence or carry on any proceeding against the Clearinghouse, any of its Clearinghouse Representatives, Affiliates or Affiliates' representatives, in respect of any act, omission, penalty or remedy imposed pursuant to the Rules of the Clearinghouse. This section shall not restrict the right of such Persons to apply for a review of a direction, order or decision of the Clearinghouse by a competent regulatory authority.
- 6) Notwithstanding anything to the contrary herein, in no event shall the Clearinghouse or any of its Clearinghouse Representatives, Affiliates or Affiliates' representatives be liable for any indirect, incidental, consequential, punitive or special damages (whether or not the Clearinghouse or any such Person had been informed or notified or was aware of the possibility of such damages).
- 7) Any Claim for redress or damages hereunder shall be filed in a court of competent jurisdiction within one year of the date on which such Claim allegedly arose. Failure to institute litigation within such time period shall be deemed to be a waiver of such Claim and the Claim shall be of no further force or effect. The allocations of liability in this Rule represent the agreed and bargained for understanding of the parties, and each party acknowledges that the other party's rights and obligations hereunder reflect such allocations. The parties agree that they will not allege that this remedy fails its essential purpose.
- 8) The limitations on liability in this Rule shall not protect any party for which there has been a final determination (including exhaustion of any appeals) by a court or arbitrator to have engaged in willful or wanton misconduct or fraud. Additionally, the foregoing limitations on liability of this Rule shall be subject to the CEA and the regulations promulgated thereunder, each as in effect from time to time.

Rule 9.7 Error Trade Policy

- 1) Neither the Clearinghouse nor any of its representatives, its Affiliates or its Affiliates' representatives shall be liable to any Person, or any partner, Director, Officer, agent, employee, Authorized User or Authorized Representative thereof, for any loss, damage, injury, delay, cost, expense, or other liability or Claim, whether in contract, tort or restitution, or under any other cause of action, suffered by or made against them arising from any act or omission on the part of the Clearinghouse, its representatives, its Affiliates, its Affiliates' representatives, or any DCM clearing through the Clearinghouse relating to any decision by the Clearinghouse to, or to not, void, nullify or cancel Orders or trades or adjust the prices of any trades in whole or in part. This limitation of liability will apply regardless of whether or not the Clearinghouse, its representatives, its Affiliates or its Affiliates' representatives (or any designee thereof), or any

DCM clearing through the Clearinghouse were advised of or otherwise might have anticipated the possibility of such damages.

Rule 9.8 Canceling Cleared Trades

All requests to cancel cleared trades must be directed to the relevant Member.

Rule 9.9 Amendments to the Rules

These Rules may be amended or repealed, or new Rules may be adopted. An amendment to a Rule, repeal of a Rule or adoption of a new Rule shall be effective on a date set forth by the Clearinghouse, and set forth in a Notice and on the Website or on the Platform's Website.

Rule 9.10 Transfer of Trades

- 1) The Chief Compliance Officer, or his or her designee may, upon request by the Members, approve a transfer of existing trades and collateral either on the books of the same Member, or from the books of one Member to the books of another Member if the transfer is, (i) between accounts with identical beneficial ownership or, (ii) in connection with, or as a result of, an asset purchase, corporate restructuring, consolidation or similar non-recurring transaction between two or more entities. Such a transfer must meet each of the following conditions:
 - a) The transfer must result in the transfer of all existing open positions and collateral in the transferor account;
 - b) Immediately prior to the transfer, the transferee account must not have any existing open positions or collateral; and
 - c) All trades involved in the transfer must remain fully collateralized upon completion of the transfer.
- 2) Provided that the transfer is permitted pursuant to paragraph (A) above, the Transactions must be recorded and carried on the books of the receiving Member at the original trade dates with the original trade prices.
- 3) All transfers shall be reported to the Clearinghouse in a form acceptable to the Clearinghouse for the type of Transactions involved. The Members involved shall maintain a full and complete record of all Transactions together with all pertinent memoranda.

Rule 9.11 Contracts Not Voidable

A Contract will not be void or voidable due to: (1) a violation by the Clearinghouse or Platform of the provisions of sections 5 or 5h of the CEA or Parts 37, 38, or 39 of CFTC regulations; (2) any CFTC proceeding to alter or supplement a rule, term or condition under section 8a(7) of the CEA or to declare an Emergency under section 8a(9) of the CEA; or (3) any other proceeding the effect of which is to: (i) alter or supplement a specific term or condition or trading rule or procedures, or (ii) require the Clearinghouse or Platform to adopt a specific term or condition, trading rule or procedure, or to take or refrain from taking a specific action.