Exhibit A-1

CORE PRINCIPLES	Narrative	EXPLANATIONS AND REFERENCES TO RELEVANT SBOT EXHIBITS
Core Principle A – Compliance (17 C.F.R. § 39.10)		
(i) In general—To be registered and to maintain registration as a derivatives clearing organization, a derivatives clearing organization shall comply with each core principle described in this paragraph and any requirement that the Commission may impose by rule or regulation pursuant to section 12a(5) of this title. (ii) Discretion of derivatives clearing organization—Subject to any rule or regulation prescribed by the Commission, a derivatives clearing organization shall have reasonable discretion in establishing the manner by which the derivatives clearing organization complies with each core principle described in this paragraph.	Smarkets Board of Trade Clearing (“Smarkets Clearing") is applying for registration as a derivatives clearing organization (“DCO”) by submitting Form DCO. Once registered, Smarkets will comply with the DCO Core Principles. Smarkets Clearing's Rulebook, Compliance Manual, Business Continuity and Disaster Recovery Plan, Enterprise Risk Management Plan, as well as its operations plan, have been designed to be compliant with the DCO Core Principles and the Commodity Exchange Act ("CEA"), as amended, and any other applicable Commission regulations. Prior to launch, Smarkets Clearing will designate a Chief Compliance Officer ("CCO") who will be responsible for developing and enforcing DCO policies to prevent violations of the CEA and Part 39 of the Commission Regulations. The CCO will report to Smarkets Clearing's Board of Directors and will responsible for satisfying all obligations described in Commission Regulation 39.10(c). Further, Smarkets Clearing has enacted a risk management program that is compliant with all applicable requirements.	This Application, including all exhibits and attachments.
Core Principle B – Financial Resources (17 C.F.R. § 39.11)		
(i) In general—Each derivatives clearing organization shall have adequate financial, operational, and managerial resources, as determined by the Commission, to discharge each responsibility of the derivatives clearing organization. (ii) Minimum amount of financial resources—Each derivatives clearing organization shall possess financial resources that, at a minimum, exceed the total amount that would (I) enable the organization to meet its financial obligations to its members and participants notwithstanding a default by the member or participant creating the largest financial exposure for that organization in extreme but plausible market conditions; and (II) enable the derivatives clearing organization to cover the operating costs of the derivatives clearing organization for a period of 1 year (as calculated on a rolling basis).	Smarkets Clearing maintains sufficient financial resources by operating a fully collateralized DCO and by collecting an appropriate level of fees from Participants. Exhibits B1 through B4 provided further details regarding how Smarkets Clearing has been funded as well as detailed cost projections ensuring that at all times the DCO has in excess of the minimum financial resources required.	Exhibits B-1, B-2, B-3 and B-4 (Financial Resources)
Core Principle C – Participant and Product Eligibility (17 C.F.R. § 39.12)		
(i) In general—Each derivatives clearing organization shall establish (I) appropriate admission and continuing eligibility standards (including sufficient financial resources and operational capacity to meet obligations arising from participation in the derivatives clearing organization) for members of, and participants in, the derivatives clearing organization; and (II) appropriate standards for determining the eligibility of agreements, contracts, or transactions submitted to the derivatives clearing organization for clearing. (ii) Required procedures—Each derivatives clearing organization shall establish and implement procedures to verify, on an ongoing basis, the compliance of each participation and membership requirement of the derivatives clearing organization. (iii)Requirements—The participation and membership requirements of each derivatives clearing organization shall (I) be objective; (II) be publicly disclosed; and (III) permit fair and open access.	Smarkets Clearing has established clear member eligibility criteria that allow for fair and open access. Chapter 3 of the Smarkerts Clearing Rulebook details the specific eligibility requirements to become a Member of Smarkets Clearing. By design, clearing member positions are always fully collateralized. Members are not able to enter into positions on the designated contract market without adequate financial resources at the time of trading. All Members and Participants must complete an application process to become a Member/Participant of Smarkets Clearing and must agree to comply with all Rules in order to continue to be a Member/Participant. Any violation of the Rules could result in a disciplinary action against the Member/Participant.	Exhibit A-2 (Smarkets Clearing Rulebook) Exhibits C-1 and C-2 (Participant & Product Eligibility) Member Agreement and Disclosures
Core Principle D – Risk Management (17 C.F.R. § 39.13)		

(i) In general— Each derivatives clearing organization shall ensure that the derivatives clearing organization possesses the ability to manage the risks associated with discharging the responsibilities of the derivatives clearing organization through the use of appropriate tools and procedures. (ii) Measurement of credit exposure—Each derivatives clearing organization shall—(I) not less than once during each business day of the derivatives clearing organization, measure the credit exposures of the derivatives clearing organization to each member and participant of the derivatives clearing organization; and (II) monitor each exposure described in subclause (I) periodically during the business day of the derivatives clearing organization. (iii) Limitation of exposure to potential losses from defaults Each derivatives clearing organization, through margin requirements and other risk control mechanisms, shall limit the exposure of the derivatives clearing organization to potential losses from defaults by members and participants of the derivatives clearing organization to ensure that—(I) the operations of the derivatives clearing organization would not be disrupted; and (II) nondefaulting members or participants would not be exposed to losses that nondefaulting members or participants cannot anticipate or control. (iv) Margin requirements The margin required from each member and participant of a derivatives clearing organization shall be sufficient to cover potential exposures in normal market conditions. (v) Requirements regarding models and parameters Each model and parameter used in setting margin requirements under clause (iv) shall be—(I) risk-based; and (II) reviewed on a regular basis.	Smarkets Clearing has a risk management framework and can measure and limit risk as demonstrated in Exhibits D-1 through D-4. Smarkets Clearing employs a pre-paid, fully collateralized model which requires, prior to a position being accepted by Smarkets Clearing for clearance, each market participant provide Smarkets Clearing with collateral sufficient to cover the maximum potential loss of the contract. As a result, Smarkets Clearing will not have to calculate the financial resources requirements otherwise required under paragraph (c) of Regulation 39.11 and will not be subject to the liquidity of financial resources requirements of paragraph (e)(1)(ii) of Regulation 39.11.	Exhibit A-2 (Smarkets Clearing Rulebook) Exhibits D-1, D-2, D-3 and D-4 (Risk Management) Exhibit A-11-2 (Compliance Manual)
Core Principle E – Settlement Procedures (17 C.F.R. § 39.14)		
Each derivatives clearing organization shall— (i) complete money settlements on a timely basis (but not less frequently than once each business day); (ii) employ money settlement arrangements to eliminate or strictly limit the exposure of the derivatives clearing organization to settlement bank risks (including credit and liquidity risks from the use of banks to effect money settlements); (iii)ensure that money settlements are final when effected; (iv)maintain an accurate record of the flow of funds associated with each money settlement; (v) possess the ability to comply with each term and condition of any permitted netting or offset arrangement with any other clearing organization; (vi) regarding physical settlements, establish rules that clearly state each obligation of the derivatives clearing organization with respect to physical deliveries; and (vii) ensure that each risk arising from an obligation described in clause (vi) is identified and managed.	Smarkets Clearing will operate on a pre-paid, fully collateralized model. There will be no margin pays and collects of the type associated with leveraged clearing of positions. All clearinghouse activity is settled in real time, that is, at the time of match and acceptance for clearing. This is irrespective of market conditions. The only movement of funds through the banking system will be deposits by a Member from its bank account to a relevant deposit account established by the Clearinghouse with a settlement bank as a Member Account. When it is determined that the outcome of the underlying event has occurred per the market and the market is closed, the funds are assigned to the Members/Participants holding the contracts. Any applicable funds for contracts that were deemed to be in the money for the event are then immediately available in the Member's Participant's account balance, less associated transaction fees.	Exhibit A-2 (Smarkets Clearing Rulebook) Exhibits E-1, E-2 and E-3 (Settlement Procedures)
Core Principle F – Treatment of Funds (17 C.F.R. § 39.15)		
(i) Required standards and procedures—Each derivatives clearing organization shall establish standards and procedures that are designed to protect and ensure the safety of member and participant funds and assets. (ii) Holding of funds and assets—Each derivatives clearing organization shall hold member and participant funds and assets in a manner by which to minimize the risk of loss or of delay in the access by the derivatives clearing organization to the assets and funds. (iii) Permissible investments— Funds and assets invested by a derivatives clearing organization shall be held in instruments with minimal credit, market, and liquidity risks.	Smarkets Clearing will keep Participant funds in a Member Account in U.S. dollars as demonstrated in Exhibit F. Rule 6.3 of the Smarkets Rulebook delineates Smarkets Clearing's rules for the safe custody and segregation of members' funds while Rule 6.5 delineates the rules governing investment of members' funds.	Exhibit A-2 (Smarkets Clearing Rulebook) Exhibits F-1, F-2 and F-3 (Treatment of Funds)
Core Principle G – Default Rules and Procedures (17 C.F.R. § 39.16)		
(i) In general—Each derivatives clearing organization shall have rules and procedures designed to allow for the efficient, fair, and safe management of events during which members or participants—(I) become insolvent; or (II) otherwise default on the obligations of the members or participants to the derivatives clearing organization. (ii) Default procedures Each derivatives clearing organization shall—(I) clearly state the default procedures of the derivatives clearing organization; (II) make publicly available the default rules of the derivatives clearing organization; and (III) ensure that the derivatives clearing organization may take timely action—(aa) to contain losses and liquidity pressures; and (bb) to continue meeting each obligation of the derivatives clearing organization.	Smarkets Clearing only clears products that are fully collateralized as demonstrated in Exhibit G. By requiring 100% of the funds necessary to fully collateralize a Member's position to be on deposit before an order may be entered or a trade is executed, Smarkets Clearing is not exposed to the risk of default by Participants.	Exhibit A-2 (Smarkets Clearing Rulebook) Exhibit G (Default Rules & Procedures)
Core Principle H – Rule Enforcement (17 C.F.R. § 39.17)		

Each derivatives clearing organization shall—(i) maintain adequate arrangements and resources for—(I)the effective monitoring and enforcement of compliance with the rules of the derivatives clearing organization; and (II)the resolution of disputes; (ii) have the authority and ability to discipline, limit, suspend, or terminate the activities of a member or participant due to a violation by the member or participant of any rule of the derivatives clearing organization; and (iii) report to the Commission regarding rule enforcement activities and sanctions imposed against members and participants as provided in clause (ii).	Smarkets Clearing has established enforcement and dispute resolution procedures as demonstrated by the Smarkets Clearing Rulebook and in Exhibits H-1 and H-2.	Exhibit A-2 (Smarkets Clearing Rulebook) Exhibits H-1, H-2 (Rule Enforcement)
Core Principle I – System Safeguards (17 C.F.R. § 39.18)		
Each derivatives clearing organization shall— (i) establish and maintain a program of risk analysis and oversight to identify and minimize sources of operational risk through the development of appropriate controls and procedures, and automated systems, that are reliable, secure, and have adequate scalable capacity; (ii) establish and maintain emergency procedures, backup facilities, and a plan for disaster recovery that allows for— (I) the timely recovery and resumption of operations of the derivatives clearing organization; and (II) the fulfillment of each obligation and responsibility of the derivatives clearing organization; and (iii) periodically conduct tests to verify that the backup resources of the derivatives clearing organization are sufficient to ensure daily processing, clearing, and settlement.	Smarkets Clearing has extensive system safeguards that meet the standards in this Core Principle and the applicable requirements of Commission Regulation 39.18, including its Business Continuity & Disaster Recovery Plan, Capacity Planning Policy & Procedures, and Information Security Policy. These documents, and other related policies and procedures, and attached as part of Exhibit I.	Exhibits I-1, I-2, and I-3 (System Safeguards)
Core Principle J – Reporting (17 C.F.R. § 39.19)		
Each derivatives clearing organization shall provide to the Commission all information that the Commission determines to be necessary to conduct oversight of the derivatives clearing organization.	Smarkets Clearing will submit required reports, including, but not limited to, daily trade data reports, investigation reports, annual volume reports, and event-specific reporting. Additionally, the Commission will be promptly notified of any electronic trading halts or interruptions, significant system malfunctions, cybersecurity incident that jeopardize automated system operations, any activation of the business continuity-disaster recovery plan, and any planned changes to automated systems that may impact reliability or any risk analysis program.	Exhibit J (Reporting)
Core Principle K – Recordkeeping (17 C.F.R. § 39.20)		
Each derivatives clearing organization shall maintain records of all activities related to the business of the derivatives clearing organization as a derivatives clearing organization (i) in a form and manner that is acceptable for the Commission; and (ii) for a period of not less than 5 years.	As explained in Exhibit K, Smarkets Clearing will keep records as required by Commission Regulations 39.20.	Exhibit K (Recordkeeping)
Core Principle L Public Information (17 C.F.R. § 39.21)		
(i) In general. -- Each derivatives clearing organization shall provide to market participants sufficient information to enable the market participants to identify and evaluate accurately the risks and costs associated with using the services of the derivatives clearing organization. (ii) Availability of information. -- Each derivatives clearing organization shall make information concerning the rules and operating and default procedures governing the clearing and settlement systems of the derivatives clearing organization available to market participants. (iii) Public disclosure. -- Each derivatives clearing organization shall disclose publicly and to the Commission information concerning — (I) the terms and conditions of each contract, agreement, and transaction cleared and settled by the derivatives clearing organization; (II) each clearing and other fee that the derivatives clearing organization charges the members and participants of the derivatives clearing organization; (III) the margin-setting methodology, and the size and composition, of the financial resource package of the derivatives clearing organization; (IV) daily settlement prices, volume, and open interest for each contract settled or cleared by the derivatives clearing organization; and (V) any other matter relevant to participation in the settlement and clearing activities of the derivatives clearing organization.	Smarkets Clearing meets the standards of this Core Principle and related requirements of Commission Regulation 39.21, as described under Exhibit L. Rule 2.14 of the Rulebook (Exhibit A-2) delinates that Smarkets Clearing will post public data including Rules and procedures on its website in an easily accessible manner for Members to access.	Exhibit A-2 (Smarkets Clearing Rulebook) Exhibit L (Public Information)
Core Principle M Information Sharing (17 C.F.R. § 39.22)		
Each derivatives clearing organization shall— (i) enter into, and abide by the terms of, each appropriate and applicable domestic and international information-sharing agreement; and (ii) use relevant information obtained from each agreement described in clause (i) in carrying out the risk management program of the derivatives clearing organization.	As explained in Exhibit M, Smarkets Clearing does not expect to enter any information sharing agreements at this time but will cooperate, as necessary.	Exhibit M (Information Sharing)
Core Principle N Antitrust Considerations (17 C.F.R. § 39.23)		

Unless necessary or appropriate to achieve the purposes of this chapter, a derivatives clearing organization shall not— (i) adopt any rule or take any action that results in any unreasonable restraint of trade; or (ii) impose any material anticompetitive burden.	The Smarkets Clearing Rulebook has been designed to avoid anti-competitive behavior, as explained in Exhibit N and its attachments.	Exhibit N (Antitrust Considerations)
Core Principle O Governance Fitness Standards (17 C.F.R. § 39.24)		
(i) Governance arrangements. -- Each derivatives clearing organization shall establish governance arrangements that are transparent— (I) to fulfill public interest requirements; and (II) to permit the consideration of the views of owners and participants. (ii) Fitness standards. -- Each derivatives clearing organization shall establish and enforce appropriate fitness standards for— (I) directors; (II) members of any disciplinary committee; (III) members of the derivatives clearing organization; (IV) any other individual or entity with direct access to the settlement or clearing activities of the derivatives clearing organization; and (V) any party affiliated with any individual or entity described in this clause.	Smarkets Clearing has established governance arrangements that are designed to place a high priority on the Clearinghouse's safety and efficiency. Smarkets has rules and procedures for governance and fitness standards as demonstrated in Exhibit O and its attachments. Chapter 2 of the Rulebook (Exhibit A-2) contains rules that prescribe the governance arrangements and governance fitness standards. The Rulebook is a public document and will be posted on the Smarkets website. Rule 2.2 establishes the structure and remit of Smarkets Clearing's Board of Directors, including the requirement to have a certain number of "public" Board members. Rule 2.4 sets out eligibility criteria for an individual to serve on the Board. Rule 2.5 sets out the authority of the Clearinghouse to appoint committees. The governance structure reflected in Chapter 2 provides for decisions that appropriately reflect the legitimate interests of Participants and Clearing Members and other relevant stakeholders.	Exhibit A-2 (Smarkets Clearing Rulebook) Exhibit O (Governance)
Core Principle P Conflicts of Interest (17 C.F.R. § 39.25)		
Each derivatives clearing organization shall— (i) establish and enforce rules to minimize conflicts of interest in the decision-making process of the derivatives clearing organization; and (ii) establish a process for resolving conflicts of interest described in clause (i)	Smarkets Clearing has rules and procedures to address conflicts of interest as demonstrated in Exhibit P and its attachments. As noted, the Exchange is responsible for enforcing compliance with rules against Participants and Members, including the Clearinghouse's Rules (which also include Smarkets Exchange's Rules). Rule 2.11. of the Smarkets Clearing Rulebook addresses conflicts of interest by the Board, committees, and disciplinary panel in connection with enforcement matters.	Exhibit A-2 (Smarkets Clearing Rulebook) Exhibit P (Conflicts of Interest)
Core Principle Q Composition of Governing Boards (17 C.F.R. § 39.26)		
Each derivatives clearing organization shall ensure that the composition of the governing board or committee of the derivatives clearing organization includes market participants.	Smarkets Clearing has rules that provide for appropriately composed governing boards as described in Exhibit Q and its attachments. Smarkets Clearing ensures that the views of the public and market participants are incorporated into its governance structure. Rule 2.2 of the Smarkets Clearing Rulebook requires that at least two members of the board shall be Public Directors, provided that the number of Public Directors shall at all times equal no less than 35% of the entire Board of Directors, or such higher percentage as the Commission may require.	Exhibit A-2 (Smarkets Clearing Rulebook) Exhibit Q (Composition of Governing Boards)
Core Principle R – Legal Risk (17 C.F.R. § 39.27)		
Each derivatives clearing organization shall have a well-founded, transparent, and enforceable legal framework for each aspect of the activities of the derivatives clearing organization.	Smarkets Clearing has an overall legal framework that meets the standards of this Core Principle and the requirements of Commission Regulation 39.27, as demonstrated by the explanation in the Smarkets Clearing Rulebook and Exhibit R and its attachment.	Exhibit A-2 (Smarkets Clearing Rulebook) Exhibit R