

QUANTA CLEAR, INC.
DERIVATIVES CLEARING ORGANIZATION RULES
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DERIVATIVES CLEARING ORGANIZATION RULES OF QUANTA CLEAR, INC.

Introduction

The Commodity Exchange Act requires that Quanta Clear, Inc. (the “Company”) 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, and establish, monitor and enforce its Rules relating to its business as a Derivatives Clearing Organization (“DCO”). The following Derivatives Clearing Organization Rules of the Company pertain to the clearing of Contracts as a provider of Clearing Services and the rights and Obligations of Participants and Introducing Brokers in connection with such activities.

CHAPTER 1

8.8 Definitions

Rule 1.1 Definitions

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

Account: A Self-Clearing Participant Account or an FCM Account, as context requires, used in conjunction with the clearing, settlement, or delivery of Contracts, as described in these Rules.

Affiliate: A Person who, directly or indirectly, Controls, is Controlled by, or is under common Control with another Person.

AML: All laws, regulations and guidance relating to the prevention of money-laundering and terrorist financing, including, without limitation, the Bank Secrecy Act, the PATRIOT Act, and all related regulations and orders issued by the U.S. Department of the Treasury or the CFTC.

Appeal Panel: A panel composed of Directors pursuant to Rule 2.5 that considers appeals under B.

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, CFTC Regulations, NFA Rules and any laws and regulations relating to economic or trade sanctions.

Authorized Representative: With respect to any Participant that is an entity, an officer or duly designated employee responsible for supervising the Participant's clearing activities, including activities of its Authorized Users and employees relating to Transactions, and for providing information regarding the Participant to the Company upon request.

Authorized User: A natural person who is either employed by or is an agent of a Participant, who is assigned a User ID and who is authorized by the Participant to clear Transactions; for the avoidance of doubt, an Introducing Broker is not an Authorized User with respect to its IB Customers.

Board: The Board of Directors of the Company.

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

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

CFTC Regulations: The rules and regulations promulgated by the CFTC, as amended.

Chief Compliance Officer: The individual appointed by the Board as the Company'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 Risk Officer: The individual appointed by the Board as the Company's chief risk officer, and is responsible for implementing the risk management framework and for making appropriate recommendations to the board of directors regarding risk management functions.

Cleared Swaps Customer Account: As set forth in Commission Regulation 22.1.

Cleared Swaps Customer Collateral: As set forth in Commission Regulation 22.1.

Clearing House: The Company, a DCO.

Clearing Privileges: Any right granted by the Company to a Participant to clear Contracts.

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

Clearing System: The electronic clearing system operated by the Company for the purpose of receiving, accepting, novating, reconciling and settling Transactions in Contracts that are cleared through the Company.

Commodity Exchange Act or CEA: The Commodity Exchange Act, as amended from time to time.

Company: Quanta Clear, Inc.

Company Official: Any Director or Officer of the Company, or any individual employed directly by the Company, or any individual rendering similar services to the Company under an administrative or similar agreement.

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

Contract: Any contract or transaction for which the Company provides Clearing Services pursuant to the Rules.

Contract Specifications: With respect to any Contract, the rules or other terms and conditions containing specifications for such Contract, as adopted, amended, supplemented or otherwise modified from time to time by the Company.

Control: The power to exercise a controlling influence over the management or policies of a Person. Any Person who owns beneficially, directly or indirectly, more than 20% of the voting power in the election of directors of a corporation, or more than 25% of the voting power in the election of directors of any other corporation that directly or through one or more Affiliates owns beneficially more than 25% of the voting power in the election of directors of such corporation, shall be presumed to control such corporation. The terms “controlling” or “controlled” shall have meanings correlative to the foregoing.

Customer: Any Person for whom a Participant clears through the Company on a non-discretionary basis, or for whom a Participant carries an account, including an FCM Customer and, as context requires, an IB Customer.

Customer Due Diligence or CDD: The ongoing monitoring and documentation related to each Participant’s activities and risk profile in accordance with Applicable Laws.

Default: If any of the following events occurs with respect to a Participant (regardless of whether any such event is cured by any guarantor or other third party on behalf of such Participant or otherwise), the Participant shall be in “Default”:

- (i) If such Participant fails to meet any of its Obligations under its Contracts with the Company,
- (ii) If the Participant is insolvent, or
- (iii) If such Participant fails to pay when due any amounts owed to the Company.

Derivatives Clearing Organization or DCO: As set forth in Section 1a(15) of the CEA.

DCM: As set forth in Section 5 of the CEA and in accordance with the provisions of Part 38 of CFTC Regulations.

Director: Any 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 Offense: As set forth in CFTC Regulation 1.63(a)(6).

Disciplinary Panel: A Review Panel or a Hearing Panel appointed by the Board at the recommendation of the Chief Compliance Officer to act in an adjudicative role and fulfill adjudicative responsibilities as described in Chapter 8.

DOJ: The United States Department of Justice.

Emergency: Any occurrence or circumstance that in the opinion of the Company's governing board, or a person or persons duly authorized to issue such an opinion on behalf of the Company's governing board under circumstances and pursuant to procedures that are specified by rule, requires immediate action, and threatens, or may threaten, such things as the fair and orderly trading in, or the liquidation of or delivery pursuant to, any Contracts or Transactions or the timely collection and payment of funds in connection with clearing and settlement by a Clearing House, including:

- (i) any manipulative or attempted manipulative activity;
- (ii) any actual, attempted or threatened corner, squeeze, congestion, or undue concentration of positions;
- (iii) any circumstance which may materially affect the performance of Contracts or Transactions, including failure of the payment system or the bankruptcy or insolvency of any Person;
- (iv) any action taken by any governmental body, or any other registered entity, board of trade, market or facility (foreign or domestic) which may have a direct adverse effect on trading or clearing and settlement; or
- (v) any other circumstance that may have a severe, adverse effect upon the functioning of the Company.

Emergency Action: As set forth in Rule 2.9.

Emergency Rules: As set forth in Rule 2.9.

FCM: As set forth in § 1a(28) of the CEA.

FCM Account: A Participant Account established and maintained by the Company for an FCM Participant for its FCM Customers.

FCM Customer: A customer of an FCM Participant.

FCM Participant: A registered FCM that has executed an FCM clearing agreement with the Company and is authorized to clear Contracts for itself and/or for its FCM Customers in accordance with these Rules.

Firm ID: A unique identifier assigned by the Company to a Participant, which is used to identify such Participant accessing the Clearing System.

Fully-Collateralized Contracts: Contracts with respect to which each party's obligations are fully 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. The Company will hold, at all times for the life of the Contract, funds in the form of the required payment sufficient to cover the maximum possible loss that a party or counterparty could incur upon liquidation or expiration of the contract

Hearing Panel: A panel convened pursuant to Chapter 8 to conduct hearings of disciplinary proceedings.

IB Customer: A customer of an IB who is also a Self-Clearing Participant or is clearing through an FCM Participant as an FCM Customer.

Introducing Broker or IB: As set forth in § 1a(31) of the CEA.

Investigation: An investigation conducted by the Compliance Department pursuant to Chapter 8.

Investigative Report: The written report prepared by the Compliance Department in accordance with Chapter 8 summarizing the reasons for initiating the Investigation, relevant facts and evidence gathered, the Compliance Department's analysis and conclusions, and staff's recommendation.

KYC: The policies and procedures required to obtain and retain a record of the essential facts concerning a Participant.

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

Material, Non-Public Information: As set forth in Rule 2.14.

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

NFA: National Futures Association.

NFA Rules: The rules of NFA, as in effect from time to time.

Notice: A notification provided by the Company to market participants and the general public in accordance with Rule 2.15.

Novation: The process whereby a party to a Contract executed on a DCM that clears through the Company transfers all of its rights, liabilities, duties, and obligations under the Contract to the Company upon the Company's acceptance of the Transaction for clearing, as further described in Rule 5.1.

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

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

Officer: Any officer of the Company duly elected or appointed by the Board.

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

Participant: A Self-Clearing Participant, an FCM Participant, and, where the context so provides, includes an FCM Participant acting for its FCM Customers.

Participant Documentation: The agreements (together with any applicable schedules, exhibits or appendices thereto required by the Company) in form and substance acceptable to the Company, which are required to be executed and delivered to the Company prior to the Person becoming a Participant.

Person: As set forth in § 1a(38) of the CEA.

Platform: The electronic trading system operated by a DCM whose executed trades are submitted to the Company for clearing, through which authorized market participants may enter Orders, with any resulting trades submitted to the Company as Transactions for clearing.

President: The individual appointed by the Board as the Company's president.

Proprietary Account: As set forth in CFTC Regulation.

Proprietary Information, Proprietary Data and Personal Information: As set forth in Rule 10.5.

Public Director: A Director who has been found by the Board, on the record, to have no material relationships with the Company in accordance with Rule 2.2.

Quanta Exchange: Quanta Exchange, Inc., a registered DCM, and an Affiliate of the Company.

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 Company, any DCM that clears through the Company, and NFA.

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

Review Panel: A panel selected in accordance with Rule 812 that is authorized to perform such roles and subject to such obligations as B contemplates.

Rule: Any term or provision of the Participant Documentation, Rulebook, interpretations, orders, resolutions, advisories, notices, statements of policy, decisions, manuals and directives of the Company in part or in whole.

Rulebook: This Quanta Clear, Inc. Rulebook.

Self-Clearing Participant: A Person, other than an FCM, that has entered into the Participant Agreement for Self-Clearing Participants, or an FCM Participant clearing for its own Proprietary Account.

Self-Regulatory Organization or SRO: As set forth in CFTC Regulation 1.3.

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

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

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

Trading Day: A day on which the Company's office is open for business.

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

Transaction: Any executed trade or position submitted to the Company for clearing.

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

User ID: A unique identifier assigned by the Company to a natural person Authorized User.

Web Site: The Company's Web Site is designated for publication of the Rulebook, Contract Specifications, Notices and other public information.

Rule 1.2 Rules of Construction

A The following rules of construction shall apply to the Rulebook:

1. References to any juridical person or "Government Agency" include any successor to such juridical person or Government Agency.
2. References to any agreement, policy, statute or regulation refer to such agreement, policy, statute or regulation as amended, modified, supplemented, replaced or

renumbered from time to time (and, in the case of statutes, include any rules and regulations promulgated under the statute) and references to any section of any agreement, policy, statute or regulation include any successor to such section.

3. Words denoting a singular number include the plural number where the context permits and vice versa.
4. Any reference to a gender includes the corresponding masculine, feminine and gender-neutral forms.
5. All references to time are to local time in Chicago, Illinois, except where expressly provided otherwise.
6. All terms defined in the UCC and not otherwise defined herein shall have the respective meanings accorded to them therein.
7. The headings are for convenience only and do not affect the construction of the Rules.
8. Wherever the word “include,” “includes,” or “including” is used, it shall be deemed to be followed by the words “without limitation.”
9. All ambiguities are to be resolved in favor of an interpretation that is consistent with Applicable Law.

B Amendment of Rules

New Rules of the Company may be adopted, and existing Rules of the Company may be amended or repealed, in each instance in the Company’s discretion, and at any time. All such new Rules of the Company, amendments or repeals will be published on the Web Site in a Notice and shall become effective on and from the date specified in the relevant Notice in accordance with Applicable Law.

CHAPTER 2

Company Governance

Rule 2.1 Management

The Company is a Delaware corporation. The management and operation of the Company are governed by its bylaws and operating agreement.

Rule 2.2 Board

- A The Board shall manage the day-to-day business operations of the Company. The Board has the power and authority to call for review, and to affirm, modify, suspend or overrule, any and all decisions and actions of standing committees or special committees of the Board or any panel of the Officers related to the day-to-day business operations of the Company.
- B The Board may act only by the decision of an absolute majority in number of the Directors by vote at a meeting, by unanimous written consent without a meeting, or as otherwise set forth in the bylaws or operating agreement.
- C Each Director (including Market Participant Board Directors and Public Directors) shall be appointed in accordance with the bylaws or operating agreement and shall serve until their successor is duly appointed, or until their earlier resignation or removal, with or without cause.
- D Each Director is entitled to indemnification pursuant to the bylaws or operating agreement with respect to matters relating to the Company.
- E To qualify as a Public Director, an individual must be found, by action of the Board, to have no material relationship with the Company. To qualify as a Market Participant Board Director, an individual must be found, by action of the Board, to be an appropriate market participant and otherwise suitable to be a Director. The Board must make such finding upon the nomination or appointment of the Public Director or Market Participant Board Director, as applicable, and as often as necessary in light of all circumstances relevant to such Public Director and/or Market Participant Board Director, but in no case less than annually.
- F The Participants of the Board, including the Public Directors and Market Participant Board Directors, shall be of good repute and, where applicable, have sufficient expertise in financial services and risk management. The Board shall fairly and demonstrably represent the diversity of the interests of Participants.
- G Each Director shall satisfy all fitness standards and otherwise meet all the requirements under the CEA and CFTC Regulations for serving as a Director of a DCO.
- H The compensation of the Public Directors, Market Participant Board Directors, and any other non-executive Participants of the Board shall not be linked to the business performance of the Company.
- I The Board shall have procedures, as may be further set forth in policies that the Company may adopt, to remove a Director from the Board where the conduct of such Director is likely to be prejudicial to the sound and prudent management of the Company.
- J Board-level committees shall contain a certain number of Board-level committee members, which shall include, in at least the number or percentage required under the CEA or CFTC Regulations, Market Participant Board Directors, and/or Public Directors who:
 - 1. Are not employed by the Company; and

2. Do not primarily perform services for the Company in a capacity other than as a Participant and/or Director.

K The Board shall review its performance and that of its individual Directors annually and shall consider periodically using external facilitators for such review.

Rule 2.3 Officers

A The Board shall appoint a President, Secretary, Chief Risk Officer, Chief Compliance Officer, and such other Officers of the Company, as it may deem necessary or appropriate from time to time, in accordance with the bylaws or operating agreement.

B Any Officer may also be a director, officer, partner or employee of the Company or any of its Affiliates, subject to disclosure and resolution of conflicts of interest.

C The Officers shall have such powers and duties in the management of the Company as the Board may prescribe from time to time, subject to the terms of the bylaws or operating agreement.

D Each Officer is entitled to indemnification pursuant to the bylaws or operating agreement with respect to matters relating to the Company.

E No Officer or employee of the Company shall be admitted as a Participant.

Rule 2.4 Qualifications and Eligibility/Fitness of Directors, Disciplinary Panel Participants, Appeal Panel Participants, Committee Participants

A A Director must meet the qualifications set forth from time to time in the Company bylaws or operating agreement.

B An individual may not serve as a Director, or serve on any committee established by the Board, a Hearing Panel or a Board of Appeals if the individual:

1. within the prior three (3) years has been found, by a final decision in any action or proceeding brought in a court of competent jurisdiction, the CFTC, or any Self-Regulatory Organization, to have committed a Disciplinary Offense;
2. within the prior three (3) 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;
3. is currently suspended from trading or clearing on a DCM, is suspended or expelled from membership in a Self-Regulatory Organization, is serving any sentence or probation, or owes any portion of a fine or penalty related to either:
 - a. a finding of a Disciplinary Offense by a final decision in any action or proceeding brought in a court of competent jurisdiction, the CFTC, or any Self-Regulatory Organization; or
 - b. 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;
4. is currently subject to an agreement with the CFTC or any Self-Regulatory Organization to not apply for registration with the CFTC or for membership in the Self-Regulatory Organization;
5. is currently, or within the past three (3) years has been, subject to a revocation or suspension of registration by the CFTC;
6. has been convicted of a felony listed in § 8a(2)(D)(ii) through (iv) of the CEA;

- 7. is currently subject to a denial, suspension or disqualification from serving on a disciplinary committee, arbitration panel or governing board of any Self-Regulatory Organization as that term is defined in CFTC Regulation 1.63 and § 3(a)(26) of the Securities Exchange Act of 1934; or
 - 8. is subject to a statutory disqualification pursuant to § 8a(2) of the CEA.
- C For purposes of this Rule 2.4, the terms “disciplinary offense,” “final decision,” and “settlement agreement” have the meanings set forth in CFTC Regulation § 1.63(a).
 - D Prior to nomination to the Board, each individual shall certify that he or she is not disqualified pursuant to Rule 2.4. Upon appointment, each Participant of the Board shall provide to the Company, where applicable, changes in registration information within thirty (30) days and certification of compliance accordingly. In addition, each Participant will certify on at least an annual basis regarding their continued compliance with Rule 2.4. The Company shall verify information supporting Board compliance with eligibility criteria.
 - E In addition, to serve as a Director, an individual must possess the ability to contribute to the effective oversight and management of the Company, taking into account the needs of the Company and such factors as the individual’s experience, perspective, skills and knowledge of the industry in which the Company operates. This shall include sufficient expertise, where applicable, in financial services, risk management, and clearing services.
 - F An individual may not serve on any Disciplinary Panel, arbitration panel, or the appeals committee during any proceeding affecting or concerning such individual, to be determined in a reasonable manner by the Company’s Chief Compliance Officer.
 - G If the Company determines that an individual subject to this Rule 2.4 no longer meets the criteria set forth in Rule 2.4B, the Company shall inform the CFTC of such determination. The Company shall provide to the CFTC, upon request, an individual’s certification of compliance with the criteria set forth in Rule 2.4.

Rule 2.5 Committees, Special Committees and Panels

- A The Board may create, appoint Directors to serve on, and delegate powers to committees, special committees and panels. There shall be a Disciplinary Panel, Hearing Panel, Review Panel and Appeal Panel, as well as any other committee, special committee or panel that the Board duly forms.
- B Each committee, special committee and panel of the Board shall assist in the supervision, management and control of the affairs of the Company within its particular area of responsibility, subject to the authority of the Board.
- C Subject to the authority of the Board, each committee, special committee and panel shall determine the manner and form in which its proceedings shall be conducted. Each committee, special committee and panel may act only by the decision of an absolute majority in number of the Participants of such committee, by vote at a meeting or by unanimous written consent without a meeting. Subject to Rule 2.6, the Board has the power to review, and to approve, modify, suspend or overrule, any and all decisions of any committee, special committee and panel of the Company and any Officers, subject to Applicable Law.
- D In the event the Board rejects a recommendation or supersedes an action of the Chief Compliance Officer or the Chief Risk Officer, the Company shall maintain documentation detailing: (1) the recommendation or action the Chief Compliance Officer or the Chief Risk 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.

Rule 2.6 Regulatory Oversight Committee Cooperation

The Company shall cooperate with the rules required by any DCM for which it provides services, and such DCM's committees, including any regulatory oversight committee.

Rule 2.7 [Reserved.]

Rule 2.8 Rule 2.9 Regulatory Changes to Composition Requirements

Should any of the Applicable Laws establish minimum thresholds relating to the number or percentage of Public Directors or Market Participant Board Directors that must serve on the Board or any committee pursuant to Rules 2.2 and 2.5 2.62.7be amended, the Rule imposing the relevant threshold or composition requirement shall be deemed amended to comply with such Applicable Laws without any further action of the Company to the extent permissible by law.

Rule 2.9 Emergency Rules

- A During an Emergency, the Company may implement temporary emergency procedures and rules ("Emergency Rules") pursuant to Rule 2.9B, subject to the applicable provisions of the CEA and CFTC Regulations.
- B Emergency Rules may require or authorize the Company, the Board, any committee of the Board or any Officer to take actions reasonably necessary or appropriate to respond to the Emergency (each such action, an "Emergency Action"), directly or through third-party providers of clearing services, including, but not limited to, (i) suspension of clearing through the Company during the duration of the Emergency or (ii) taking any other action that the Company, the Board, any committee of the Board or any Officer thinks is necessary or appropriate. The Company, the Board, any committee of the Board or any Officer will order an end to the action taken in response to the emergency as soon as the official determines that the emergency has sufficiently abated to permit the Company to function properly.
- C Before taking an Emergency Action, the Company shall consider and document the effects of such Emergency Action on markets underlying the Contract(s) affected, on markets that are linked or referenced to such Contracts, and on similar markets on other trading venues. The Company shall notify and coordinate with any applicable derivatives clearing organizations to the extent practicable. The Company will make reasonable efforts to notify the CFTC prior to implementing, modifying or terminating an Emergency Rule, and if prior notification is not practicable, will notify the CFTC as soon as reasonably practicable and no later than 24 hours thereafter.
- D Before any Emergency Rule may be adopted and enforced, a required vote of the Board must approve the enforcement of such Emergency Rule at a duly convened meeting. Directors may attend such a meeting by teleconference. If the Chief Compliance Officer determines that Emergency Rules must be implemented with respect to an Emergency before a meeting of the Board can be reasonably convened, then the Chief Compliance Officer 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 must convene a meeting as soon as practicable. Whenever the Board or the Chief Compliance Officer takes an Emergency Action, a duly authorized representative of the Company, where possible, will post an announcement in a Notice.
- E Either the Board or the Chief Compliance Officer may determine that an Emergency has been reduced sufficiently to allow the Company to resume normal functioning, in which

case any Emergency Actions responding to such Emergency will be terminated and a duly authorized representative of the Company will post an announcement in a Notice.

- F Upon taking any Emergency Action, the Company will document the decision-making process related to such Emergency Action, including the process for minimizing conflicts of interest, the process for notifying and coordinating with any applicable Derivatives Clearing Organization, the extent to which the Company considered the effect of its Emergency Action on the underlying markets and on markets that are linked or referenced to the DCM and similar markets on other trading venues, and reasons for using emergency authority under this Rule 2.9. Such documentation will be maintained in accordance with Rule 2.15.
- G Participants must promptly notify the Company of any circumstance that may give rise to a declaration of an Emergency.

Rule 2.10 Conflicts of Interest

- A A Company Official, Disciplinary Panel participant or other Person authorized to exercise the Company's authority concerning any inquiry, Investigation, disciplinary proceeding (including any summary proceeding or Emergency Disciplinary Action) or appeal from any of the foregoing (any such action, a "Company Proceeding"), or Emergency Action taken pursuant to Rule 2.9 (each such Company Proceeding or Emergency Action, a "Company Action") who knowingly has a "material conflict of interest" between their position as a Company Official, panel Participant or exercise of authority concerning a Company Action and their personal interests (each, an "Interested Person") may not participate in any deliberations or vote of the Board committee, panel, or exercise any authority with respect to such Company Action involving their personal interest, except as described in Rule 2.10(D).
- B For purposes of Rule 2.10(A), a Company Official, Disciplinary Panel participant or other Person has a "material conflict of interest" with respect to a Company Action if such Person:
 - 1. is named as a respondent or potential respondent in such Company Action;
 - 2. is an employer, employee or fellow employee of (A) a respondent or potential respondent in such Company Action, or (B) an Affiliate of a respondent or a potential respondent in such Company Action;
 - 3. has any significant, ongoing business relationship with (A) a respondent or potential respondent in such Company Action, or (B) an Affiliate of a respondent or a potential respondent in such Company Action;
 - 4. has a family relationship with a respondent or potential respondent in such Company Action (including as the respondent's or potential respondent's spouse, co-habitant, former spouse, parent, step-parent, child, step-child, sibling, step-sibling, grandparent, grandchild, uncle, aunt, nephew, niece, parent-in-law, or sibling-in-law);
 - 5. has a direct and substantial financial interest in the result of the deliberations or vote based upon either exchange or non-exchange positions (as referenced in CFTC Regulation § 1.69), other than a direct or indirect equity or other interest in the Company or Affiliated DCM, that could reasonably be expected to be affected by such Company Action. A direct and substantial financial interest includes positions in Contracts in accounts of, Controlled by, or Affiliated with the Interested Person or in any other types of direct and substantial financial positions

- of the Interested Person that are reasonably expected to be affected by the deliberations or vote; or
 - 6. otherwise has personal interests that may be prejudiced by a fair and impartial exercise of such Person's authority with respect to such Company Action.
- C Before considering any Company Action, an Interested Person must disclose in writing to the Board the material facts concerning their relationship or interest in the matter.
- D Any Interested Person who would be required otherwise to abstain from deliberations and voting pursuant to Rule 2.10(A) as a result of having a direct and substantial financial interest in the result of the deliberations and vote may participate in deliberations, prior to a vote on the matter, if:
 - 1. the material facts about the Interested Person's financial interest in the matter are disclosed or known to the Board, Committee or Disciplinary Panel;
 - 2. the Board, Committee or Disciplinary Panel determines that the participation by the Interested Person would be consistent with the public interest; and
 - 3. a majority of the Directors (excluding any Interested Persons) vote to allow the Interested Person to participate in deliberations on the matter.
- E If a determination is made pursuant to Rule 2.10(D) that an Interested Person may participate in deliberations prior to a vote, then the minutes of the meeting of the Board or committee thereof will reflect the determination and the reasons for the determination.
- F If a determination is made that all Directors are Interested Persons with respect to a matter subject to a vote by the Board, the President will appoint a panel of individuals who are not Interested Persons with respect to such matter, which will have the same authority and powers over such matter that the Board would have had if the Directors were not Interested Persons with respect to such matter.
- G The Company provides Clearing Services for an Affiliated DCM. In addition, Company employees also work for such Affiliated DCM. This affiliation and the existence of employees who work for both the Company and an Affiliated DCM may present conflicts of interest. Participants should take this into consideration prior to clearing with Company or trading on an Affiliated DCM.

Rule 2.11 Recordkeeping

- A The Company shall keep, or cause to be kept, complete and accurate books and records of all activities relating to the business of the Company, including all books and records required to be maintained pursuant to Applicable Law.
- B The Company shall retain all such books and records in accordance with the CEA and CFTC Regulations.
- C The Company will provide information required to be maintained or provided pursuant to the CEA and CFTC Regulations to the Commission, the SEC, DOJ 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 2.12 Information-Sharing Agreements

- A The Company shall share information with other regulatory organizations, data repositories, and third-party data reporting services as required by the Commission or as otherwise necessary and appropriate to fulfill its regulatory reporting responsibilities. The Company may enter into information-sharing agreements or other arrangements, including international information-sharing agreements, if the Company considers such arrangements necessary in the furtherance of the Company's purpose or duties under

Applicable Law. As part of any information-sharing agreements or other arrangements or procedures adopted pursuant to this Rule, the Company may:

1. provide market surveillance reports to other exchanges;
2. share information and documents concerning current and former Participants, IBs, or Authorized Users with other exchanges;
3. share information and documents concerning ongoing and completed investigations with other exchanges; or
4. require its current or former Participants, IBs, or Authorized Users to provide information and documents to the Company at the request of other exchanges with which the Company has an information-sharing agreement or other arrangements or procedures.

B The President or their designee is authorized to receive information in accordance with such agreements and Applicable Law.

C All Information received pursuant to such agreements shall be held in confidence and not provided to non-regulatory departments or to any other Person (including any Affiliate), except (1) to a governmental authority responsible for regulating financial instruments in the home jurisdiction of the requesting member, (2) pursuant to lawful process or court order, or (3) as necessary to conduct an investigation or disciplinary proceeding.

Rule 2.13 Services Agreement With a Technology Services Provider

A The Company may contract with one or more technology services providers (“Technology Services Provider”) to provide certain technology services to the Company pursuant to a technology services agreement (“Technology Services Agreement”). In accordance with a Technology Services Agreement, a Technology Services Provider may perform certain functions under the Rules and the Company may provide information to the Technology Services Provider in connection with the performance by the Technology Services Provider of those functions.

B The Company shall retain ultimate decision-making authority with respect to any functions that are contracted to a Technology Services Provider.

Rule 2.14 Material, Non-Public Information

A Terms used in this Rule and not otherwise defined in the Rules of the Company shall have the meanings set forth in CFTC Regulations 1.3 and 1.59.

B Employees of the Company are prohibited from:

1. trading, directly or indirectly, in any product traded on or cleared by the Company;
2. trading, directly or indirectly, in any related commodity interest;
3. trading, directly or indirectly, in a commodity interest traded on contract markets or cleared by Derivatives Clearing Organizations other than the Company, if such employee has access to material non-public information concerning such commodity interest; and
4. trading, directly or indirectly, in a commodity interest traded on or cleared by a linked Company, if such employee has access to material non-public information concerning such commodity interest.

- C Company Officials and consultants are prohibited from disclosing to any other Person any material non-public information which such Person obtains as a result of their employment or services at the Company, where such Person has or should have a reasonable expectation that the information disclosed may assist another person in trading or clearing any commodity interest; provided, however, that this paragraph shall not prohibit disclosures made in the course of such Person's duties, or disclosures made to a Self-Regulatory Organization, linked exchange, court of competent jurisdiction or representative of any Government Agency.
- D The Chief Compliance Officer (or in the case of the Chief Compliance Officer, the Board) may grant exemptions from the provisions of paragraph (B) of this Rule to employees of the Company on a case-by-case basis under circumstances which are not contrary to the purposes of this Rule and CFTC Regulation 1.59. Such circumstances may include, but are not limited to:
 - 1. participation in pooled investment vehicles where such employee has no direct or indirect control with respect to transactions executed for or on behalf of such vehicles; and
 - 2. such other circumstances as the Chief Compliance Officer (or, in the case of the Chief Compliance Officer, the Board) may determine.
- E For the avoidance of doubt, participation by an employee of the Company in a retirement plan sponsored by the Company shall not be deemed to constitute trading directly or indirectly in any product traded on or cleared by the Company or any related commodity interest, notwithstanding such plan's trading of such products or related commodity interests.
- F Any employee of the Company that has received an exemption under this Rule shall:
 - 1. furnish to the Company (or in the case of the Chief Compliance Officer, the Board) account statements and other documents relevant to the trading or clearing activities that are so exempted; and
 - 2. inform the Chief Compliance Officer (or in the case of the Chief Compliance Officer, the Board) within one (1) Business Day of any material change of information that may affect such employee's qualification for such exemption.

Rule 2.15 Public Information

- A Accurate, complete and current copies of these Rules and Contract specifications shall be published on the Web Site.
- B The Company shall make public on a daily basis information on settlement prices, volume, open interest, and opening and closing ranges for each Contract.
- C Except as provided herein, the Company shall publish on its Web Site a Notice with respect to each addition to, modification of, or clarification of, the Rules, and any Contract Specification prior to the earlier of:
 - 1. the effective date thereof; and
 - 2. the filing of such change with the Commission.
- D If confidential treatment is sought with respect to any information the Company submits to a Regulatory Agency, only the public version of such filing shall be disclosed pursuant to Rule 2.12(C).

E Any Notice shall be deemed to have been made to all Participants and any other such Person as may be required by the following:

1. For Participants and IBs, by sending such Notice to the email address on file with the Company.
2. For all Participants and the public, by posting the Notice on the Web Site.

Rule 2.16 Affiliate Entities

A The Company, pursuant to approval by the Board, permits an affiliated entity (the “Affiliate”) to participate on its Clearing System, subject to the following provisions:

1. The Affiliate is a Self-Clearing Participant of the Clearing System.
2. The Company has ensured the Affiliate does not have access to the Company’s material non-public information, and the Company ensures the Affiliate’s access to information is limited to public information available to Participants. (The provision of information to common directors of the Company, or any affiliate or the holding company shall not constitute a violation of this proscription.) The Company ensures the Affiliate maintains operational independence from the Company. Operational independence means that the Affiliate must:
 - a. Have and maintain operations, including servers, databases, accounts, tools, software, and development tooling, separate from the Company;
 - b. Have no access to Company operations;
 - c. Be subject to all of the rules in this Rulebook, including the rules regarding participation (see Chapter 3);
 - d. Not have access to material non-public information, including but not limited to information regarding order flow, trading, settlement, contracts, and compliance; and
 - e. Have and maintain physical separation from the Company.

CHAPTER 3

Participant and Introducing Broker Rules

Rule 3.1 Jurisdiction, Applicability of Rules

- A Any Person initiating, executing, submitting, and/or clearing a Transaction on the Company or subject to these Rules, directly or indirectly (such as through an intermediary), and any Person for whose benefit such a Transaction has been initiated, submitted, executed and/or cleared, including an Authorized Representative and any employee or agent of a Participant, agrees to be bound by and comply with these Rules and Applicable Law, consents to the jurisdiction of the Company, and agrees to assist and cooperate with the Company, the CFTC and any Regulatory Agency in any inquiry, investigation, audit, examination or proceeding.
- B Any FCM, IB, associated person, or foreign person performing a similar role that charges a commission or fee in connection with Transactions on or subject to these Rules also consents to the Company's jurisdiction.

Rule 3.2 Participant Agreements, Eligibility Criteria, Classifications and Privileges

The Company will provide fair and open access to Participants.

- A Each Participant shall have the right to access electronically its Account, provided that such Participant is eligible for and has applied and received Clearing Privileges.
- B In order to become a Participant, an applicant must:
 - 1. agree to the relevant Participant Documentation, as well as submit any material or information required by the Company, and remit any application fee, as may be established by the Company from time to time; be validly organized, in good standing, and authorized by its governing body and, if relevant, documents of organization, to clear Transactions; and not be the subject of a proceeding seeking a judgment of insolvency, bankruptcy, liquidation, dissolution, or a similar action instituted by such Person or a regulator;
 - 2. agree to abide by the Rules and Applicable Law;
 - 3. maintain good reputation and business integrity;
 - 4. maintain all applicable registrations required by Applicable Law, including any registration required of an IB or FCM;
 - 5. not be subject to a statutory disqualification under Section 8a(2) or 8a(3) of the CEA; and is not 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;
 - 6. not be prohibited from using the services of the Company for any reason whatsoever;
 - 7. designate at least one Authorized User (or in the case of a natural person Participant, such natural person shall be deemed to be the Authorized User);
 - 8. if an applicant is an entity, designate at least one Authorized Representative who is responsible for supervising all activities of the Participant, its Authorized User(s) and its employees relating to Transactions, for making withdrawal requests and for

- providing any information the Company may request regarding such Participant; and
9. meet any other criteria and provide the Company with any other information the Company may request regarding the Participant.
- C By agreeing to the Participant Agreement, the applicant agrees to be bound by the Rules and the published policies of the Company.
- D No person affiliated, within the meaning of Section 5b(c)(2)(O) of the CEA, with a director of the Company or a Participant (for purposes of this Rule, an “affiliate”) shall meet criteria for refusal to register a person under Section 8a(2) of the CEA; unless the Board finds that there are special circumstances warranting the waiver of such disqualification with respect to the affiliate.
1. With respect to affiliates, the Board shall be entitled to rely on a representation from the relevant director or Participant that, to the best of such person’s knowledge, none of its affiliates is subject to disqualification pursuant to the Company’s fitness standards and that such person will notify the Company if at any time such director or Participant becomes aware that any such affiliate fails to meet the fitness standards.
 2. 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. The only persons with such access to the Clearing System are Participants.
- E Applicants for Participant status of the Company may withdraw their applications at any time without prejudice or without losing their right to apply at a future time.
- F Company staff may, in its sole discretion, approve, deny, or condition the Clearing Privileges of any applicant as Company staff deems necessary or appropriate.
1. In the event that Company staff decides to decline or condition the Clearing Privileges of an application for admission as a Participant, or to terminate a Person’s status as Participant, Company staff shall notify such Person thereof, and the notice will specify the basis for the Company’s decision. Such Person may, within twenty-eight (28) Business Days, request that the Company reconsider the determination.
 2. Within twenty-eight (28) Business Days of receiving a request for reconsideration, the Company shall confirm, reverse or modify the denial, condition or terminate the Participant status of such Person, and shall promptly notify such Person accordingly. The Company 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.
 3. The Company’s decision is the final action of the Company and is not subject to appeal within the Company.
- G Upon approval by the Company of an applicant as a Participant, the Participant shall continue to comply with all applicable eligibility criteria in this Rule or as the Company may require, and shall have Clearing Privileges, which the Company may revoke, amend, or expand in accordance with, or by amending, these Rules.
- H The Company will apply Participant access criteria in a fair and non-discriminatory manner that is not anti-competitive.

Rule 3.3 Authorized Users

A Authorized Users

Each Participant may from time to time appoint one or more Authorized Users. Authorized Users shall be entitled to exercise the Clearing Privileges of a Participant subject to the terms and conditions of these Rules. A Participant shall appoint an Authorized User by notifying the Company in writing, in a form acceptable to the Company, and the Company will maintain a list of all such designated Authorized Users. The Company may, in its sole but reasonable discretion, suspend, revoke or otherwise condition the right of any Authorized User to exercise the Clearing Privileges of a Participant, and will promptly notify the relevant Participant.

B Revocation by Participant

Each Participant may, at any time, immediately terminate or suspend access of any of its Authorized Users to the Clearing System using the electronic mechanism provided on the Clearing System. Participants may also revoke an authorization by providing written notice of such revocation to the Company. The Company shall terminate the access of an Authorized User to the Clearing System as soon as practicable following receipt of the revocation, but in any event no later than: (1) the end of the calendar day on which notice of revocation is received by the Company, if such revocation is received during Trading Hours; or (2) the commencement of Trading Hours on the Business Day following the calendar day on which the revocation was received by the Company, if such notice of revocation is not received during Trading Hours.

C Responsibility of Participants

Each Participant shall have reasonable procedures in place to determine on a routine, periodic basis that a statutory disqualification basis does not exist with respect to any of its Authorized Users. Each Participant shall ensure that each of its Authorized Users is technically proficient in the use of the Clearing System.

Rule 3.4 Authorized Representative

- A Each Participant (including FCM Participants) shall designate at least one Authorized Representative to represent it before the Company and its committees and to receive notices.
- B Each Authorized Representative shall be empowered by the Participant to act on its behalf, and the Company shall be entitled to rely on the actions of the Authorized Representative as binding on such Participant.
- C Each Participant shall provide the Company with current contact and other requested information for each of its Authorized Representatives so that the Company is able to immediately contact the Authorized Representatives.
- D Each Participant shall notify the Company prior to or as soon as reasonably possible of any authorization being withdrawn from an Authorized Representative and any replacement Authorized Representative.

Rule 3.5 Participant Obligations

- A Each Participant shall, and shall cause each of its Authorized Users, that directly or indirectly effects a Transaction on the Clearing System to:
 - 1. use the Clearing System in a responsible manner and not for any improper purpose;
 - 2. use the Clearing System only to conduct Company activity;
 - 3. use the Clearing System only to exercise Clearing Privileges in a manner consistent with these Rules;

4. comply with all Company Rules and act in a manner consistent with each Rule of the Company and any applicable DCM rules, including Quanta Exchange when clearing through the Company;
5. comply with all CFTC Regulations and NFA Rules, to the extent applicable to it, and act in a manner consistent therewith;
6. observe high standards of integrity, market conduct, fair dealing, and similar equitable principles of trade and clearing in conducting any activity on or through the Company and in all aspects of its business connected with or concerning the Company;
7. not knowingly mislead or conceal any material fact or matter in any dealings or filings with the Company or in response to any Company Proceeding;
8. keep all Firm IDs, User IDs, account numbers and passwords related to the Clearing System confidential and secure;
9. have the necessary authority from its Customers prior to clearing Transactions for such Customers on, or subject to the Rules of, the Company;
10. be responsible for all matched Orders on a Platform and resulting Transactions, and for any other use of the Clearing System, made under a Firm ID or User ID, as applicable, assigned to such Participant or its Authorized Users (whether such access or utilization is authorized or known by such Participant or Authorized User or not), including any use resulting from a failure in the security controls or credit controls of such Participant, other than due to the gross negligence of the Company; and
11. keep, or cause to be kept, complete and accurate books and records, including records of activity in the underlying commodity and related derivatives markets for the Company-cleared Contracts and all other books and records required to be maintained pursuant to the CEA, the CFTC Regulations or the Rules. All written and electronic records must be maintained for no less than five (5) years. Records exclusively created and maintained on paper shall be readily accessible for no less than two (2) years, and electronic records shall be readily accessible for the duration of the five (5) years. All such records must be available for inspection by a representative of the Company, the CFTC, the DOJ, or by any representative of a prudential regulator as authorized by the CFTC.

B Each Participant shall (and shall cause its Authorized Users to) notify the Compliance Department upon becoming aware of any of the following events:

1. any material changes to the information provided to the Company by such Participant in any of the relevant Participant Documentation, including contact information for its Authorized Representative, or any regulatory contact;
2. any refusal of admission of, or rejection from participation by, such Participant or any Authorized User to any Self-Regulatory Organization;
3. any expulsion, suspension or fine in excess of \$50,000 (whether through an adverse determination, voluntary settlement or otherwise) imposed on such Participant, or any of its Authorized Users, by any SRO or any relevant Government Agency;
4. any denial or rejection of any application for any registration or license submitted by such Participant, or any of its Authorized Users, by or from any SRO or the CFTC or any non-voluntary revocation, suspension or conditioning of any

registration or license of a Participant necessary to conduct any activity on or through the Company granted by the CFTC;

5. the commencement of any material judicial or administrative proceeding against such Participant or any of its Authorized Users, or the imposition of any cease and desist order, denial of clearing privileges, censure or other sanction or remedy (whether through an adverse determination, voluntary settlement or otherwise) imposed, in each case, by any SRO or any relevant Government Agency;
6. the occurrence of any event giving rise to a statutory disqualification of the Participant as defined under Section 8a(2) of the CEA; or
7. Participant becoming the subject of a petition for bankruptcy, liquidation, dissolution or a similar action.

Rule 3.6 Participant, Introducing Broker and Authorized User Obligations

- A Participants and IBs must provide the Company with information related to KYC, CDD, and/or AML as the Company may from time-to-time request or require, consistent with Applicable law. Each Participant and IB consents to the Company providing information related to KYC, CDD, or AML to Settlement Banks or potential Settlement Banks.
- B Each Participant, IB and Authorized User must comply with these Rules, applicable provisions of the CEA and relevant CFTC Regulations. Each Participant, IB and Authorized User also must cooperate promptly and fully with the Company, its agents, and the CFTC in any investigation, call for information, inquiry, audit, examination, or proceeding. Such cooperation shall include providing the Company with access to information on the activities of such Participant, IB and/or Authorized User in any referenced market that provides the underlying prices for any Company market. If any Participant, IB or Authorized User fails to satisfy any Obligation, the Participant, IB or Authorized User may be subject to discipline under these Rules, and may also be subject to civil or criminal prosecution.
- C Each Participant, IB and Authorized User consents to allow the Company to provide all information the Company has about the Participant, IB or Authorized User, including the Participant's, IB's or Authorized User's 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 Participant, IB or Authorized User.
- D Each Participant, IB and Authorized User, upon the request of the Company or any Regulatory Agency, must promptly respond to any requests for information, including by providing any necessary information for the Company to perform any of the functions described in the CEA.
- E Each FCM Participant and IB acknowledges and agrees that the Company is delegating, and each FCM Participant and IB is assuming, all of the Company's KYC, AML, and CDD obligations with respect to the FCM Customers of such FCM and the IB Customers of such IB, as applicable. Each FCM Participant and IB agrees to perform such obligations based on Company-approved criteria, terms, and conditions that shall at all times comply with this Rulebook and Applicable Law.
- F Each FCM Participant and IB agrees to maintain a compliance program designed to achieve and monitor the FCM Participant's and IB's compliance with all applicable KYC, AML and CDD requirements that will, at a minimum:

1. Establish and implement policies, procedures and internal controls reasonably designed to prevent money laundering or the financing of terrorist activities;
 2. Designate an individual or individuals responsible for the implementation and monitoring of the program;
 3. Provide ongoing training for any compliance personnel; and
 4. Include risk-based procedures for conducting CDD, including developing robust customer risk profiles and conducting ongoing monitoring to identify and report suspicious customer behavior.
- G Each IB agrees to enter into an IB agreement with the Company which shall set forth the terms and conditions under which the Company will permit the IB to solicit or accept Orders from IB Customers for execution on a Platform, where any resulting Contracts are submitted for clearing by the Company.
- H Each FCM Participant and IB agrees that, subject to the terms of this Rulebook and any other agreement that such FCM Participant and IB may enter into with the Company, the Company has the right to request an independent audit of the compliance program and AML, KYC, and CDD procedures of such FCM Participant or IB. Further, each FCM Participant and IB acknowledges that any duly authorized request by a federal, state or other regulatory examiner to examine the Company's performance of its AML, KYC and CDD obligations with respect to FCM Customers or IB Customers shall extend to permitting such examiners to obtain information and records relating to such FCM Participant's or IB's performance of those obligations on the Company's behalf.

Rule 3.7 FCM Customer Obligations

- A FCM Customers must follow the rules and requirements imposed by their FCM Participant.
- B FCM Customers must accept and be bound by these Rules.

Rule 3.8 Dues, Fees and Expenses Payable by Participants

- A The Company shall have the authority to set the amounts and times of payment for any dues, assessments or fees (including Clearing System fees, clearing fees, brokerage and any transaction surcharges) to be paid by Participants, which dues, assessments, and fees shall be paid to the Company when due. The Company shall publish the fees for the Clearing System on its Web Site. The Company may modify them from time to time.
- B If a Participant fails to pay when due, any dues, assessments or fees levied by the Company, and such payment obligation remains unsatisfied for thirty (30) days after its due date, the Company may suspend, revoke, limit, condition, restrict or qualify the Participant's Clearing Privileges or ability to otherwise access the secure portion of the Company Web Site, including the Clearing System, as it deems necessary or appropriate.

Rule 3.9 Recording of Communications

The Company may record conversations and retain copies of electronic communications between officers, employees or agents of the Company, and Participants, Introducing Brokers, Authorized Users, Authorized Representatives or other agents. The Company shall retain recordings of conversations made pursuant to this Rule for the retention periods necessary to comply with CFTC Regulation 1.35 or such longer period as the Company deems appropriate.

Rule 3.10 Firm IDs and User IDs

- A Policies
1. No Person may use a User ID to access the Clearing System except as permitted by these Rules, nor may any Person knowingly permit or assist the unauthorized

use of a User ID. Each Participant on behalf of itself and each of its Authorized Users shall take reasonable measures to ensure that no User ID is used by any Person not authorized by these Rules.

2. Each Participant must have in place policies and procedures, which:
 - a. Restrict access through password protection to any system capable of accessing the Clearing System or access the administrative functionality of the secure portion of the Company Web Site, including the Clearing System, to individual users authorized by the relevant Participant and having a User ID;
 - b. Require creation, maintenance and retention of accurate and complete records regarding each individual that is issued, or authorized to use, a User ID;
 - c. Require that Authorized Users protect and maintain the security of their User ID; and
 - d. Prohibit the use of User IDs by any Person, including any subsidiary, affiliate, division or business unit of Participant, except as permitted by this Rulebook.

B Responsibilities

1. Each Participant shall be solely responsible for controlling and monitoring the use of all User IDs issued to its Authorized Users by the Company.
2. Each Participant shall ensure that each Authorized User accessing the Clearing System is assigned a unique password and that each password is used only by the Person to whom it is assigned.
3. Each individual must use a unique identifier to access the secure portion of the Company Web Site, including the Clearing System. In no event may a Person enter an Order or permit the entry of an Order by an individual using a User ID other than the individual's own User ID.
4. Each Participant shall notify the Company promptly upon becoming aware of any unauthorized access to the Clearing System or any unauthorized disclosure or use of any User ID assigned to any of its Authorized Users and of any other reason for terminating an Authorized User's access or deactivating a User ID. Each Participant shall be bound by any actions taken by its Authorized Users (other than any such actions resulting from the fault or negligence of the Company), whether or not such actions were taken or authorized by such Participant.
5. Each Participant shall be solely responsible for ensuring that any front-end interface connecting to the Clearing System that is not provided by the Company, and that is used by the Participant and its Authorized Users, is in compliance, in design and operation, with the requirements of the Company, if any, and with Applicable Law.
6. Each Participant shall ensure that policies required under this Rule are implemented by such Participant and that its Authorized Users comply with such policies and procedures.

- C The Company shall establish and maintain a Participant Account for each Participant and the Company undertakes to treat the Participant for whom such Participant Account is maintained as entitled to exercise the rights that comprise each financial asset which is

credited to such Participant Account. However, the Company shall have complete and absolute discretion as to whether any particular financial asset is accepted by it for credit to any Participant Account.

- D For collateral, margin, and settlement purposes, each Self-Clearing Participant Account may be subdivided into one or more Sub-Accounts (“Sub-Account”), each identified by a unique Sub-Account code. The Company shall:
1. Credit to each Sub-Account only the specific assets or collateral designated by the Participant;
 2. Calculate and enforce all margin and collateralization requirements (as detailed in Chapter 6) on a per Sub-Account basis; and
 3. Restrict withdrawals at the Sub-Account level, such that no Sub-Account’s shortfall may be offset by collateral from any other Sub-Account.
- E The Company shall have only such duties and obligations with respect to each Participant Account as are set forth in Article 8 of the UCC or otherwise mandated by Applicable Law. Each Participant acknowledges and agrees that the Company is not a fiduciary for any Participant.

Rule 3.11 Termination of Participant Status Upon Request

- A To terminate Participant status, a Participant must notify the Company of its request to terminate. Such request shall be accepted immediately upon receipt and shall be effective upon such Participant’s fulfillment of its obligations under paragraph C below, or at such other time as the Company may determine in its reasonable discretion is desirable for the efficient operation of the Company. Clearing Systems may offer Participants the ability to request termination through the Clearing System, and the Clearing System will communicate the request to the Company.
- B When the Company accepts the request to terminate Participant status from a Participant, all rights and privileges of such Participant terminate (including, without limitation, Clearing Privileges), except as set forth in paragraph C below. The accepted request shall not affect the rights of the Company under these Rules or relieve the former Participant of obligations under the Company Rules before such withdrawal. Notwithstanding the accepted request, the terminated Participant remains subject to the Company Rules, must comply with paragraphs C and D below, must cooperate in any Disciplinary Action under Chapter 8 as if the terminated Participant were still a Participant, and must comply with requests for information from the Company regarding activities and obligations while a Participant for at least five (5) years following its withdrawal.
- C A Participant that has requested termination pursuant to paragraph A above shall be subject to the following requirements, obligations and provisions:
1. it must use all reasonable endeavors to close out or transfer all open positions in its Participant Account within thirty (30) days after the request pursuant to paragraph A (the “wind-down period”);
 2. after requesting termination, the Participant may only be entitled to submit transactions for clearing that have the overall effect of reducing open positions; and
 3. if the Participant has any open positions with the Company after the wind-down period, the Participant shall be subject to the Company exercising rights under Rule 7.2Rule 6.2 to liquidate or transfer the open positions of the Participant.

- D Any request to terminate Participant status pursuant to paragraph A above shall be irrevocable by the Participant, and Participant status may only be reinstated pursuant to a new application for Participant status following the close-out or transfer of all open Contracts in the Participant Account.

CHAPTER 4

FCMs and FCM Customers

Rule 4.1 FCMs

- A For the avoidance of doubt, this Rule 4.1 shall apply only to FCMs that are Participants of the Clearing System and are engaged in clearing activities on behalf of themselves or FCM Customers. This Rule 4.1 shall not apply to any FCMs acting solely in an IB capacity.
- B An FCM must execute an FCM clearing agreement with the Company, adhere to the terms of that agreement, accept and be bound by these Rules, and act in a manner consistent with these Rules.
- C An FCM must be a Participant of the Clearing House or have arrangements to clear for an FCM Customer or IB that is a Clearing Participant of the Clearing House.
- D FCMs may establish accounts as permitted by the Rules of the Clearing House 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 equivalent account with similar purpose.
- E If an FCM Customer's account with the FCM Participant becomes negative due to the FCM Customer's activity at the Clearing House, with the result that the FCM Customer owes the FCM money, the FCM Participant may liquidate some or all of the FCM Customer's positions.
- F FCM Participants must, on an annual basis, submit their Business Continuity and Disaster Recovery plans to the Company's compliance team for review ("Business Continuity and Disaster Recovery"). FCM Participants must ensure that their plans coordinate with the Company'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, FCM Participants must coordinate with the Company's periodic, synchronized testing of its business continuity and disaster recovery plan. FCM Participants must also adopt, adhere to and enforce risk management and other policies and procedures in accordance with Commission Regulation 1.11 and promptly provide, upon request by the Company or the CFTC, information related to the risk management policies, procedures and practices of the FCM.
- G The Company may, in its sole discretion, approve, deny, revoke, or condition any application to become an FCM Participant as it deems necessary or appropriate to the discharge of its legal and regulatory obligations. The Company may, in its sole discretion as it deems necessary or appropriate to the discharge of its legal and regulatory obligations or to preserve the integrity of the Company's clearing systems, pause or terminate access for an FCM Participant.
- H FCM Participants must cooperate with the Company, the CFTC, and any related governmental authority in any inquiry, investigation, audit, examination or proceeding, including disclosing the identity and contact information of FCM Customers as relevant (such information will be walled off by the Company solely for the purpose of its compliance with its legal and regulatory obligations, and cannot be utilized for any commercial purpose). FCM Participants must keep complete and accurate books and records as required to be maintained pursuant to the CEA and CFTC Regulations for the time and in the manner specified by CFTC Regulations; and make such books and records available for inspection by the Company, the CFTC or other governmental authority.

- I FCM Participants must not engage in practices that may degrade the Clearing System. FCM Participants must also not engage in acts or practices contrary to the purposes of the Company, nor commit any act or engage in any conduct that is likely to bring the Company into disrepute. These prohibited practices include, but are not limited to: (i) engaging in any activity that presents a risk of harm to the Company, other FCM Participants, the Clearing System, or the public and (ii) engaging in conduct or practices that are detrimental to the best interests of the Company or that adversely affect the integrity of the Company or its systems.
- J Treatment of Customer funds
1. All FCM Customer funds received by the Company from an FCM to purchase, margin, guarantee, secure or settle positions in swaps 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.
 2. All FCM Customer funds (money, securities, or other property) received by the Company from an FCM to purchase, margin, guarantee, secure or settle futures positions of FCM Customers, and all money accruing to such FCM Customers as a result thereof, shall be segregated under an account name that clearly identifies them as futures customer funds and shows that such funds are segregated in accordance with all relevant provisions of the CEA and CFTC Regulations.
- K Each FCM Participant authorizes the Company to debit any fee owed to the Company by the FCM Participant or its FCM Customers from the FCM Account.
- L Each FCM Participant must require each FCM Customer to accept and be bound by these Rules prior to allowing the FCM Customer to trade on the Clearing System.
- M Each FCM Participant 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 DCMs and clear through the Company. Each FCM Participant must also require its FCM Customers to inform it of any change to the FCM Customer's eligibility.
- N FCM Participants shall comply with all Applicable Law, including, but not limited to, Commission Rules 1.10, 1.12, and 1.20 through 1.32.

Rule 4.2 FCM Customers

- A FCM Customers accept and agree to be bound by the relevant FCM rules and these Rules.
- B FCM Customers may also be Self-Clearing Participants.
- C As required in CFTC Regulations 39.15(d), an FCM Customer may request to transfer the FCM Customer's positions and related collateral from an FCM to an account with a different FCM, or the FCM Customer's own account without requiring the close-out and re-booking of the positions prior to the requested transfer, but only if the following conditions are met:
1. The FCM Customer instructs the FCM to make the transfer;
 2. The FCM Customer is not currently in Default to the FCM; and
 3. The other FCM has consented to the transfer.
 4. Any remaining positions at the transferring FCM and new positions at the receiving FCM continue to be Fully Collateralized Contracts.

Rule 4.3 FCM Accounts

- A Each FCM Participant must establish with the Company the accounts and financial relationships set forth in the FCM clearing agreement.
- B All FCM Customer funds deposited by FCM Participants with the Company for the purposes of transacting in swaps are held in a Cleared Swaps Customer Account and are treated as Cleared Swaps Customer Collateral. All FCM Customer funds (money, securities and other property) deposited by FCM Participants for the purposes of transacting in futures are held in a customer segregated account as required by CFTC Regulation 1.20.
- C As described in Rule 6.3, and as required by CFTC Regulation 22.3, Cleared Swaps Customer Collateral must remain segregated from all other funds.
- D As described in Rule 6.3, and as required by CFTC Regulation 1.20, FCM Customer funds (money, securities, and other property) belonging to customers transacting in futures must remain segregated from all other funds.
- E Each FCM Participant must monitor funding levels in the FCM Participant's account and ensure that there is sufficient collateral to support predicted future trading volume.

Rule 4.4 Proprietary Funds

- A All FCM Participant proprietary funds deposited with the Company are held in the Self-Clearing Participant Account of that FCM Participant and are treated as Participant collateral.
- B If FCM Participant proprietary funds are deposited as a residual interest in a Cleared Swaps Customer Account, they will be treated as Cleared Swaps Customer Collateral, subject to the requirements of Part 22 of CFTC Regulations.
- C If FCM Participant proprietary funds are deposited as a residual interest in a segregated account belonging to customers transacting in futures, they will be treated as customer segregated funds, subject to the requirements of CFTC Regulation 1.23.

Rule 4.5 FCM Financial Requirements

- A FCM Participants must at all times meet financial and related reporting requirements under the CEA and CFTC Regulations, including Commission Regulations 1.10, 1.12, 1.17 and 1.18, and must submit to the Company a copy of any notice or written report required to be filed with the CFTC pursuant to CFTC Regulations 1.10 and 1.12 within the time periods prescribed for such filing or delivery in CFTC Regulations 1.10 and 1.12. Each FCM Participant must promptly notify the Company of any material adverse change to their financial condition that could affect compliance with these Rules.
- B Unless timing is otherwise specified in these Rules, copies of notifications, forms, and reports required by CFTC Regulations must be furnished to the Company within twenty-four (24) hours of when the notification was furnished to the CFTC.
- C The specific requirements in this Rule do not diminish in any way the obligation of FCM Participants to satisfy the requirements applicable to all Participants to provide all required reports set forth in Chapter 3.

Rule 4.6 FCM Participant Notification Requirements

- A Each FCM Participant must immediately notify the Company in writing upon becoming aware of:

1. any reduction in adjusted net capital as reported on Form 1-FR or net capital as reported on a FOCUS report from the most recent filing;
2. any failure to remain in compliance with minimum capital or “early warning” requirements of any Government Agency or Self-Regulatory Organization, or where the FCM Participant knows or has reason to believe its adjusted net capital has fallen below the Company’s minimum capital requirements;
3. any damage to, failure or inadequacy of systems, facilities or equipment used to perform obligations to the Company that is not promptly remedied;
4. any failure to maintain funds in any Account sufficient to comply with applicable CFTC Regulations;
5. any planned material reduction in equity capital (and, in all cases, any planned reduction that would reduce excess adjusted net capital, excess net capital or excess liquid capital by 30% or more);
6. any change in fiscal year or public accountants;
7. any Person becoming a 5% or more direct owner;
8. any changes in legal name, address or contact details; or
9. any material external audit findings (including reviews by the FCM Participant’s designated Self-Regulatory Organization).

B An FCM Participant must provide at least thirty (30) days’ prior written notice to the Company, or as promptly as practicable if prior notice is impracticable, of: (1) any proposed change in organizational or ownership structure or management, including any merger, combination or consolidation; (2) the assumption or guaranty of all or substantially all liabilities of another Person; (3) the sale of all or a significant portion of its business or assets; (4) any change in systems provider or facilities manager used to process transactions in Contracts; or (5) any planned changes to the FCM Participant’s risk-management processes or systems.

C Upon receipt of a notice under this Rule 4.6, the Company may review the continuing eligibility of the FCM Participant and take any action permitted by these Rules.

CHAPTER 5

Clearing

Rule 5.1 Clearance and Substitution

- A Upon submission of a Transaction, the Company will conduct a review of the relevant Participant Account (or relevant Sub-Account, if any) to ensure that the Transaction is fully collateralized prior to accepting the Transaction for clearing. If the Participant's Participant Account (or relevant Sub-Account, if any) does not have the necessary funds and/or collateral to fully collateralize the Transaction, the Company will not accept the Transaction and it will be void ab initio. For Self-Clearing Participants, this means that the Company will review the Self-Clearing Participant Account (or relevant Sub-Account, if any); for FCM Customers, or an FCM Participant that is trading on a Clearing System through one of the permitted types of accounts specified in these Rules, the Company will review the FCM Account.
- B The Company will coordinate with all Clearing Systems to develop procedures and system integrations that facilitate prompt, efficient, and accurate processing of all transactions submitted to the Company for clearing. Additionally, the Company will coordinate with each Participant that is an FCM to establish fully automated systems for accepting or rejecting trades that are submitted to the Company for clearing by or for the Participant or an FCM Customer of the Participant, or, if fully automated systems are not practicable, as quickly as would be technologically practicable if fully automated systems were used.
- C The Company will coordinate with DCM(s) to establish automated systems that will accept or reject for clearing all Contracts that are listed for clearing by the Company.
1. The Company will accept for clearing all Contracts that satisfy all of the following conditions:
 - a. The Contract is traded on a DCM;
 - b. The Contract was certified by a DCM under Part 40 of the CFTC Regulations, and the CFTC has not exercised its right to block under CFTC Regulation 40.11, or stayed under CFTC Regulations 40.2(c) and 40.6(c); and
 - c. The Contract satisfies the criteria of the Company, including, but not limited to, applicable risk filters, which shall be non-discriminatory across DCMs. The Company will also coordinate with DCMs to integrate and be able to apply such criteria in a fully automated system, and if that is impracticable, the Company will apply the criteria as quickly as would be technologically practicable if fully automated systems were used.
 2. The Company will only accept for clearing trades that satisfy the requirements that are set out in Chapter 6 of these Rules.
 3. Upon acceptance of a Transaction for clearing, the Company shall immediately, through the process of Novation, be substituted as and assume the position of seller to the Participant buying and buyer to the Participant selling the relevant Contract. Upon Novation, the original Contract is extinguished and the buying and selling Participants shall be released from their Obligations to each other, and such Participants shall be substituted as Participants with respect to such Transactions. Such substitutions shall be effective at law for all purposes. The Participants of the Contract are deemed to consent to the Novation by entering the applicable Orders

on a Platform, and the Company consents to the Novation by accepting the Transactions for clearing.

4. Where an FCM Participant acts to clear a Contract made for the account of an FCM Customer, the FCM Participant becomes obligated to the Company, and the Company becomes obligated to the FCM Participant 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 Participant.
- D Offsetting Transactions for Contracts with the same terms and conditions, as defined by the Contract Specifications, submitted to the Company for clearing are economically equivalent within the Clearing System and may be offset within the Clearing System.
- E All terms of a cleared swap must conform to product specifications established under Company rules. Upon acceptance of a cleared swap contract Transaction for clearing, the Company will provide a confirmation of the trade to the Participants directly or, for a Participant that is an IB Customer, through the IB that executed the Transaction. That confirmation will serve as the definitive written record of the terms of the transaction which shall legally supersede any previous agreement and serve as a confirmation of the swap and will be available on the Clearing System.

Rule 5.2 Settlement of Contracts

- A Except as otherwise provided by Commission order, the Company shall effect settlement at least once each Business Day and shall have the authority and operational capacity to effect intraday settlements with each Participant, either routinely, when thresholds specified by the Company are breached, or in times of extreme market volatility.
- B The Company shall maintain, in its systems, a record of each Participant's Contracts, including, for the avoidance of doubt, concurrent long and short positions, and hold-open accounts holding such positions.
- C Upon the settlement resulting from expiration, all Participants who have an open position will be notified of the final amount payable. Such notice may be delivered by the Clearing System, or for FCM Customers or IB Customers, by the applicable FCM Participant or IB. The Company will transfer the amount payable under the Contract's terms to the relevant Participant Accounts for Participants who held open positions. For Self-Clearing Participants (including those that are (i) IB Customers or (ii) FCMs clearing for their proprietary accounts), the amount payable will be transferred to the Self-Clearing Participant Account (and relevant Sub-Account(s), if any); for FCM Customers, the amount payable will be transferred to the FCM Account for the FCM Participant to credit the FCM Customer.
- D For a Transaction that results in an increase in a Participant's Maximum Downside Exposure, the Company will designate as committed collateral funds from the appropriate Participant Account(s) the amount necessary to cover the increase. For Self-Clearing Participants (including those that are (i) IB Customers or (ii) FCM Participants clearing for their proprietary accounts), the Self-Clearing Participant Account (and relevant Sub-Account(s), if any) will be debited. For FCM Customers, the FCM Participant will debit the funds in the FCM Customer's account with the FCM Participant and the Company will debit the funds in the FCM Account.
- E For a Transaction that results in a decrease to a Participant's Maximum Downside Exposure, the Company will undesignate the decreased amount from constituting committed collateral funds within the relevant Participant Account(s) (and relevant Sub-Account(s), if any). For Self-Clearing Participants (including those that are (i) IB Customers or (ii) FCM Participants clearing for their Proprietary Accounts), the Self-

Clearing Participant Account will be credited (and relevant Sub-Account(s), if any); for FCM Customers, the FCM Participant will credit the funds in the FCM Customer's account with the FCM Participant and the Company will credit the funds in the FCM Account.

- F To the extent that a Transaction described in this Rule requires reconciliation in order to maintain the segregation required under Rule 6.3, reconciliation will be performed as set forth in Rule 5.6.

Rule 5.3 Deposit Procedures

- A A Participant must deposit funds with the applicable Settlement Bank in the manner prescribed by the Company.
- B 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 [Reserved.]

Rule 5.5 Withdrawal Procedures

- A Participants make withdrawals through a Participant portal or other means as specified by the Company in writing to Participants.
- B Participants are responsible for providing accurate account details to allow the Company to effect transfers to the Participants.
- C Withdrawals occur no later than the next Settlement Bank Business Day after a Participant has submitted a withdrawal request via a Participant portal or otherwise if the Participant submits a withdrawal notification during Trading Hours.
- D If a Participant fails to adhere to the withdrawal procedures set forth herein, the Company will take reasonable measures to effect the withdrawal; however, if unable to effect the withdrawal, the Participant's collateral may become the sole property of the Company, to the extent permitted by Applicable Law.
- E The Company may apply a Participant's collateral against the Participant's Obligations.

Rule 5.6 Reconciliation

- A The Company shall reconcile the positions and cash and collateral balances of each Participant Account (whether a Self-Clearing Participant Account or an FCM Account) periodically, including at the end of each Settlement Bank Business Day, and shall rebalance the funds held for the benefit of Self-Clearing Participant Accounts and FCM Accounts as necessary to maintain the segregation required under Rule 6.3. The Company shall make available to each Participant at all times the positions and cash and collateral balances of each such Participant and its Sub-Accounts. Upon request from a Self-Clearing Participant that is an IB Customer, the Company shall also provide the Introducing Broker with the balances of any Sub-Account(s) associated with the Self-Clearing Participant's trading through the Introducing Broker.
- B On a daily basis, the Company shall provide IBs with a full list of their IB Customers' trades, open positions, transfers, and settlements from the previous Trading Day. Each IB is required to reconcile their internal state of customer positions and balances with those reported by the Company for the previous day and, in the event of any inconsistencies, must immediately report the inconsistency to the Company.
- C All Participants and IBs shall be responsible, pursuant to Applicable Law, for reconciling their records of their positions and cash and collateral balances with the records of positions and cash and collateral balances that the Company makes available to Participants and IBs.

Rule 5.7 [Reserved.]

Rule 5.8 Risk Management Actions

A As provided in CFTC Regulation 39.13(h)(6), the Company may take the following actions as appropriate, based on the application of objective and prudent risk management standards:

1. Imposing enhanced capital requirements;
2. Imposing position limits;
3. Prohibiting an increase in positions;
4. Requiring a reduction of positions;
5. Liquidating or transferring positions; and
6. Suspending or revoking clearing membership.

B The Company may take any other risk-reducing action it deems necessary based on the application of objective and prudent risk management standards.

Rule 5.9 Finality of Settlements

All payments or transfers of funds to and from the Company and within the Company, including, but not limited to, margin payments, are irrevocable and unconditional when, as the case may be, they are debited from or credited to an account of the Company, whether such account of the Company is held at the Company or at a Settlement Bank, provided that adjustments may be made after such time for the correction of errors.

Rule 5.10 Contracts Not Voidable

A Contract will not be void or voidable due to: (1) a violation by the Company or Clearing System of the provisions of Section 5 or 5h of the CEA or Part 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 Company or Clearing System to adopt a specific term or condition, trading rule or procedure, or to take or refrain from taking a specific action.

Rule 5.11 Canceling Cleared Trades

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

Rule 5.12 Transfer of Trades

A The Chief Compliance Officer or their designee may, upon request by the Participants, approve a transfer of existing trades and collateral either on the books of the same Participant, or from the books of one Participant to the books of another Participant 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 (2) or more entities. Such a transfer must meet each of the following conditions:

1. The transfer must result in the transfer of all existing open positions and collateral in the transferor account;
2. Immediately prior to the transfer, the transferee account must not have any existing open positions or collateral; and

3. All trades involved in the transfer must remain fully collateralized upon completion of the transfer.
- B Provided that the transfer is permitted pursuant to paragraph A above, the transactions must be recorded and carried on the books of the receiving Participant at the original trade dates with the original trade prices.
- C All transfers shall be reported to the Company in a form acceptable to the Company for the type of transactions involved. The Participants involved shall maintain a full and complete record of all transactions together with all pertinent memoranda.

CHAPTER 6

Margin

Rule 6.1 Full Collateralization of Contracts Required

- A All Transactions must, at all times, be fully collateralized. Self-Clearing Participants must maintain with the Company sufficient funds to fully collateralize their Maximum Downside Exposure. FCMs that are trading on a Platform through one of the permitted types of accounts specified in these Rules must maintain sufficient funds to fully collateralize their Maximum Downside Exposure. The Company will not clear a Transaction that is not fully collateralized.
- B If a Self-Clearing Participant holds Sub-Accounts within their primary account, collateralization checks for Orders to trade from such Sub-Accounts will occur on a Sub-Account level.
- C Upon receipt of an Order to trade one or more Contracts from an FCM Customer, the FCM Participant must ensure that the FCM Customer has on deposit enough funds (as will be set forth in the FCM Participant's agreement) to satisfy the full collateralization requirements set forth in this Rule 9.1 before the FCM Participant submits the Order to a Platform. These funds must be reserved and made unavailable for uses other than collateralizing such an Order until the Order resolves, either through cancellation, expiry, rejection, or execution. Once the Order resolves, the FCM Participant must adjust the reservation of funds on the FCM Customer's account as appropriate.
- D The Company does not maintain a financial resource package to be used in the event of a Participant Default because it clears only fully collateralized positions.

Rule 6.2 Collateral

- A United States dollars are the sole form of acceptable collateral.
- B Except as otherwise provided herein, collateral must be and remain unencumbered, other than the encumbrance in favor of the Company described in this paragraph. Each Participant posting collateral hereby grants to the Company a continuing first priority security interest in, lien on, right of setoff against and collateral assignment of all of such Participant's right, title and interest in and to any property and collateral deposited with the Company by the Participant, whether now owned or existing or hereafter acquired or arising, including, without limitation, the Participant's account and all securities entitlements held therein, and all proceeds of the foregoing. A Participant shall execute any documents required by the Company to create, perfect and enforce such lien.
- C Each Participant hereby agrees that, with respect to any financial asset which is or may be credited to the Participant's Participant Account, the Company shall have control over such financial asset pursuant to Sections 9-106(a) and 8-106(e) of the UCC and a perfected security interest pursuant to Section 9-314(a) of the UCC.
- D The Company will not be responsible for any diminution in value of collateral that a Participant deposits with the Company. Any fluctuation in markets is the risk of each Participant.
- E Participants' collateral shall be held in a bank located in the United States and in a manner which minimizes the risk of loss or of delay in the access by the Company to such funds and assets and in a manner consistent with the CEA and CFTC Regulations. Any interest earned on Participant collateral may be retained by the Settlement Bank or the Company.
- F Collateral transfers made by a Participant to the Company or by the Company to a Participant are irrevocable and unconditional when effected.

Rule 6.3 Segregation of Participant Funds

- A Participants' collateral shall be legally and operationally segregated from the property of the Company.
- B Participants' collateral that relates to Transactions on a Platform shall be legally and operationally segregated from the property of Participants that relate to Transactions on a different Platform, even in the event that a single Participant is a Participant of both Platforms and the Company provides Clearing Services to Participants of both Platforms.
- C The Company shall maintain a proprietary account that will be credited with fees or other payments owed to the Company that are debited from Participant's Participant Accounts as a result of Participants' trades and settlements of Contracts cleared by the Company. The Company shall maintain a record of each Participant's Participant Account and Sub-Account balances and each Participant's Contracts.
- D As required by CFTC Regulation 22.3, Cleared Swaps Customer Collateral will be segregated from all other funds.
- E As required by CFTC Regulation 1.20, funds (money, securities and other property) belonging to futures customers will be segregated from all other funds.

Rule 6.4 Concentration Limits

The Company will monitor the full range and concentration of its exposures to its Settlement Bank(s) and assess the potential losses and liquidity pressures in the event that the Settlement Bank with the largest share of settlement activity were to fail.

Rule 6.5 Investment of Participant Funds

- A The Company may invest Participant funds. Any investment of Participant funds will be done according to the standards and requirements in CFTC Regulations 1.25, 22.3, and 39.15 (or any successor regulations).
- B Participants' funds will not, under any circumstances, be commingled with the Company's funds. Funds and property of Participants and their customers will be maintained separately by applicable account class and will not be commingled across such account classes.
- C The Company may pay interest to Participants' accounts at a floating rate to be determined by the Company on funds in Participant's accounts in excess of an amount to be determined by the Company. For FCM Customer's funds, the distribution of such interest, if any, will be governed by the agreements between the clearinghouse and the FCM, and between the FCM and the FCM Customer.
- D The Company will retain all profit from investment of Participant funds not paid to Participants. The Company will bear any losses resulting from investment of Participant funds and will not allocate such losses to Participants or FCM Customers.
- E All investments will be managed consistent with the objectives of preserving the principal amounts and maintaining liquidity.
 - 1. All investments will be able to be converted into cash within one business day without a material discount in value.
 - 2. Investments will be exclusively in direct obligations of the United States Government and government money market mutual funds. Under the Company's investment policy, the maximum maturity for any investment security cannot exceed 2 years.
 - 3. All investments will be held at U.S. situs banks.

CHAPTER 7

Business Conduct and Trading Practices

Rule 7.1 Scope

This Chapter 7 applies to all Transactions except as may be provided herein. Participants and, where applicable, Authorized Users, IBs and Authorized Representatives, shall adhere to and comply fully with this Chapter 7.

Rule 7.2 Acts Detrimental to the Welfare or Reputation of the Company Prohibited

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

Rule 7.3 Supervision; Information Sharing

- A Participants and IBs shall establish, maintain and administer reasonable supervisory procedures to monitor the compliance of its Authorized Users, partners, directors, officers, agents, contractors, representatives and employees with these Rules and Applicable Law and such Participant may be held accountable for the actions of such Authorized Users, partners, directors, officers, agents, contractors, representatives and employees in connection with Transactions in Contracts cleared through the Company.
- B Participants, IBs and Authorized Users shall cooperate fully with the Company or a Regulatory Agency in any investigation, call for information, inquiry, audit, examination or proceeding.
- C Participants, IBs and Authorized Users shall ensure that any information disclosed to the Company is accurate, complete and consistent. No existing or prospective Participant, IB or Authorized User shall make any false statements or misrepresentations in any application, report or other communication to the Company.

Rule 7.4 Business Conduct

- A Conducting clearing activities in an honorable and principled manner consistent with these Rules is the essence of ethical conduct with respect to the Company. Participants, IBs, Authorized Users, Authorized Representatives, and other Persons subject to the Company's jurisdiction shall act with ethical integrity with regard to their Company activity, and shall adhere to the following ethical standards:
 - 1. A Participant, IB, Authorized User, Authorized Representative, and any other Person subject to the Company'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.
 - 2. No Participant, IB, Authorized User, Authorized Representative, or other Person subject to the Company'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 Company activity.

Rule 7.5 Compliance

Each Participant and IB shall take appropriate steps to ensure compliance with these rules and Applicable Law. When relevant, Participants and IB shall have a compliance program commensurate with the size and scope of its activities involving the Company and designed to ensure appropriate, timely and ongoing review of trading practices and compliance with the Rules. Each Participant and IB shall act in accordance with these practices for compliance and monitoring with regard to its Company activity:

- A Provide for proper training of personnel on the provisions of the Rules;

- B Maintain internal policies and procedures to promote compliance with the Rules;
- C Promptly disclose to the Company the details of any violations of the Rules involving a Participant's or IB's activities with the Company, including its own activities or those of another Participant or IB, and Participants and IBs shall promptly disclose to the Company the details of any disciplinary sanctions, fines or other related determinations made by a Regulatory Agency or, with respect to Participants and IBs, another market on which such Participant or IB trades, or provision of market information to the Company or any of its Affiliates;
- D 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;
- E 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
- F 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 8

Discipline and Enforcement

Rule 8.1 Ability to Obtain Information

- A The Company, acting directly or through authorized representatives, shall have the right, as is necessary to detect and investigate an actual or alleged violation of any Rule by a Person, or Participant that is the subject of an Investigation by the Company, to:
1. have access to and inspect the systems, equipment and software operated by such Participant in connection with any activity on or through the Company, wherever located, including any data stored in such systems, equipment, or software;
 2. have access to the books and records of the Participant relating to its Transactions in Contracts on the Company; and
 3. copy or reproduce any data to which the Company has access under this Rule.
- B Participants shall provide to authorized Persons and Officers of the Company the access required under this Rule upon reasonable notice, provided that the Company reserves the right in the event of an Emergency to require that such access be provided immediately and without prior notice.
- C All Persons subject to the jurisdiction of the Company must maintain records pertaining to their activity on the Company. The Compliance Department may require such Person to provide to the Company (periodically or upon request) information that is necessary to perform the enforcement obligations of the Company under the Rules or Applicable Law.

Rule 8.2 General

- A All Persons subject to the jurisdiction of the Company are subject to this Chapter 8 if they are alleged to have violated, or to have aided and abetted a violation of, any Rule of the Company or any provision of Applicable Law for which the Company possesses disciplinary jurisdiction.
- B The Company, through the Compliance Department and the Disciplinary Panel, will conduct inquiries, Investigations, disciplinary proceedings and appeals from disciplinary proceedings, summary impositions of fines, summary suspensions or other summary actions in accordance with this Chapter 8.
- C No Company Official will interfere with or attempt to influence the process or resolution of any inquiry, Disciplinary Action, Investigation, disciplinary proceeding, appeal from a disciplinary proceeding, summary imposition of fines, summary suspension or other summary action, except to the extent provided under the Rules with respect to a proceeding in which the Director is a Participant of the relevant Appeal Panel; provided, however, that a Director may participate in the proceedings of an Appeal Panel if such Director is a Participant of such Appeal Panel to the extent otherwise authorized.
- D Any Person may be represented by legal counsel or any other representative of its choosing during any Disciplinary Action; provided, however, that no such legal counsel may be an employee of the Company or any Person related to the underlying Investigation.

Rule 8.3 Ex Parte Communications

- A A Person subject to a disciplinary proceeding or an appeal from a disciplinary proceeding (and any counsel or other representative of such Person) and the Compliance Department (and any counsel or other 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 Participant of the Disciplinary Panel or the Appeal Panel hearing such proceeding.

- B Participants of a Disciplinary Panel or Appeal Panel 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 Person subject to such proceeding (and any counsel or representative of such Person) and 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 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 if the Person refuses an attempted communication concerning the merits of a proceeding as soon as it becomes apparent the communication concerns the merits.

Rule 8.4 Inquiries and Investigation

- A The Compliance Department will investigate any matter within the Company's jurisdiction of which it becomes aware. Pursuant to this Chapter 8, the Compliance Department will commence an Investigation upon the receipt of a request from Commission staff or upon the discovery or receipt of information by the Company that, in the judgment of the Compliance Department, indicates a possible basis for finding that a violation may have occurred or will occur. The Compliance Department will determine the nature and scope of its inquiries and Investigations in its sole discretion and will function independently of any commercial interests of the Company.
- B If the Compliance Department institutes an investigation of any Affiliate of the Company, 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 8.5.
- C The Compliance Department has the authority to:
 - 1. initiate and conduct inquiries and Investigations;
 - 2. prepare investigative reports and make recommendations concerning initiating disciplinary proceedings;
 - 3. prosecute alleged violations within the Company's disciplinary jurisdiction; and
 - 4. represent the Company on appeal from any disciplinary proceeding, summary imposition of fines, summary suspension or other summary action.
- D Each Person:
 - 1. is obligated to appear and testify and respond in writing to interrogatories within the time period required by the Compliance Department in connection with:
 - a. any inquiry or Investigation; or
 - b. any preparation by and presentation during a Disciplinary Action.
 - 2. is obligated to produce all books, records, papers, documents or other tangible evidence in their possession, custody or control within the time period required by the Compliance Department in connection with:

- a. any inquiry or Investigation; or
- b. any preparation by and presentation during a Disciplinary Action; and
- c. may not impede or delay any Disciplinary Action.

Rule 8.5 Reports of Investigations

- A The Compliance Department will maintain a log of each Investigation and its disposition and will prepare a written Investigative Report for each Investigation, regardless of whether the evidence forms a reasonable basis to believe that a violation has occurred or is about to occur, or results in closing the matter without further action or through summary action.
- B Any Investigative Report will include the reasons for initiating the Investigation (including a summary of the complaint, if any), all relevant facts and evidence gathered, Compliance Department staff's analysis and conclusions and the recommendation of the Compliance Department, including as to whether a warning letter should be issued or any other disciplinary action should be pursued. For each potential respondent, the Exchange Compliance Department will recommend either:
 - 1. closing the Investigation without further action;
 - 2. settlement;
 - 3. summary action;
 - 4. the preparation and service of a Notice of Charges for instituting a disciplinary proceeding; or
 - 5. resolving the Investigation through an informal disposition, including the issuance of a warning letter, provided that no more than one warning letter may be issued to the same Person found to have committed the same Rule violation within a rolling twelve-month period. An informal disposition (including the issuance of a warning letter) will not constitute a finding of a violation or a sanction; however, the investigative report must include a copy of any warning letter.
- C The Investigative Report will be provided to the Chief Compliance Officer for a determination as to whether the Investigative Report is complete. The Chief Compliance Officer will then provide the completed Investigative Report to the Review Panel of the Disciplinary Panel.

Rule 8.6 Opportunity to Respond

- A After completing its Investigative Report, the Compliance Department may, upon approval of the Chief Compliance Officer, notify each potential respondent that the Compliance Department has recommended formal disciplinary charges against the potential respondent.
- B The Compliance Department may allow a potential respondent to propose a settlement of the matter or to submit a written statement explaining why a disciplinary proceeding should not be instituted or one or more of the potential charges should not be brought. The potential respondent shall submit such written statement within the time limit established by the Compliance Department.

Rule 8.7 Review of Investigative Reports

- A Review of Investigative Reports by the Chief Compliance Officer

1. The Chief Compliance Officer will review the Investigative Report provided pursuant to Rule 8.5C to determine whether a reasonable basis exists to believe that a violation within the Company's jurisdiction has occurred or is about to occur.
2. If, after receiving an Investigative Report pursuant to Rule 8.7A(1) or any additional information pursuant to this Rule 8.7A(2), the Chief Compliance Officer determines that additional Investigation or evidence is needed to decide whether a reasonable basis exists to believe that a violation within the Company's jurisdiction has occurred or is about to occur, the Chief Compliance Officer will direct the Compliance Department to conduct further Investigation.
3. Upon receiving the Investigative Report pursuant to Rule 8.7A(1) and all additional information requested pursuant to Rule 8.7A(2), the Chief Compliance Officer will determine for each potential respondent whether to authorize:
 - a. the informal disposition of the Investigation (by issuing a warning letter or otherwise; provided that no more than one warning letter may be issued to the same Person found to have committed the same rule violation within a rolling twelve-month period) because disciplinary proceedings are unwarranted, in which case the Chief Compliance Officer shall provide a written explanation to the regulatory services provider;
 - b. the closing of the Investigation without any action because no reasonable basis exists to believe that a violation within the Company's jurisdiction has occurred or is about to occur; or
 - c. the commencement of disciplinary proceedings because a reasonable basis exists to believe that a violation within the Company's jurisdiction has occurred or is about to occur.

B Review of Investigative Reports by the Review Panel of the Disciplinary Panel

1. After receiving a completed Investigative Report pursuant to Rule 8.7A, a Review Panel must promptly review the report and, within thirty (30) days of such receipt, must take one of the following actions:
 - a. If the Review Panel determines that additional Investigation or evidence is needed, it must promptly direct the Compliance Department to conduct further Investigation.
 - b. If the Review Panel determines that no reasonable basis exists for finding a violation or that prosecution is otherwise unwarranted, it may direct that no further action be taken. Such determination must be in writing and must include a written statement setting forth the facts and analysis supporting the decision and the Chief Compliance Officer.
 - c. If the Review Panel determines that a reasonable basis exists for finding a violation and adjudication is warranted, it must direct that the Person alleged to have committed the violation be served with a Notice of Charges and proceed in accordance with the Rules of this Chapter 8.
2. A failure of the Disciplinary Panel to act within the time prescribed in Rule 8.7B(1) shall not prevent the Chief Compliance Officer from acting pursuant to Rule 8.7A.
3. Any conflict between the actions of the Chief Compliance Officer pursuant to Rule 8.7A and the Disciplinary Panel pursuant to Rule 8.7B shall be resolved by the Board.

C Each Investigation shall be completed in a timely manner. Absent mitigating circumstances (it being understood that the complexity of the Investigation, the number of firms or

individuals involved as potential wrongdoers, the number of potential violations to be investigated, and the volume of documents and data to be examined may constitute such mitigating circumstances), an Investigation shall be complete within twelve (12) months of such Investigation being initiated pursuant to Rule 8.4A.

Rule 8.8 Notice of Charges

- A If the Chief Compliance Officer or Review Panel authorizes disciplinary proceedings pursuant to Rule 8.7A(3) or Rule 8.5(B)(4), the Compliance Department will prepare, and serve in accordance with Rule 8.10, a Notice of Charges (“Notice of Charges”).
- B A Notice of Charges will:
1. state the acts, conduct or practices that the respondent is alleged to have engaged in;
 2. state the Rule or provision of Applicable Law alleged to have been violated or about to be violated;
 3. state the proposed sanctions;
 4. advise the respondent of its right to a hearing;
 5. advise the respondent of the right to be represented by legal counsel pursuant to Rule 8.2 in all succeeding stages of the disciplinary process;
 6. state the period of time within which the respondent may file an answer to the Notice of Charges, which will not be less than twenty (20) days after service of the Notice of Charges;
 7. advise the respondent that any failure to answer the Notice of Charges pursuant to Rule 8.9 within the period stated pursuant to Rule 8.8B(6) except for good cause, will be deemed to constitute a waiver of the right to participate in a hearing; and
 8. advise the respondent that any allegation in the Notice of Charges that is not expressly denied will be deemed to be admitted.

Rule 8.9 Answer to Notice of Charges

- A If the respondent determines to answer a Notice of Charges, the respondent must file answers within the period indicated in the Notice of Charges pursuant to Rule 8.8B(6), which period may be extended by written consent of the Chief Compliance Officer.
- B To answer a Notice of Charges, the respondent must in writing:
1. specify the allegations that the respondent denies or admits;
 2. specify the allegations that the respondent does not have sufficient information to either deny or admit;
 3. specify any specific facts that contradict the Notice of Charges;
 4. specify any affirmative defenses to the Notice of Charges; and
 5. sign and serve the answer on the Chief Compliance Officer, who shall forward a copy of the answer to the relevant Review Panel.
- C Any failure by the respondent to timely serve an answer to a Notice of Charges will be deemed to be an admission to the allegations in such notice. Any failure by the respondent to specifically answer any allegation shall be deemed to be an admission of such allegation. Any allegation in a Notice of Charges that the respondent fails to expressly deny shall be deemed to be admitted. A general denial by the respondent will constitute an admission of all allegations in a Notice of Charges.

- D If the respondent timely files an answer to a Notice of Charges, the respondent shall be entitled to attend and participate in a hearing pursuant to Rule 8.15.

Rule 8.10 Service of Notice of Charges

Documents (including a Notice of Charges) contemplated by this Chapter 8 may be served on any respondent (a) in person to the respondent or an Authorized Representative of the respondent, (b) by delivery to the place of business of the respondent or an Authorized Representative of the respondent, by United States mail, postage prepaid, via registered or certified mail addressed to the respondent at the address as it appears on the books and records of the Company, (c) via electronic mail to the electronic mail address of the respondent or an Authorized Representative of the respondent as it appears on the books and records of the Company.

Rule 8.11 Settlements

- A A respondent at any time after an Investigative Report is completed pursuant to Rule 8.5 may propose in writing an offer of settlement related to anticipated or instituted disciplinary proceedings.
- B A respondent or potential respondent may offer to settle disciplinary proceedings without admitting or denying the findings contained in the order of the disciplinary proceedings but must accept the jurisdiction of the Company over it and over the subject matter of the proceedings and consent to the entry of the findings and sanctions imposed.
- C Any offer of settlement should contain proposed findings and sanctions and be signed by the respondent or potential respondent and submitted to the Compliance Department. The Compliance Department shall provide a copy of any offer of settlement and its recommendation on whether to accept or reject such offer to the Chief Compliance Officer and/or the Review Panel considering the matter at issue, or if no Review Panel is considering the matter, then the Hearing Panel convened to consider such matter.
- D Any preliminary determination by the Chief Compliance Officer to accept the offer shall be submitted for review by the relevant Disciplinary Panel. If the relevant Disciplinary Panel agrees, then the Chief Compliance Officer shall conditionally accept an offer of settlement, and that the settlement will become final upon the expiration of twenty (20) days after an order of the disciplinary proceedings consistent with the terms of the offer of settlement is served on the respondent.
- E If an offer of settlement is accepted by the relevant Disciplinary Panel, the panel accepting the offer must issue a written decision specifying the rule violations it has reason to believe were committed, including the basis or reasons for the panel's conclusions, and any sanction to be imposed, which must take into account the respondent's disciplinary history and include full customer restitution where harm to a customer and the customer's identity can be reasonably determined. If an offer of settlement is accepted without the agreement of the Compliance Department or the Chief Compliance Officer, the decision must adequately support the Disciplinary Panel's acceptance of the settlement. If applicable, the decision must also include a statement that the respondent has accepted the sanctions imposed without either admitting or denying the rule violations.
- F If an offer of settlement is accepted and the related order of disciplinary proceedings becomes final, the respondent's submission of the offer will be deemed to constitute a waiver of the right to notice, opportunity for a hearing and review, and appeal under the Rules.
- G If the offer of settlement of a respondent or potential respondent is not accepted by agreement between the Chief Compliance Officer and the relevant Disciplinary Panel, fails to become final or is withdrawn by the respondent or potential respondent, the matter will proceed as if the offer had not been made and the offer and all documents relating to it will

not become part of the record. Neither a respondent or potential respondent nor the Compliance Department may use an unaccepted offer of settlement as an admission or in any other manner at a hearing of, or appeal from, disciplinary proceedings.

Rule 8.12 Disciplinary Panels

- A Review Panel: The Review Panel shall review completed Investigative Reports in order to determine whether a reasonable basis exists for finding of a violation by the respondent and for authorizing the issuance of a Notice of Charges against such respondent.
- B Hearing Panel: The Hearing Panel shall conduct hearings in connection with any disciplinary proceedings (except for summary impositions of fines pursuant to Rule 8.19), to make findings, render decisions, and impose sanctions pursuant to this Chapter 8.
- C Panel Participants: The Board shall appoint individuals at the recommendation of the Chief Compliance Officer, each to serve for a term of one-year, subject to reappointment by the Board, as potential participants on the Disciplinary Panels. The Chief Compliance Officer shall recommend at least three individuals who would satisfy the conditions for being deemed a Public Director and at least three individuals who represent the views of the applicable market participants. The term of an individual that has been selected as a Participant of a Disciplinary Panel will not expire until the related proceedings are completed.
- D Chairperson: The chairperson of any Review Panel or Hearing Panel shall be a Public Director.
- E Disciplinary Panel Selection: The Chief Compliance Officer shall randomly select a Review Panel and Hearing Panel prior to the commencement of any investigative or disciplinary matter from the potential Participants of Disciplinary Panels appointed by the Board pursuant to Rule 8.12(C). Each Disciplinary Panel shall be selected by randomly choosing at least one Director and the remaining individuals from those representing the views of the applicable market participants, with the latter being chosen in a manner that prevents any group or class of industry participants from dominating or exercising disproportionate influence on the Disciplinary Panel being formed.
- F If an individual selected is an Interested Person or if a Participant of the Disciplinary Panel later becomes an Interested Person, a replacement for such individual shall be randomly selected by the Chief Compliance Officer.
- G Within ten (10) days of being notified of the appointment of the Disciplinary Panel, a respondent may seek to disqualify any individual named to the Disciplinary Panel for the reasons identified in Rule 8.18 or for any other reasonable grounds, including that such individual has a financial interest in the matter, by serving written notice on the Chief Compliance Officer. By not timely filing a request for disqualification, the respondent will be deemed to have waived any objection to the composition of a Disciplinary Panel. The general counsel of the Company will decide the merits of any request for disqualification within their sole discretion. Any such decision will be final and not subject to appeal.
- H No Person shall serve on a Disciplinary Panel unless such Person has agreed in writing that he or she will not publish, divulge, or make known in any manner, any facts or information regarding the business of any Person or any other information which may come to their attention in their official capacity as a Participant of the Disciplinary Panel, except when reporting to the Board or to a committee concerned with such information or to the Compliance Department, when requested by any Government Agency or Self-Regulatory Organization, or when compelled to testify in any judicial or administrative proceeding.

- I At least one Participant of each Disciplinary Panel must be a Person who is not a Participant of the Company whenever such Disciplinary Panel is acting with respect to a disciplinary action in which:
 - 1. The subject of the action is a Participant of the Company's Board or a disciplinary committee of the Board; or
 - 2. Any of the charged, alleged or adjudicated violations involve:
 - a. Manipulation or attempted manipulation of the price of a commodity, a futures contract or an option on a futures contract, or
 - b. Conduct which directly results in financial harm to a non-Participant of the Company.
- J In the case in which the subject action occurs with respect to activity on the Clearing System, that more than 50% of each Disciplinary Panel include Persons representing interests other than that of the subject of the disciplinary proceeding.
- K That each Disciplinary Panel include sufficient different interests so as to ensure fairness and to prevent special treatment or preference for any Person in the conduct of the Disciplinary Panel's responsibilities.
- L All information, records, materials and documents provided to the Disciplinary Panel and all deliberations, testimony, information, records, materials and documents related thereto shall be treated as non-public and confidential and shall not be disclosed, except as necessary to further an Investigation or as required by law.

Rule 8.13 Convening Hearings of Disciplinary Proceedings

- A A hearing will be conducted privately and confidentially. Notwithstanding the confidentiality of hearings, the Hearing Panel may appoint an expert to attend any hearing and assist in deliberations if such expert agrees to be subject to an appropriate confidentiality agreement.
- B After reasonable notice to each respondent, the Hearing Panel will promptly convene a hearing to conduct the disciplinary proceedings with respect to such respondent. Parties to a disciplinary proceeding include each respondent and the Compliance Department.
- C The chair of the Hearing Panel may continue, adjourn or otherwise conduct the hearing, as he or she may deem appropriate. The chair of the Hearing Panel will determine all procedural and evidentiary matters, including the admissibility and relevance of any evidence proffered. In determining procedural and evidentiary matters, the chair of the Hearing Panel will not be bound by any evidentiary or procedural rules or law. Once admitted during the hearing, the Hearing Panel may consider, and attach the weight it believes appropriate to, evidence or other materials. The general counsel of the Company, or its designee, will provide guidance to the chair of the Hearing Panel on the conduct of the hearing.
- D Except for procedural and evidentiary matters decided by the chair of the Hearing Panel pursuant to Rule 8.13(C) and Rule 8.14, unless each respondent otherwise consents, the entire Hearing Panel must be present during the entire hearing and any related deliberations.

Rule 8.14 Respondent Review of Evidence

- A Prior to the commencement of a hearing, each respondent will be given the opportunity to review all books, records, documents, papers, transcripts of testimony and other tangible evidence in the possession or under the control of the Company that the Compliance Department will use to support the allegations and proposed sanctions in the Notice of

Charges or which the chair of the Hearing Panel deems relevant to the disciplinary proceedings. Notwithstanding the first sentence in this Rule 8.14A no respondent will have the right to review, and the Company will have no obligation to disclose, any documents that are privileged or constitute attorney work product, documents that were prepared by an employee of the Company but will not be offered in evidence at the hearing, documents that may disclose a technique or guideline used in examinations, Investigations or enforcement proceedings, or documents that disclose the identity of a confidential source.

- B If any books, records, documents, papers, transcripts of testimony, or other tangible evidence contain information that could adversely affect the competitive position of the Person providing the information or if such information might compromise other Investigations being conducted by the Compliance Department, the Compliance Department may redact, edit or code such information before furnishing it to the respondent.
- C Notwithstanding anything in paragraph B above to the contrary, the Compliance Department:
 - 1. will not redact, edit or code competitive or investigative information contained in documents in a manner that would impair the respondent's ability to defend against the allegations or proposed sanctions in the Notices of Charges, and
 - 2. will provide the respondent with access to the information and portions of the documents that the Compliance Department intends to rely on to support the allegations or proposed sanctions in the Notice of Charges.
- D For purposes of this Rule 8.14, information that could adversely affect competitive positions includes positions in Contracts currently held, trading strategies employed in establishing or liquidating positions, the identity of any Person, and the personal finances of any Person.

Rule 8.15 Conducting Hearings of Disciplinary Proceedings

- A At a hearing conducted in connection with any disciplinary proceedings, the Compliance Department will present its case supporting the allegations and proposed sanctions in the Notice of Charges to the Hearing Panel. If a respondent has timely filed an answer to the Notice of Charges in accordance with Rule 8.9, the respondent is entitled to attend and participate in the hearing.
- B At a hearing conducted in connection with any disciplinary proceedings, the Hearing Panel or the Compliance Department and each respondent may:
 - 1. present evidence and facts unless determined irrelevant or inadmissible by the chair of the Hearing Panel;
 - 2. call and examine witnesses; and
 - 3. cross-examine witnesses called by other parties.
- C If the respondent has failed to file an answer, has filed a general denial, or otherwise has failed to expressly deny any allegation in the Notice of Charges, the chair of the Hearing Panel may limit evidence concerning any allegations not expressly denied in determining the sanctions to impose. If a respondent fails to file an answer but appears at the hearing, the respondent may not participate in the hearing (by calling or cross-examining witnesses, testifying in defense, presenting evidence concerning the Notice of Charges, or otherwise) unless the Hearing Panel determines that the respondent had a compelling reason for failing to timely file an answer. If the Hearing Panel determines that the respondent had a compelling reason for failing to timely file an answer, the Hearing Panel will adjourn the

hearing and direct the respondent to promptly file a written answer in accordance with Rule 8.9.

- D Any Person entitled, or required or called upon, to attend a hearing before a Hearing Panel pursuant to Rule 8.15B(2) will be given reasonable notice, confirmed in writing, specifying the date, time and place of the hearing, and the caption of the disciplinary proceedings. Any Person that is called as a witness is required to appear at the hearing themselves if such Person is an individual or by a duly authorized officer or another appropriate representative if such Person is a juridical entity, and, where applicable, produce evidence. The Company will make reasonable efforts to secure the presence of any Person called as a witness whose testimony would be relevant.
- E If during any disciplinary proceedings the Hearing Panel determines that a reasonable basis exists to believe that the respondent violated or is about to violate a Rule of the Company or a provision of Applicable Law other than the violations alleged in the Notice of Charges, the Hearing Panel may consider those apparent violations after providing the respondent with an opportunity to answer the additional allegations in accordance with Rule 8.9. In connection with considering apparent violations pursuant to this Rule 8.15(E), the Hearing Panel may request that the Compliance Department provide the Hearing Panel with any additional information related to the violations at issue.
- F The Hearing Panel may summarily impose sanctions on any Person that impedes or delays the progress of a hearing (including by failing to comply with the obligations of such Person under Rule 8.15(D)).
- G The Company will arrange for any hearing conducted in connection with disciplinary proceedings to be recorded verbatim, or substantially verbatim, in a manner capable of accurate transcription. If a transcript of the hearing is requested by the CFTC staff or the respondent, the decision of the Hearing Panel is appealed pursuant to Rule 8.18, or is reviewed by the CFTC pursuant to § 8c of the CEA or part 9 of Chapter 38 of the CFTC Regulations, the Company shall produce a transcript of the hearing; provided, however, that the costs of transcribing the hearing shall be borne by the respondent if the respondent requests the transcript, appeals the decision of the Hearing Panel pursuant to Rule 8.18, or submits an application for the decision of the Hearing Panel to be reviewed by the CFTC and such application is granted.
- H No interlocutory appeals of any rulings made by a Hearing Panel or a chair of a Hearing Panel are permitted.

Rule 8.16 Decision of Hearing Panel

- A As promptly as reasonable following a hearing, the Hearing Panel will issue a written order rendering its decision based on the weight of the evidence contained in the record of the disciplinary proceedings. A decision by a majority of the Hearing Panel will constitute the decision of the Hearing Panel.
- B The Company will serve each of the respondents and the Compliance Department with a copy of the order of the Hearing Panel. The order will include:
 - 1. the Notice of Charges or summary of the charges;
 - 2. the answer, if any, or a summary of the answer;
 - 3. a brief summary of the evidence introduced at the hearing or, where appropriate, incorporation by reference of the Investigative Report;
 - 4. a statement of findings and conclusions concerning each charge, including a complete explanation of the evidentiary and other basis for such findings and conclusions with respect to each charge;

5. a reference to each specific Rule or provision of Applicable Law that the respondent is found to have violated;
6. a declaration of all sanctions imposed against the respondent, if any, including the basis for such sanctions and the effective date of each sanction; and
7. notice of the respondent's right to appeal pursuant to Rule 8.18.

C Unless a timely notice of appeal is filed pursuant to Rule 8.18, the order of the disciplinary proceedings will become final upon the expiration of twenty (20) days after the order is served on the respondent and provided to the Compliance Department.

Rule 8.17 Sanctions

A After notice and opportunity to be heard in accordance with the Rules, the Company shall impose sanctions on the respondent if the respondent is found to have violated or to have attempted to violate any Rule or provision of Applicable Law for which the Company possesses disciplinary jurisdiction. All sanctions must take into account the respondent's disciplinary history, shall be commensurate with the violations committed, and shall be sufficient to deter recidivism or similar violations. In the event of demonstrated customer harm, any sanction must also include full customer restitution, except where the amount of restitution, or to whom restitution should be provided, cannot be reasonably determined.

The Company may impose one or more of the following sanctions or remedies:

1. a warning letter, provided that no more than one warning letter may be issued to the same Person found to have committed the same rule violation within a rolling twelve-month period;
2. censure;
3. termination, suspension or restriction of Clearing Privileges, ability to otherwise access the secure portion of the Company Web Site, including the Clearing System, or the imposition of other limitations on any activity on or through the Company;
4. subject to Rule 8.17(B), a fine;
5. restitution;
6. disgorgement; or
7. any other sanction or remedy deemed to be appropriate.

B If a fine or other amount is not paid within thirty (30) days of the date that it becomes payable, then interest will accrue on the sum from the date that it became payable at the quoted prime rate plus three percent. The Company has sole discretion to select the bank upon whose quotations the prime rate is based. Each Participant will be responsible for paying any fine or other amount imposed on, but not paid by, any of its Authorized Users.

Rule 8.18 Appeal from Hearing Panel Decision, Summary Impositions of Fines and Other Summary Actions

A A Person found by the Hearing Panel to have violated any of the Rules or a provision of Applicable Law or who is subject to any summary fine imposed pursuant to Rule 8.19 or any summary action imposed pursuant to Rule 8.20 may appeal the decision within twenty (20) days of receiving the order of the disciplinary proceedings or the notice of summary action, as the case may be, by filing a notice of appeal with the Chief Compliance Officer. While an appeal is pending, the effect of the order of disciplinary proceedings or the summary action (including any sanctions, remedies or costs imposed thereby) shall be suspended, except as provided in Rule 8.15(F) with respect to any denial or limit on

Clearing Privileges or ability to otherwise access the secure portion of the Company Web Site, including the Clearing System.

- B The notice of appeal must state in writing the grounds for appeal, identifying each finding of fact, conclusion and sanctions to which the appellant objects. An appellant may appeal the order of disciplinary proceedings or any summary decision on the grounds that:
1. the order or decision was arbitrary, capricious, an abuse of discretion, or not in accordance with the Rules;
 2. the order or decision exceeded the authority or jurisdiction of the Hearing Panel, the Chief Compliance Officer or the Company;
 3. the order or decision failed to observe required procedures;
 4. the order or decision was unsupported by the facts or evidence; or
 5. the imposed sanctions, remedies or costs are inappropriate or unsupported by the record.
- C The Chief Compliance Officer will forward copies of any notice of appeal received by it to all parties to the disciplinary proceeding or summary action, as the case may be, except the appellant. On or before the 20th day after filing a notice of appeal, the appellant must file with the Chief Compliance Officer and serve on the Compliance Department a brief supporting the notice of appeal and documents supporting the brief. On or before the 20th day after the date on which the appellant serves the supporting brief, the appellee must file and serve its brief in opposition with the Compliance Department. On or before the 10th day after the date on which the appellee serves its brief in opposition, the appellant must file and serve a brief in reply with the Compliance Department.
- D In connection with any appeal, the Compliance Department will furnish to the Chief Compliance Officer and to the respondent a transcript of the hearing, any exhibits introduced at the hearing, the notice of appeal and briefs filed to support and oppose the appeal.
- E Within thirty (30) days after the last submission filed pursuant to Rule 8.18C, the Board will appoint an Appeal Panel to consider and determine the appeal. The Board shall appoint individuals at the recommendation of the Chief Compliance Officer to serve on the Appeal Panel for a term of one year, subject to reappointment by the Board, as potential participants on Appeal Panels. The Chief Compliance Officer's recommendation shall include Public Directors. The term of an individual that has been selected as a Participant of an Appeal Panel will not expire until the related proceedings are completed. No individual appointed to an Appeal Panel shall be a Participant of the Compliance Department or have been a Participant of any Disciplinary Panel involved in the matters on appeal.
- F The chair of the Appeal Panel shall be a Public Director.
- G Within ten (10) days of being notified of the appointment of the Appeal Panel, an appellant may seek to disqualify any individual named to the Appeal Panel for the reasons identified in Rule 2.15 or for any other reasonable grounds, by serving written notice on the Chief Compliance Officer. By not timely filing a request for disqualification, the appellant will be deemed to have waived any objection to the composition of an Appeal Panel. The general counsel of the Company will decide the merits of any request for disqualification within their sole discretion.
- H The Appeal Panel will hold a hearing to allow parties to present oral arguments. Any hearing will be conducted privately and confidentially. Notwithstanding the confidentiality of hearings, the Appeal Panel may appoint an expert to attend any hearing and assist in the

deliberations if such individuals agree to be subject to appropriate confidentiality agreements. In determining procedural and evidentiary matters, the Appeal Panel will not be bound by evidentiary or procedural rules or law.

- I The Appeal Panel will only consider on appeal the record before the Hearing Panel or, in the case of a summary action, the record considered by the Chief Compliance Officer, the notice of appeal, the briefs filed in support and opposition of the appeal, and any oral arguments of the parties. The Appeal Panel may only consider new evidence when the Appeal Panel determines that good cause exists as to why the evidence was not introduced during the disciplinary proceeding or when imposing the summary action.
- J After completing its review, the Appeal Panel may affirm, modify or reverse any order of the disciplinary proceedings or summary action under appeal, in whole or in part, including increasing, decreasing or eliminating any sanction or remedy imposed, imposing any other sanction or remedy authorized by the Rules, remanding the matter to the same or a different Hearing Panel for further disciplinary proceedings, or ordering a new hearing.
- K As promptly as reasonably possible following its review, the Appeal Panel will issue a written decision based on the weight of the evidence before the Appeal Panel. The decision of the Appeal Panel will include a determination for each finding, conclusion and sanction reviewed on appeal; provided, however, that the Appeal Panel need not make any determination with respect to a finding, conclusion or sanction if making such finding or reaching such conclusion would have no effect on the sanctions, remedies or costs imposed on the parties to the appeal.
- L The Appeal Panel's written order will be the final action of the Company and will not be subject to appeal within the Company.

Rule 8.19 Summary Imposition of Fines

- A The Chief Compliance Officer may summarily impose a fine against a market participant on account of conduct by such market participant, any Participant, Person, or Customer of such Participant, or any IB Customer, or any Person using any Firm ID or User ID assigned to a Person, for failing:
 - 1. to make timely payments of fees, cost, charges or fines to the Company or any Clearing House;
 - 2. to make timely and accurate submissions to the Company of notices, reports or other information required by the Rules; and
 - 3. to keep any books and records required by the Rules.
- B The Compliance Department, acting on behalf of the Chief Compliance Officer, will give notice of any fine imposed pursuant to this Rule 8.19 to each Person subject thereto. The notice will specify:
 - 1. the violations of the Rules for which the fine is being imposed;
 - 2. the date of the violation for which the fine is being imposed; and
 - 3. the amount of the fine.
- C Within twenty (20) days of serving the notice of fine, the relevant Person must either pay or cause the payment of the fine or file notice of an appeal pursuant to Rule 8.18. Unless timely notice of appeal is filed pursuant to Rule 8.18, the fine will become final upon the expiration of twenty (20) days after the notice of fine is served on the Person.
- D The Company will set the amount of any fines imposed pursuant to this Rule 8.19, with a minimum fine of \$1,000 and a maximum fine not to exceed \$5,000. Summary imposition

of fines pursuant to this Rule 8.19 will not preclude the Company from bringing any other action against such Person.

Rule 8.20 Emergency Suspensions and Other Disciplinary Actions

- A Notwithstanding anything in the Rules to the contrary, the Chief Compliance Officer may summarily suspend, revoke, limit, condition, restrict or qualify any Person's access to, or use of, the Clearing System, and may take other summary action against any Person in accordance with the Rules (any such action, an "Emergency Disciplinary Action"); provided, however, that the Chief Compliance Officer must reasonably believe that such Emergency Disciplinary Action is necessary to protect the best interests of the marketplace served by the Company. Pursuant to Rule 9.7(B), the Chief Compliance Officer may summarily suspend a Participant that fails to timely satisfy an arbitration award or settlement rendered in any arbitration pursuant to Chapter 9.
- B Whenever practicable, the Company shall provide prior written notice to the Person and any market participant on whose behalf such Person may be acting for, against whom any Emergency Disciplinary Action will be taken. If prior notice is not practicable, the Company will give notice at the earliest possible opportunity to the respondent against whom the Emergency Disciplinary Action is brought. The notice shall state the Emergency Disciplinary Action taken or to be taken, as applicable, briefly state the reasons for the Emergency Disciplinary Action, and state the effective time and date, and duration of the Emergency Disciplinary Action.
- C As soon as is reasonably practicable following provision of a written notice pursuant to Rule 8.20(B), there shall be a hearing pursuant to Rule 8.13, Rule 8.14, Rule 8.15, and Rule 8.16; provided, however, that the notice served pursuant to Rule 8.20(B) shall be used instead of a Notice of Charges; provided further that the decision of the Hearing Panel shall specify a description of the Emergency Disciplinary Action, the reasons for the Emergency Disciplinary Action, a summary of the evidence produced at the hearing, a statement of findings and conclusions, a determination that the Emergency Disciplinary Action should be affirmed, modified or reversed, and a declaration of any action to be taken pursuant to such determination as well as the effective time, date and duration of such action (rather than the information required by Rule 8.6(B)).
- D The decision of the Hearing Panel convened to dispose of an Emergency Disciplinary Action shall be appealable pursuant to Rule 8.18. A respondent may offer to settle the Emergency Disciplinary Action pursuant to Rule 8.11 without regard to whether an Investigation has been completed.
- E At the request of the Company, a respondent against whom an Emergency Disciplinary Action is brought must provide books and records over which the respondent has access or control and must furnish information to, or appear or testify before, the Company in connection with the enforcement of any of the Rules or provision of Applicable Law.

Rule 8.21 Rights and Responsibilities After Suspension or Termination

- A When a Person's access to, or use of, the Clearing System is suspended for a period of twelve (12) months or less, none of its rights (including the right to hold oneself out to the public as a Participant, or Clearing firm, to submit contracts for Clearing and to receive rates for fees, costs, and charges and deposit margins that are conditional on its status as a Participant) will apply during the period of the suspension, except for the right of such Person to assert claims against others as provided in the Rules. Any suspension does not affect the rights of creditors of any Person under the Rules or relieve any Person of its obligations (including obligations to perform under any Contract to which such Person is a party, or obligations to pay any Company fees, costs, or charges incurred during the suspension). The Company may discipline a suspended Person under this Chapter 8 for

any violation by such Person of the Rules or any provision of Applicable Law committed by such Person before, during or after the suspension.

- B When a market participant's status as a Person or any Authorized User, thereof, has been terminated, or when the Clearing Privileges or the ability to otherwise access the secure portion of the Company Web Site, including the Clearing System, of a Person or an Authorized User have been terminated, (i) all of such Person's or its Authorized User's related rights will terminate, except for the right of such Person or Authorized User to assert claims against others, as provided in the Rules, and (ii) the status, Clearing Privileges or ability to otherwise access the secure portion of the Company Web Site, including the Clearing System, of such market participant or any Authorized User may only be reinstated by such market participant applying for such status, Clearing Privileges or ability to otherwise access the secure portion of the Company Web Site, including the Clearing System, pursuant to the Rules. Any such termination will not affect the rights of creditors of such market participant under the Rules.
- C The Company will not consider the application of a terminated market participant if such market participant continues to fail to appear at disciplinary proceedings without good cause or continues to impede the progress of disciplinary proceedings.
- D A suspended or terminated Participant or Authorized User remains subject to the Rules and the jurisdiction of the Company for acts and omissions prior to the suspension or termination, and must cooperate in any inquiry, Investigation, disciplinary proceeding, appeal of disciplinary proceedings, summary suspension or other summary action as if the suspended or terminated Participant or Authorized User still had Clearing Privileges.
- E In the event of the suspension or revocation of a market participant's Clearing Privileges or the ability to otherwise access the secure portion of the Company Web Site, including the Clearing System, the Company may postpone the effective date of such suspension or revocation if it is in the best interests of Customers serviced by the market participant.

Rule 8.22 Notice to the Respondent, the Regulatory Services Provider, and the Public

The Company will provide written notice of disciplinary proceedings to each of the parties consistent with applicable CFTC Regulations. Whenever the Company suspends, expels, fines or otherwise disciplines, or denies any Person access to the Company, the Company will make the public disclosures required by CFTC Regulations.

Rule 8.23 Enforcement Staff

- A The Company must establish and maintain sufficient enforcement staff and resources to effectively and promptly prosecute possible rule violations within the disciplinary jurisdiction of the Company. The Company must also monitor the size and workload of its enforcement staff annually and ensure that its enforcement resources and staff are at appropriate levels. The Company's enforcement staff may not include either Participants or persons whose interests conflict with their enforcement duties. A member of the Company's enforcement staff may not operate under the direction or control of any person or persons with Clearing Privileges from the Company. The Company's enforcement staff may operate as part of the Compliance Department.

CHAPTER 9

Arbitration

Rule 9.1 Disputes Subject to Arbitration

A Mandatory Arbitration of Disputes Among Participants

1. It is contrary to the objectives and policy of the Company for Participants to litigate Company-related disputes. By accessing the Company for the purpose of submitting contracts for clearing, each Participant agrees that it shall arbitrate all disputes that relate to or arise out of any such Transaction, through the American Arbitration Association (“AAA”) in accordance with its Commercial Arbitration Rules. In the event of a conflict between the Rulebook and the AAA’s Commercial Arbitration Rules, the terms of the Rulebook shall control.
2. Notwithstanding the foregoing, this Rule 9.1 does not require an employee of a Participant to submit to arbitration any claim that includes allegations of a violation of federal, state, or local employment discrimination, sexual harassment, wage payment or benefits laws.

B Claims Against the Company or DCMs

1. Claims against the Company can be submitted to arbitration through the AAA. Such arbitration shall be conducted pursuant to the Rules and the AAA’s Commercial Arbitration Rules.
2. Claims against DCMs must be pursued pursuant to the Rules of the DCM.

C The following may be submitted for arbitration through the AAA and, in the event such a claim is submitted against a Participant, that Participant is required to arbitrate the dispute under these Rules, unless otherwise provided:

1. claims of a Customer that is not a Participant against a Participant that relate to or arise out of any Transaction on or subject to the Rules of the Company;
2. claims against a Participant pursuant to Rule 10.9;
3. claims of a Customer that is not a Participant against a Clearing Firm responsible for the performance of a Contract on or subject to the rules of the Company and/or against a Participant in connection with such a Transaction; and
4. at the discretion of the Chief Compliance Officer, any claim involving the interests of the Company, its Participants, their business relations, or commodity futures trading in general not otherwise arbitrable under these rules, provided that the parties have consented to such arbitration.

D Waiver of Any Objection to Jurisdiction

Any Person who is not a Participant who submits a claim or grievance to arbitration or any Person who appeals any arbitration decision, or who takes any steps therein, shall be conclusively presumed to have voluntarily recognized and agreed to the jurisdiction of the American Arbitration Association to hear and determine the claim or appeal.

E Referral to the American Arbitration Association

1. If a complaint is received by the Company from a Customer, it shall be referred to the Compliance Department, which shall inform the Customer of alternatives under Applicable Law for asserting a claim based on that complaint.

2. The Company is adopting the AAA Commercial Arbitration Rules as set forth in this Rule 9.1. Any violation of the AAA Commercial Arbitration Rules shall be a violation of this Rule 9.1.

Rule 9.2 Initiating an Arbitration Claim

- A A claimant may initiate a claim by submitting the required documents and fees to the American Arbitration Association.
- B A claimant shall provide notice of such arbitration claim to the Company.

Rule 9.3 Exceptions to Required Arbitration

This Chapter 9 does not apply to disputes between Participants where: (1) such Participants are required by the Rules of a Self-Regulatory Organization to submit to the dispute resolution procedures of that Self-Regulatory Organization; or (2) such Participants have, by valid and binding agreement, committed to negotiate or litigate in a forum other than AAA.

Rule 9.4 Notice

The Company will ensure that Persons subject to arbitration under this Chapter 9 will be provided with adequate notice of the claims presented against such Person, as well as any fees and costs that may be assessed against such Person.

Rule 9.5 Right to Counsel

Every Person is entitled to represent their own interests, be represented by counsel of their choosing and at their own expense who is admitted to practice before the highest court in any State, by a family Participant or be represented by any other non-compensated representative. An entity must be represented by an officer or owner of the entity or by counsel.

Rule 9.6 Notice of Decision

- A The Compliance Department shall provide to NFA for inclusion in its Internet- accessible database of disciplinary matters, within two (2) 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 Company.
- B The Compliance Department shall make public notice of the Disciplinary Action when the Disciplinary Action becomes final by posting on its Web Site the information required by CFTC Regulation 9.11, for a period of five (5) consecutive Settlement Bank Business Days in accordance with CFTC Regulation 9.13.

Rule 9.7 Penalties

- A Any failure on the part of a Participant to arbitrate a dispute subject to this Chapter, or the commencement by any such Participant of a suit in any court prior to arbitrating a case subject to this Chapter, violates the Rules and may subject such Person to a disciplinary proceeding pursuant to Chapter 8 of these Rules.
- B The Company may summarily suspend, pursuant to Chapter 8 of these Rules, a Participant that fails to timely satisfy an arbitration award or settlement rendered in any arbitration pursuant to this Chapter.

CHAPTER 10

Miscellaneous

Rule 10.1 Settlement Prices

- A The DCM will provide the Company with settlement prices each Business Day. The daily settlement price shall be determined at the conclusion of Trading Hours on a Business Day as defined under the relevant Contract Specification, based on the methodology developed for each Contract.
- B The DCM will provide the Company with the final settlement prices at the end of the final settlement period on the expiry of the Contract. Settlement Prices will be calculated as defined by the Contract Specification.
- C The Company reserves the right to adjust Daily and Final Settlement Prices as it deems necessary based on current market conditions or otherwise.

Rule 10.2 Extension or Waiver of Rules

The Company may, in its sole discretion, waive, or extend the time period for performing, any act or acts designated by the Rules, but only to the extent such waiver or extension is not inconsistent with the CEA or the CFTC Regulations.

Rule 10.3 Governing Law

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

Rule 10.4 Force Majeure

Notwithstanding any other provision of the Rules, the Company shall not be obligated to perform its obligations under the Rules or any agreement with a Participant, or to compensate any Person for losses occasioned by any delay or failure of performance, to the extent a delay or failure of performance is the result of circumstances that the Company determines, in its sole discretion, may have an adverse effect upon the functions and facilities of the Company, including, but not limited to, acts of God, fire or other natural disasters, inclement weather, embargoes, bomb threats, pressure waves, disruption of electricity, communication outages or delays, acts or threats of terrorism, riots, commotions, strikes, war, invasions, hostilities (whether declared or not), epidemics, pandemics, and contaminations.

Rule 10.5 Property Rights

- A Each Participant and each IB 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 Company owns and shall retain all right, title and interest in and to the Company, 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, (a) copyright, (b) trademark, (c) service mark, (d) trade secret, (e) trade name, (f) data or database rights, (g) design rights, (h) moral rights, (i) inventions, whether or not capable of protection by patent or registration, (j) rights in commercial information or technical information, including know-how, research and development data and manufacturing methods, (k) patent, and (l) other intellectual property and ownership rights, including applications for the grant of any of the same, in or to the Company and all other related proprietary rights of the Company 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 Participant and each IB 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 Company. Each Participant and each IB acknowledges and agrees that it shall not and 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 Company or the Proprietary Information. Each Participant and each IB further agrees to and 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 Company or any Proprietary Information.

- B Subject to the provisions of this Rule, each Participant and each IB 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 Company 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 Participants, Affiliates, Authorized Users, IBs and such other Persons may use market data for their own internal business purposes. Without limiting the generality of the foregoing, Participants, Affiliates, Authorized Users, IBs and other Persons affiliated with any of the foregoing may not distribute, sell or retransmit market data to any third party.
- C Notwithstanding any other provision of this Rule, each Participant, IB, 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 Company by such Participant, IB, or Authorized User.
- D 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.
- E The Company shall not condition access to the Company upon a Participant’s consent for the Company 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 Company 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 Company, where necessary, for regulatory purposes, may share Proprietary Data and Personal Information with one or more DCMs, or other similar entities. Further, nothing in this Rule shall preclude the Company from disclosing Proprietary Data and Personal Information: (1) as required by Applicable Law or legal process; (2) as the Company may deem necessary or appropriate in connection with any litigation affecting the Company; (3) to any representative authorized to receive such information within the scope of their duties; (4) to a third party performing regulatory or operational services for the Company, provided that such party has executed a confidentiality and non-disclosure agreement in a form approved by the Company; (5) to a duly authorized representative of the CFTC lawfully requesting Proprietary Data and Personal Information; (6) in a manner in which a

market participant consents to such disclosure; (7) pursuant to the terms of an information-sharing agreement; or (8) as permitted by CFTC Regulations.

Rule 10.6 Signatures

Rather than rely on an original signature, the Company 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 10.7 Legal Proceedings

- A Any action, suit or proceeding against the Company, 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 Federal courts located in Chicago, Illinois. Each Participant, IB 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.
- B In the event that a Participant, IB or Authorized User or an Affiliate of such Person who fails to prevail in a lawsuit or other legal proceeding instituted by such Participant, IB, Authorized User or Affiliate against (i) the Company or (ii) any Affiliate of the Company or any of its respective officers, directors, equity holders, employees, agents, or any member of any committee, and related to the business of the Company, such Participant, IB, Authorized User or Affiliate shall pay to the Company all reasonable costs and expenses, including attorneys' fees, incurred by the Company in the defense of such proceeding. This Rule 10.7 shall not apply to Company disciplinary actions, appeals thereof, or an instance in which the Board has granted a waiver of the provisions hereof.
- C The Company will provide notice to the Commission about the institution of any legal proceedings which may have a material adverse financial impact on the Company as required under CFTC Regulation 39.19.

Rule 10.8 Limitation of Liability; No Warranties

THIS RULE 10.8 SETS FORTH THE LIABILITY AND INDEMNIFICATION OBLIGATIONS OF THE COMPANY AND ANY QUANTA PARTY (AS DEFINED IN RULE 10.8A TO ANY PERSON, EXCEPT AS OTHERWISE PROVIDED IN THIS RULEBOOK OR IN THE PARTICIPANT DOCUMENTATION, IN WHICH THE PARTIES AGREE TO SUPERSEDE THE TERMS OF THIS RULE 10.8.

- A SUBJECT TO CLAUSES (F) AND (G) OF THIS RULE 10.8, EXCEPT IN INSTANCES WHERE THE COMPANY OR A QUANTA PARTY HAS BEEN FINALLY ADJUDICATED TO HAVE ENGAGED IN GROSS NEGLIGENCE OR WILLFUL MISCONDUCT (IN WHICH CASE THE COMPANY OR QUANTA PARTY FOUND TO HAVE ENGAGED IN SUCH CONDUCT CANNOT AVAIL ITSELF OF THE PROTECTIONS IN THIS RULE 10.8(A)), NEITHER THE COMPANY (INCLUDING ITS SUBSIDIARIES AND AFFILIATES, NOR ANY TECHNOLOGY SERVICES PROVIDER AND CONTRACTORS PROVIDING SERVICES TO THE COMPANY), NOR ANY OF THEIR RESPECTIVE SUCCESSORS OR ASSIGNS, NOR ANY OF THEIR RESPECTIVE EMPLOYEES, OFFICERS, DIRECTORS, PARTICIPANTS, PARTNERS, MANAGERS, AGENTS OR SUPPLIERS PROVIDING SERVICES TO THE COMPANY (EACH, A "QUANTA PARTY") SHALL BE LIABLE TO ANY PERSON FOR ANY LOSSES, DAMAGES, COSTS OR EXPENSES, INCLUDING TRADING LOSSES, ARISING FROM OR IN CONNECTION WITH, IN EACH CASE:

1. ANY FAILURE, MALFUNCTION, FAULT IN DELIVERY, DELAY, OMISSION, SUSPENSION, INACCURACY, ERROR, TERMINATION, OR ANY OTHER CAUSE, IN CONNECTION WITH THE PROVISION, PERFORMANCE, MAINTENANCE, OR USE OF, THE PLATFORM, CLEARING SYSTEM, WEB SITE, ANY INFORMATION OR SERVICES PROVIDED BY THE COMPANY OR ANY QUANTA PARTY OR ANY FACILITIES OR TECHNOLOGY USED TO SUPPORT THE CLEARING SYSTEM, WEB SITE, COMPANY OR CLEARING SERVICES INCLUDING ANY FAILURE TO PROVIDE ALL OR ANY PART OF THE CLEARING SYSTEM, OR ANY INABILITY OF ANY PERSON TO VIEW, ENTER, EXECUTE, CANCEL, OR CLEAR TRANSACTIONS IN WHOLE OR IN PART;
2. ANY ERRORS OR INACCURACIES IN INFORMATION PROVIDED BY THE COMPANY, ANY QUANTA PARTY, OR ANY CLEARING SYSTEMS, SERVICES OR FACILITIES, ANY ELECTRONIC COMMUNICATION OF MARKET DATA OR INFORMATION, PRICE REPORTING SYSTEMS AND ANY AND ALL TERMINALS, PLATFORM, MATCHING ENGINE, EXECUTION SYSTEM, COMMUNICATIONS NETWORKS, SERVERS, SOFTWARE, HARDWARE, AND FIRMWARE, WHETHER SUCH ERRORS OR INACCURACIES ARE A RESULT OF ANY ACTION OR INACTION OF THE COMPANY, A QUANTA PARTY OR AN INDEPENDENT THIRD PARTY;
3. THE CREDITWORTHINESS OF ANY PARTICIPANT OR CUSTOMER;
4. ACTS OR OMISSIONS OF ANY PERSON, AUTHORIZED USER, AUTHORIZED REPRESENTATIVE OR CUSTOMER THEREOF; OR
5. ANY UNAUTHORIZED ACCESS TO OR UNAUTHORIZED USE OF ANY COMPANY SYSTEMS, SERVICES OR FACILITIES BY ANY PERSON.

THE FOREGOING LIMITATION OF LIABILITY SHALL APPLY REGARDLESS OF WHETHER A CLAIM ARISES IN CONTRACT, TORT, NEGLIGENCE, STRICT LIABILITY OR OTHERWISE AND REGARDLESS OF WHETHER THE COMPANY HAS BEEN ADVISED OF, OR OTHERWISE MIGHT HAVE ANTICIPATED, THE POSSIBILITY OF SUCH LOSSES, INCLUDING TRADING LOSSES, DAMAGES, COSTS OR EXPENSES.

B UNLESS THE COMPANY OR A QUANTA PARTY HAS BEEN FINALLY ADJUDICATED BY A COURT OF COMPETENT JURISDICTION TO HAVE ENGAGED IN GROSS NEGLIGENCE OR WILLFUL MISCONDUCT, THE COMPANY'S AND ANY QUANTA PARTY'S TOTAL COMBINED AGGREGATE LIABILITIES SHALL NOT EXCEED \$25,000 FOR ALL LOSSES, INCLUDING TRADING LOSSES, FROM ALL CAUSES SUFFERED BY ALL PERSONS ON A SINGLE DAY; \$50,000 FOR ALL LOSSES, INCLUDING TRADING LOSSES, SUFFERED BY ALL PERSONS FROM ALL CAUSES IN A SINGLE CALENDAR MONTH; AND \$100,000 FOR ALL LOSSES, INCLUDING TRADING LOSSES, FROM ALL CAUSES SUFFERED BY ALL PERSONS IN A SINGLE CALENDAR YEAR. IF THE NUMBER OF ALLOWED CLAIMS ARISING OUT OF ANY FAILURES OR MALFUNCTIONS ON A SINGLE DAY OR SINGLE MONTH CANNOT BE FULLY SATISFIED BECAUSE OF THE ABOVE DOLLAR LIMITATIONS, ALL SUCH CLAIMS SHALL BE LIMITED TO A PRO RATA SHARE OF THE MAXIMUM AMOUNT FOR THE RESPECTIVE PERIOD. IN NO EVENT SHALL THE TOTAL COMBINED AGGREGATE LIABILITY OF THE COMPANY AND ANY QUANTA PARTY, FOR ALL CLAIMS ARISING OUT OF ANY

FAILURES, MALFUNCTIONS, FAULTS IN DELIVERY, DELAYS, OMISSIONS, SUSPENSIONS, INACCURACIES, INTERRUPTIONS, TERMINATIONS OR ANY OTHER CAUSES IN CONNECTION WITH THE FURNISHING, PERFORMANCE, OPERATION, MAINTENANCE, USE OF OR INABILITY TO USE ALL OR ANY PART OF ANY OF THE COMPANY'S SYSTEMS OR SERVICES, OR SERVICES, EQUIPMENT OR FACILITIES USED TO SUPPORT SUCH SYSTEMS OR SERVICES, INCLUDING THE CLEARING SYSTEM, OR THE NEGLIGENCE OF THE COMPANY OR ANY QUANTA PARTY, EXCEED \$100,000 IN ANY GIVEN CALENDAR YEAR.

- C NEITHER THE COMPANY NOR ANY QUANTA PARTY SHALL BE LIABLE TO ANY PERSON FOR ANY DAMAGES, COSTS, LOSSES, INCLUDING TRADING LOSSES, OR EXPENSES AND THE PERSON, OR CUSTOMER (AS THE CASE MAY BE) SHALL INDEMNIFY, PROTECT AND HOLD THE COMPANY AND ANY QUANTA PARTY HARMLESS FROM AND AGAINST ANY AND ALL LOSSES, INCLUDING TRADING LOSSES, DAMAGES, COSTS OR EXPENSES BASED UPON, OR IN CONNECTION WITH ANY CLAIM BY A THIRD PARTY BASED UPON THE DELAY, OMISSION, SUSPENSION, INACCURACY, ERRORS OR TIMELINESS OR OTHER ACTS OR OMISSIONS OF SUCH PERSON OR ANY OF ITS OR THEIR AUTHORIZED USERS, OR CUSTOMERS (AS THE CASE MAY BE) IN RESPECT OF TRANSACTIONS OR ANY RELATED DATA, INCLUDING IN CONNECTION WITH QUOTES, BIDS, OFFERS OR OTHER PRICE INFORMATION PROVIDED IN CONNECTION WITH OR RELATING TO ANY TRANSACTION, ANY CLEARING SERVICES, OR ANY REQUEST FOR QUOTE OR INDICATION OF INTEREST.
- D NEITHER THE COMPANY NOR ANY QUANTA PARTY MAKES ANY EXPRESS OR IMPLIED WARRANTIES OR REPRESENTATIONS RELATING TO THE COMPANY OR ANY CLEARING SERVICES OR FACILITIES USED TO SUPPORT THE CLEARING SYSTEM, INCLUDING ANY WARRANTIES OF MERCHANTABILITY OR WARRANTIES OF FITNESS FOR A PARTICULAR PURPOSE OR USE. THE COMPANY WILL PROVIDE ALL SERVICES ON AN "AS IS" AND "AS AVAILABLE" BASIS AT THE SOLE RISK OF THE PERSON, OR CUSTOMER, AS THE CASE MAY BE. FURTHERMORE, NEITHER THE COMPANY NOR ANY QUANTA PARTY GUARANTEES OR MAKES ANY REPRESENTATION OR WARRANTY, EITHER EXPRESS OR IMPLIED, AS TO THE VALIDITY, SEQUENCE, TIMELINESS, COMPLETENESS, ACCURACY OR CONTINUED AVAILABILITY OF ANY INFORMATION OR DATA MADE AVAILABLE ON OR THROUGH THE COMPANY. NEITHER THE COMPANY NOR ANY QUANTA PARTY SHALL HAVE A DUTY OR OBLIGATION TO VERIFY ANY INFORMATION DISPLAYED ON THE CLEARING SYSTEM OR OTHERWISE. EACH PERSON, OR CUSTOMER ACKNOWLEDGES AND AGREES THAT NEITHER THE COMPANY NOR ANY QUANTA PARTY SERVES OR SHALL SERVE AS THE PRIMARY BASIS FOR ANY DECISIONS MADE BY SUCH PERSON, OR CUSTOMER, AS THE CASE MAY BE, NOR SHALL THE COMPANY OR ANY QUANTA PARTY BE DEEMED TO ACT AS AN ADVISOR OR FIDUCIARY OF ANY PERSON, OR CUSTOMER, AS THE CASE MAY BE.
- E ANY DISPUTE ARISING OUT OF THE USE OF THE CLEARING SYSTEM OR CLEARING SERVICES OR FACILITIES USED TO SUPPORT THE CLEARING SYSTEM TO WHICH THE COMPANY OR ANY QUANTA PARTY IS A PARTY SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF ILLINOIS, WITHOUT REGARD TO ITS CONFLICT OF LAW PRINCIPLES. ANY ACTIONS, ARBITRATIONS, SUITS OR PROCEEDINGS SHALL

BE BROUGHT WITHIN TWO (2) YEARS FROM THE TIME THE PERSON FILING THE CLAIM KNEW, OR SHOULD HAVE KNOWN, OF THE ACT OR TRANSACTION THAT IS THE SUBJECT OF THE DISPUTE. ANY SUCH ACTION, SUIT OR PROCEEDING MUST BE BROUGHT IN ANY FEDERAL OR STATE COURTS LOCATED IN THE COUNTY OF COOK, IN THE STATE OF ILLINOIS. THIS PROVISION SHALL IN NO WAY CREATE A CAUSE OF ACTION AND SHALL NOT AUTHORIZE ANY ACTION THAT WOULD OTHERWISE BE PROHIBITED BY THE RULES OF THE COMPANY.

- F UNDER NO CIRCUMSTANCES WILL THE COMPANY OR ANY QUANTA PARTY BE LIABLE TO ANY PERSON FOR ANY INDIRECT, INCIDENTAL, PUNITIVE, SPECIAL OR CONSEQUENTIAL DAMAGES, INCLUDING LOSS OF PROFITS, LOSS OF USE, BUSINESS INTERRUPTION, THE COST OF PROCUREMENT OF SUBSTITUTE GOODS, SERVICES OR TECHNOLOGY, OR CORRUPTION OR LOSS OF DATA.
- G NOTWITHSTANDING ANY OF THE FOREGOING PROVISIONS, THIS RULE 10.8 SHALL IN NO WAY LIMIT THE LIABILITY OF ANY PERSON ARISING FROM ANY VIOLATION BY SUCH PERSON OF THE CEA OR CFTC REGULATIONS THEREUNDER.

Rule 10.9 Error Trade Policy

NEITHER THE COMPANY 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 COMPANY, ITS REPRESENTATIVES, ITS AFFILIATES, ITS AFFILIATES' REPRESENTATIVES, OR ANY DCM CLEARING THROUGH THE COMPANY RELATING TO ANY DECISION BY THE COMPANY 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 COMPANY, ITS REPRESENTATIVES, ITS AFFILIATES OR ITS AFFILIATES' REPRESENTATIVES (OR ANY DESIGNEE THEREOF), OR ANY DCM CLEARING THROUGH THE COMPANY WERE ADVISED OF OR OTHERWISE MIGHT HAVE ANTICIPATED THE POSSIBILITY OF SUCH DAMAGES.