

**SMARKETS BOARD OF TRADE
DERIVATIVES CLEARING ORGANIZATION RULES**

DCO Version 1.00

TABLE OF CONTENTS

	Page
INTRODUCTION	5
CHAPTER 1 Definitions	6
Rule 1.1 Definitions	6
Rule 1.2 Rules of Construction	13
CHAPTER 2 Company Governance	15
Rule 2.1 Ownership	15
Rule 2.2 Board	15
Rule 2.3 Officers	17
Rule 2.4 Eligibility and Fitness	17
Rule 2.5 Committees and Subcommittees	19
Rule 2.6 Regulatory Oversight Committee	20
Rule 2.7 [Reserved]	21
Rule 2.8 Membership Committee	22
Rule 2.9 Disciplinary Panel and Appeals Committee	22
Rule 2.10 Emergency Rules	23
Rule 2.11 Conflicts of Interest	25
Rule 2.12 Recordkeeping	27
Rule 2.13 Information-Sharing Agreements	28
Rule 2.14 Public Information	28
Rule 2.15 Affiliate Entities	29
CHAPTER 3 Member Rules	31
Rule 3.1 Jurisdiction, Applicability of Rules	31
Rule 3.2 Member Agreements, Eligibility Criteria, Classifications and Privileges	31
Rule 3.3 Member Obligations	33
Rule 3.4 Participant, Introducing Broker and Authorized User Obligations	35
Rule 3.5 FCM Customer Obligations	36
Rule 3.6 Dues, Fees and Expenses Payable by Participants	36
Rule 3.7 Recording of Communications	37
Rule 3.8 Member Accounts	37
Rule 3.9 Termination of Member status upon Request	38

CHAPTER 4	FCMs and FCM Customers	39
Rule 4.1	FCMs	39
Rule 4.2	FCM Customers	40
Rule 4.3	FCM Accounts	41
Rule 4.4	FCM Financial Requirements	41
CHAPTER 5	Clearing	43
Rule 5.1	Clearance and Substitution	43
Rule 5.2	Settlement of Contracts	44
Rule 5.3	Deposit Procedures	45
Rule 5.4	Withdrawal Procedures	46
Rule 5.5	Reconciliation	46
Rule 5.6	Swap Data Reporting	46
Rule 5.7	Risk Management Actions	47
Rule 5.8	Finality of Settlements	47
CHAPTER 6	Margin	48
Rule 6.1	Full Collateralization of Contracts Required	48
Rule 6.2	Collateral	48
Rule 6.3	Segregation of Participant Funds	49
Rule 6.4	Concentration Limits	49
Rule 6.5	Investment of Participant Funds	50
CHAPTER 7	Business Conduct and Trading Practices	51
Rule 7.1	Scope	51
Rule 7.2	Acts Detrimental to the Welfare or Reputation of the Company Prohibited	51
Rule 7.3	Supervision; Information Sharing	51
Rule 7.4	Business Conduct	51
Rule 7.5	Compliance	52
CHAPTER 8	Discipline and Enforcement	53
Rule 8.1	General	53
Rule 8.2	Investigations	54
Rule 8.3	Disciplinary Panel	56
Rule 8.4	Notice of Charges	56
Rule 8.5	Contesting and Appeals	57
Rule 8.6	Settlements	60
Rule 8.7	Notice of Decision	60

Rule 8.8	Penalties	61
Rule 8.9	Summary Suspension	61
Rule 8.10	Reporting Violations to the Commission	62
Rule 8.11	Coordination with Platforms	63
Rule 8.12	Disciplinary Offenses	63
Rule 8.13	Reporting Offenses to the CFTC	63
CHAPTER 9	Arbitration	64
Rule 9.1	In General	64
Rule 9.2	Arbitration Procedures	64
Rule 9.3	Withdrawal of Arbitration Claim	66
Rule 9.4	Penalties	66
Rule 9.5	Arbitration Panel	66
CHAPTER 10	Miscellaneous	67
Rule 10.1	Prohibited Conduct for Company Employees, Directors, and Consultants.	67
Rule 10.2	Property Rights	69
Rule 10.3	Signatures	70
Rule 10.4	Governing Law	71
Rule 10.5	Legal Proceedings	71
Rule 10.6	LIMITATION OF LIABILITY; NO WARRANTIES	71
Rule 10.7	Error Trade Policy	75
Rule 10.8	Canceling Cleared Trades	75
Rule 10.9	Amendments to the Rules	75
Rule 10.10	Transfer of Trades	75
Rule 10.11	Contracts Not Voidable	76

**DERIVATIVES CLEARING ORGANIZATION
RULES OF SMARKETS BOARD OF TRADE CLEARING LLC**

Introduction

The Commodity Exchange Act requires that Smarkets Board of Trade Clearing LLC (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 Definitions

Rule 1.1 Definitions

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

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

Anti-Money Laundering or 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.

Appeals Committee: A committee of the Board composed of Directors pursuant to Rule 2.9, and that acts in an adjudicative role and fulfills various adjudicative responsibilities and duties as described in Chapter 8.

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

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

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

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

CEA: The Commodity Exchange Act, as amended.

CFTC Regulations: The regulations of the CFTC, as in effect from time to time, including any Commission-issued orders or interpretive or no-action letters.

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

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

Chief Risk Officer: The individual appointed by the Board to serve as the Company's chief risk officer, and is responsible for implementing the risk management framework and for making appropriate recommendations to the Board or other committees, as applicable, regarding risk management functions.

Claim: For purposes of Chapter 9, "Claim" means any dispute which arises out of any Transaction, which dispute does not require for adjudication the presence of essential witnesses or third parties over whom the Company does not have jurisdiction or who are otherwise not available. The term "Claim" does not include disputes arising from underlying commodity transactions which are not a part of, or directly connected with, any Transaction.

Cleared Swaps: As defined in §22.1 of the CFTC Regulations.

Cleared Swaps Customer Account: As defined in §22.1 of the CFTC Regulations.

Cleared Swaps Customer Collateral: As defined in §22.1 of the CFTC Regulations.

Clearing House: the Company, a DCO.

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

Clearing Services: The provision by the Clearing House 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.

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

Company: Smarkets Board of Trade Clearing LLC.

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

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

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

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

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

Customer Due Diligence: The ongoing monitoring and documentation related to each Member's activities and risk profile in accordance with Applicable Laws.

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

- a. If such Member fails to meet any of its Obligations under its Contracts with the Company,
- b. If the Member is insolvent, or
- c. If such Member fails to pay when due any amounts owed to the Company.

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

Director: A member of the Board.

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

Disciplinary Panel: A panel appointed by the Regulatory Oversight Committee pursuant to Rule 2.9 to act in an adjudicative role and fulfill various adjudicative responsibilities and duties as described in Chapter 8.

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

- a. any circumstance that may materially affect the performance of any Contract, including without limitation failure of the payment system, the bankruptcy or insolvency of any Member, or any actual, attempted or threatened theft or forgery of, or other interference with, the collateral or delivery or transfer thereof;
- b. any action taken by any United States or foreign regulatory,

self-regulatory, judicial, arbitral, or governmental (whether national, state or municipal) or quasi-governmental authority, or any agency, department, instrumentality, or subdivision thereof; or other Person exercising, or entitled to exercise any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power; or any other entity registered with the Commission, board of trade, market or facility which may have a direct impact on trading, clearing, or settlement of any Contract cleared through the Company;

- c. any actual, attempted or threatened corner, squeeze, congestion, or undue concentration of positions in any Contract cleared through the Company;
- d. any other circumstance that may have a severe, adverse effect upon the functioning of the Company; or any manipulative or attempted manipulative activity.

Emergency Action: An action deemed to be necessary or appropriate to respond to an Emergency and taken pursuant to Rule 2.10.

Emergency Rules: Procedures or rules adopted in response to an Emergency pursuant to Rule 2.10.

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

FCM Customer: A customer of an FCM.

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

Introducing Broker or IB: Either a registered (i) Introducing Broker that may solicit or accept Orders from IB Customers for execution on a Platform, where any resulting Contracts are submitted for clearing by the Company, or (ii) futures commission merchant engaged in such activity but not clearing any such resulting Contracts (i.e., a futures commission merchant acting solely in an IB capacity).

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

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

Legal Entity Identifier or LEI: The identifying code that is required of each counterparty to any swap subject to the CFTC's jurisdiction and that is used in all recordkeeping and all swap data reporting pursuant to Part 45 of CFTC Regulations. LEIs must be renewed on an annual basis.

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

Material Relationship: As set forth in Rule 2.2.G.

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

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

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

Member Agreement: The agreement between the Company and any Person that the Person must agree to prior to the Person becoming a Member (FCMs and Self-Clearing Members each have a specific Member Agreement).

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

Membership Committee: A committee of the Board composed of Directors pursuant to Rule 2.8.

NFA: The National Futures Association.

Notice: A communication sent by or on behalf of the Company to all Members or IBs in accordance with Rule 2.14.

Notice of Charges: As set forth in Rule 8.4.

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

Obligation: Any Rule, order or procedure issued by the 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 Member, Authorized User, or FCM Customer.

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

Officer: An individual as set forth in Rule 2.3.

Operating Agreement: The Company's operating agreement, as it may be modified from time to time.

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

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

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

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

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

Proprietary Information: As set forth in Rule 10.2.A.

Public Director: A Director who has been found by the Board to have no Material Relationship with the Company in accordance with Rule 2.2.G.

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

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

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

Regulatory Swap Data: Includes (i) Swap Transaction and Pricing Data, (ii) Required Swap Creation Data and (iii) Required Swap Continuation Data.

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

Required Swap Continuation Data: As set forth in CFTC Regulation 45.1(a).

Required Swap Creation Data: As set forth in CFTC Regulation 45.1(a).

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

Rulebook or Rules: The Smarkets Board of Trade Clearing LLC Rulebook, interpretations, orders, resolutions, advisories, notices, statements of policy, decisions, manuals, and directives of the Company.

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

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

Self-Regulatory Organization: As set forth in CFTC Regulation 1.3 and includes a DCO, SEF, and DCM.

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

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

Sub-Account: Distinct account segments maintained by a Self-Clearing Member, each with a unique identification code for the separate recording of details of Transactions based on the manner in which the Transactions were executed (*e.g.*, through a particular Introducing Broker or Authorized User), for which margin and collateral are calculated separately.

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

Swap Data Repository or SDR: As set forth in Section 1a(48) of the CEA and registered, provisionally or otherwise, with the Commission pursuant to Section 21 of the CEA and in accordance with Part 49 of CFTC Regulations.

Swap Execution Facility or SEF: As set forth in Section 1a(50) of the CEA and registered with the Commission pursuant to Section 5h of the CEA and in accordance with the provisions of Part 37 of CFTC Regulations.

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

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

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

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

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

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

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

Unique Swap Identifier or USI: The unique identifier for a swap transaction, which shall be created, transmitted, and used for each Swap executed on a DCM that clears through the Company as provided in CFTC Regulation 45.5.

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

Rule 1.2 Rules of Construction

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

1. Words conveying a singular number include the plural number, where the context requires, and vice versa.
2. References to any Regulatory Agency include any successor Regulatory Agency.
3. If, for any reason, a Rule is found or determined to be invalid or unenforceable by a court of law, the Commission or another governmental or quasi-governmental agency with supervisory authority, such Rule shall be considered severed from the Rules and all other Rules shall remain in full force and effect.
4. All references to time are to the local time in New York, New York unless expressly provided otherwise.
5. All terms defined in the UCC and not otherwise defined herein shall have the respective meanings accorded to them therein.

6. In the event of a conflict between these Rules and a non-disclosure agreement between the Company and a Participant or IB or an Affiliate of the Company and a Participant or IB, these Rules shall govern.
7. In the event of a conflict between these Rules and the CEA or CFTC Regulations, the applicable provision of the CEA and/or CFTC Regulation shall govern.
8. All cross-references to Rules are for convenience only. A Rule's meaning is not altered because of an out-of-date or erroneous cross-reference.
9. All references to CFTC Regulation parts and sections include successor parts and sections.
10. All ambiguities are to be resolved in favor of an interpretation that is consistent with Applicable Law.

CHAPTER 2 Company Governance

Rule 2.1 Ownership

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

Rule 2.2 Board

- A. The Board's mission is to oversee the Company's business activities to ensure that the Company continues to provide safe, secure, and efficient clearing services for the financial markets.
- B. The Board shall, subject to applicable provisions in the Operating Agreement:
 - 1. Be the governing body of the Company;
 - 2. Be constituted, and shall constitute its committees or subcommittees, to permit consideration of the views of market participants;
 - 3. Have charge and control of all property of the Company;
 - 4. Provide, acquire and maintain adequate Company offices and facilities;
 - 5. Adopt, amend or repeal any Rules, with the input of Officers and committees or subcommittees;
 - 6. Have the power to act in Emergencies as detailed in Rule 2.10; and
 - 7. Make certain that the Company's design, rules, overall strategy, and major decisions appropriately reflect the legitimate interests of clearing members, customers of clearing members, and other relevant stakeholders.
- C. To the extent consistent with other statutory and regulatory requirements on confidentiality and disclosure:
 - 1. Major decisions of the Board shall be clearly disclosed to Participants and other relevant stakeholders in the manner set forth in this Chapter, and to the Commission; and
 - 2. Major decisions of the Board having a broad market impact shall be clearly disclosed to the public via publication on the Website.
- D. Any authority or discretion by the Rules vested in any Officer or delegated to any committee or subcommittee shall not be construed to deprive the Board of such authority or discretion and, in the event of a conflict, the determination of the matter by the Board shall prevail.

- E. A majority of the Directors serving on the Board, including at least one Public Director, shall constitute a quorum for the transaction of business of the Board. At all times when the Board is conducting business at a meeting of the Board, a quorum of the Board must be present at such meeting, and the Board may act only by the decision of a majority of the Directors constituting a quorum of the Board by vote at a meeting, by unanimous written consent without a meeting, or as otherwise set forth in the Operating Agreement.
- F. The Board shall comprise the number of Directors set forth in the Operating Agreement, which shall include Public Directors and Market Participant Directors in at least the number or percentage required under the CEA or CFTC Regulations, but in any event, (i) no less than two Directors shall be Public Directors and (ii) no less than one Director shall be a Market Participant Director.
- G. To qualify as a Public Director, an individual must be found, by the Board and on the record, to have no Material Relationship, as defined below, with the Company. The Board must make such finding at the time the Public Director is elected and as often as necessary in light of all circumstances relevant to such Public Director, but in no case less than annually. A “Material Relationship” is one that reasonably could affect the independent judgment or decision-making of the Director. The Board need not consider previous service as a Director of the Company to constitute a Material Relationship. A Director shall be considered to have a Material Relationship with the Company if any of the following circumstances exist or have existed within the past year:
 - 1. such Director is or was an Officer or an employee of the Company, or an officer or an employee of an Affiliate of the Company; or
 - 2. such Director is or was a director, an officer, or an employee of a Participant or IB.
- H. If any of the immediate family of a Director, i.e., spouse, parents, children, and siblings, in each case, whether by blood, marriage, or adoption, or any person residing in the home of the Director or that of his or her immediate family have a Material Relationship as defined above, then that Material Relationship is deemed to apply to such Director.
- I. The Board shall have procedures, as may be adopted by the Board from time to time, to remove a Director where the conduct of such Director is likely to be prejudicial to the sound and prudent management of the Company.
- J. 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 Chief Executive Officer, Chief Compliance Officer, Chief Risk Officer and such other officers of the Company as it may deem necessary or appropriate from time to time.
- B. The Chief Compliance Officer must:
 - 1. have the background and skills appropriate for fulfilling the responsibilities of the position;
 - 2. be an individual who would not be disqualified from registration under Section 8a(2) or 8a(3) of the CEA;
 - 3. report to the Board or, in the event that the Board delegates its authority to the Chief Executive Officer, to the Chief Executive Officer; and
 - 4. fulfill his or her duties as required pursuant to CFTC Regulations, including, but not limited to, the preparation and submission of an annual compliance report as described in CFTC Regulation 39.10(c)(3), and assist the Regulatory Oversight Committee in its preparation of an annual report.
- C. Any Officer may also be a director, officer, partner or employee of the Company or of any of its Affiliates, subject to disclosure and resolution of conflicts of interest.
- D. 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 any limitations set forth in the Operating Agreement.
- E. Each Officer is entitled to indemnification pursuant to the Operating Agreement with respect to matters relating to the Company.

Rule 2.4 Eligibility and Fitness

- A. An individual may not serve as a Director or Officer, or serve on a committee or subcommittee established by the Board, or hold a 10 percent or more ownership interest in the Company, if the individual:
 - 1. within the prior three years has been found, by a final decision of a court of competent jurisdiction, an administrative law judge, the CFTC, or any Self-Regulatory Organization, to have committed a disciplinary offense;
 - 2. within the prior three years has entered into a settlement agreement in which any of the findings or, in the absence of such findings, any of the acts charged included a disciplinary offense;

3. is currently suspended from trading on a Designated Contract Market or a Swap Execution Facility, is suspended or expelled from membership in a Self-Regulatory Organization, is serving any sentence of probation, or owes any portion of a fine or penalty imposed pursuant to either:
 - a. a finding by final decision of a court of competent jurisdiction, an administrative law judge, the CFTC or any Self-Regulatory Organization that such person committed a disciplinary offense; or
 - 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 Self-Regulatory Organization not to apply for registration with the CFTC or for membership in the Self-Regulatory Organization;
5. is currently, or within the past three years has been, subject to a revocation or suspension of registration by the CFTC, or has been convicted within the past three years of any of the felonies listed in Section 8a(2)(D)(ii) through (iv) of the CEA;
6. is currently subject to a denial, suspension or disqualification from serving on a disciplinary panel, arbitration panel or governing board of any Self-Regulatory Organization as that term is defined in Section 3(a)(26) of the Securities Exchange Act of 1934; or
7. is subject to a statutory disqualification pursuant to Section 8a(2) of the CEA.

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

- B. An individual may not serve as a Director or Officer, or serve on a committee or subcommittee established by the Board, or hold a 10 percent or more ownership interest in the Company, if the individual has been informed by the Company in a notice under Chapter 8 of these Rules that the person has committed a disciplinary offense, for the duration of the time specified in the Notice.
- C. Any Director, Officer, member of a committee established by the Board and any individual nominated to serve in any such role, shall immediately notify the Chief Executive Officer if such individual is subject to one or more of the criteria in Rule 2.4.A. Prior to nomination to the Board, each individual shall certify he or she is not disqualified pursuant to Rule 2.4.A. Upon appointment, each Director, Officer, and member of a committee shall provide to the Company, where applicable, changes in registration information within 30 days and certification of compliance accordingly. The Company shall verify information supporting Board compliance with eligibility criteria.

- D. 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.
- E. A Director or Officer must meet any qualifications set forth from time to time in the Operating Agreement.
- 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 General Counsel.
- G. If the Company determines that an individual subject to this Rule 2.4 no longer meets the criteria set forth in Rule 2.4.A., 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.A.
- H. The Company shall submit to the CFTC within thirty days after each Board election a list of the Board's Directors, the Participant interests they represent, and how the composition of the Board meets the requirements of CFTC Regulation 1.64(b) and the Company's Rules and procedures.

Rule 2.5 Committees and Subcommittees

- A. The Board may create, appoint Directors to serve on, and delegate powers to committees and subcommittees. There shall be a Regulatory Oversight Committee, a Membership Committee, a Disciplinary Panel, and an Appeals Committee, as well as any other committee that the board duly forms.
- B. Each committee and subcommittee shall assist in the supervision, management and control of the affairs of the Company within its particular area of responsibility, subject to the Operating Agreement and the authority of the Board.
- C. Subject to the authority of the Board, each committee and subcommittee shall determine the manner and form in which its proceedings shall be conducted. A majority of the members serving on a committee or subcommittee, including at least one Public Director, shall constitute a quorum for the transaction of business of a committee or subcommittee. Each committee and subcommittee may act only by the decision of a quorum, by vote at a meeting or by unanimous written consent without a meeting. The Board has the authority to overrule the decisions of any committee or subcommittee.
- D. In the event the Board rejects a recommendation or supersedes an action of the Regulatory Oversight Committee, the Chief Risk Officer, or the Chief Compliance Officer, the Company shall maintain documentation detailing: (1) the recommendation or action of the Regulatory Oversight Committee, the Chief Risk Officer, or the Chief Compliance Officer, as the case may be; (2) the rationale for

such recommendation or action; (3) the rationale of the Board for rejecting such recommendation or superseding such action; and (4) the course of action that the Board decided to take contrary to such recommendation or action.

Rule 2.6 Regulatory Oversight Committee

- A. The Regulatory Oversight Committee shall be a standing committee of the Board consisting of only Public Directors, as appointed from time to time, and shall be comprised of no less than two members.
- B. Each member of the Regulatory Oversight Committee shall serve for a term of one calendar year from the date of his or her appointment or for the remainder of his or her term as a Public Director, and until the due appointment of his or her successor, or until his or her earlier resignation or removal, with or without cause, as a member of the Regulatory Oversight Committee or as a Public Director. A member of the Regulatory Oversight Committee may serve for multiple terms.
- C. The Regulatory Oversight Committee of the Board's mission is to ensure that the Company performs its function and mission in a manner that is fully compliant with the CEA, CFTC Regulations, and all relevant laws.
- D. The Regulatory Oversight Committee shall oversee the Company's regulatory program on behalf of the Board. The Board shall delegate sufficient authority, dedicate sufficient resources, and allow sufficient time for the Regulatory Oversight Committee to fulfill its mandate. The Regulatory Oversight Committee shall make such recommendations to the Board that will, in its judgment, best promote the interests of the Company. The Regulatory Oversight Committee shall also have such other powers and perform such other duties as set forth in the Rules and as the Board may delegate to it from time to time.
- E. The Regulatory Oversight Committee shall appoint individuals to the Disciplinary Panel in accordance with these Rules, Applicable Law and the composition requirements of the Disciplinary Panel. The Committee shall appoint at least one person who would not be disqualified from serving as a Public Director, and who shall serve as the Chairperson of the Disciplinary Panel.
- F. The Regulatory Oversight Committee shall supervise the Chief Compliance Officer of the Company. The Regulatory Oversight Committee has sole authority to determine and implement changes to the Chief Compliance Officer's salary that exceed 10%. The Regulatory Oversight Committee has sole authority to terminate the Chief Compliance Officer.
- G. The Regulatory Oversight Committee shall prepare an annual report that assesses the Company's self-regulatory program for the Board and the CFTC. The annual report sets forth the regulatory program's expenses, describes its staffing and structure, catalogues disciplinary actions taken during the year, and reviews the performance of the Disciplinary Panel. Such report may be prepared in

conjunction with the Chief Compliance Officer's annual compliance report as required pursuant to CFTC Regulation 39.10(c)(3).

- H. Without limiting the generality of the foregoing, the Regulatory Oversight Committee shall have the authority to:
1. monitor the regulatory program of the Company for sufficiency, effectiveness, and independence;
 2. oversee all facets of the regulatory program, including trade practice and market surveillance; audits, examinations, and other regulatory responsibilities with respect to Participants and IBs (including ensuring compliance with financial integrity, financial reporting, sales practice, recordkeeping, and other requirements); and the conduct of investigations;
 3. review the size and allocation of the regulatory budget and resources; and the number, hiring, termination, and compensation of regulatory personnel;
 4. recommend changes that would ensure fair, vigorous, and effective regulation; and
 5. review all regulatory proposals prior to implementation to make certain that the proposals appropriately reflect the legitimate interests of Participants, IBs, and other relevant stakeholders and advise the Board as to whether and how such changes may impact regulation.

Rule 2.7 [Reserved]

Rule 2.8 Membership Committee

- A. The Membership Committee shall be a standing committee of the Board consisting of at least 35 percent Public Directors, as appointed from time to time. No less than two Public Directors shall serve on the Membership Committee.
- B. Each member of the Membership Committee shall serve for a term of one calendar year from the date of his or her appointment or for the remainder of his or her term as a Public Director, as applicable, and until the due appointment of his or her successor, or until his or her earlier resignation or removal, with or without cause, as a member of the Membership Committee or as a Public Director. A member of the Membership Committee may serve for multiple terms.
- C. The Membership Committee shall determine the standards and requirements for initial and continuing membership or participation eligibility; review appeals of Company staff denials of applications for Membership; and approve measures that would result in different categories or classes of Company membership. In reviewing staff denials, the Membership Committee shall not uphold any such Company staff denial if the relevant application satisfies the standards and

requirements that the Membership Committee sets forth. The Membership Committee shall not, and shall not permit the Company to, restrict access or impose burdens on access in a discriminatory manner, within each category or class of Members or between similarly situated categories or classes of Members.

Rule 2.9 Disciplinary Panel and Appeals Committee

- A. The Disciplinary Panel shall be:
 - 1. a standing committee consisting of at least three members, including at least one person who would not be disqualified from serving as a Public Director who will serve as the chairperson, as appointed from time to time. At least one member of the Disciplinary Panel must be a Member or an employee of a Member. The Board may establish more than one Disciplinary Panel. The Regulatory Oversight Committee will appoint individuals for membership on the Disciplinary Panel. Each Disciplinary Panel shall include members with sufficient differing experience and Participant interests so as to ensure fairness and to prevent special treatment or preference for any Person.
 - 2. responsible for conducting hearings, rendering decisions, and imposing sanctions with respect to any Disciplinary Action. The Disciplinary Panel shall also have such other powers and perform such other duties as set forth in the Rules and as the Board may determine from time to time.
- B. Each member of the Disciplinary Panel shall serve for a term of two calendar years from the date of his or her appointment, and until the due appointment of his or her successor, or until his or her earlier resignation or removal, with or without cause, as a member of the Disciplinary Panel. A member of the Disciplinary Panel may serve for multiple terms.
- C. The Appeals Committee shall be:
 - 1. a standing committee consisting of at least three members of the Board. The members of the Appeals Committee and its Chairperson shall be appointed by the Chairperson of the Board, provided that, at all times the Appeals Committee shall include at least one Public Director who shall serve as the Chairperson of the Appeals Committee.
 - 2. responsible for conducting hearings of appeals of decisions of the Disciplinary Panel, rendering decisions of such appeals, and imposing sanctions with respect to such appeals. The Appeals Committee shall also have such other powers and perform such other duties as set forth in these Rules and as the Board may determine from time to time.
- D. Each member of the Appeals Committee shall serve for a term of one calendar year from the date of his or her appointment or for the remainder of his or her term as a Public Director, as applicable, and until the due appointment of his or

her successor, or until his or her earlier resignation or removal, with or without cause, as a member of the Appeals Committee or as a Public Director. A member of the Appeals Committee may serve for multiple terms.

Rule 2.10 Emergency Rules

- A. During an Emergency, the Company may implement temporary emergency procedures and rules pursuant to Rule 2.10.D., subject to the applicable provisions of the CEA and CFTC Regulations.
- B. The Chief Compliance Officer or his or her designee, and if the Chief Compliance Officer or his or her designee is unavailable, the Chief Executive Officer or his or her designee, are authorized to determine whether an Emergency exists and whether Emergency Rules or Emergency Actions are warranted. Emergency Rules may require or authorize the Company, the Board, any committee of the Board or any Officer to take Emergency Actions, including, but not limited to, the following actions:
 - 1. suspend or curtail clearing of any Contract traded on a DCM that clears through the Company, or limit such clearing to transactions that result in liquidations;
 - 2. provide alternative settlement mechanisms for any Contract cleared by the Company (including by altering the settlement terms or conditions or fixing the settlement price);
 - 3. order the transfer or liquidation of open positions in any Contract cleared by the Company; provided that if a Contract is fungible with a contract on another platform in addition to the Company, the liquidation or transfer of open interest in such Contract will be ordered only as directed, or agreed to, by CFTC staff or the CFTC;
 - 4. require Participants to meet special margin requirements;
 - 5. order the transfer of Contracts and the associated margin;
 - 6. impose or modify position limits, price limits, and intraday market restrictions; or
 - 7. any other action, if so directed by the CFTC.
- C. Before taking an Emergency Action, the effects of such Emergency Action on markets underlying the Contract(s) affected by such Emergency Action, on markets that are linked or referenced to such Contracts and similar markets on other trading venues, or any potential conflicts of interest shall be considered and documented as required under Rule 2.10.F.

- D. Before any Emergency Rule may be adopted and enforced, the Regulatory Oversight Committee shall approve the implementation of such Emergency Rule at a duly convened meeting. If the Chief Compliance Officer, or his or her designee, or if the Chief Compliance Officer or his or her designee is unavailable, the Chief Executive Officer, or his or her designee, determines that Emergency Rules must be implemented with respect to an Emergency before a meeting of the Regulatory Oversight Committee can reasonably be convened, then the Chief Compliance Officer, or his or her designee, or if the Chief Compliance Officer or his or her designee is unavailable, the Chief Executive Officer, or his or her designee, shall have the authority, without Board or committee action, to implement any Emergency Rules with respect to such Emergency that he or she deems necessary or appropriate to respond to such Emergency. In such circumstances, the Chief Compliance Officer, or his or her designee, or if the Chief Compliance Officer or his or her designee is unavailable, the Chief Executive Officer, or his or her designee, must convene a meeting of the Regulatory Oversight Committee to ratify the actions taken by the Chief Compliance Officer, or his or her designee, or the Chief Executive Officer, or his or her designee, as soon as practicable. Whenever the Company implements an Emergency Rule or takes an Emergency Action, a duly authorized representative of the Company, where possible, will inform Participants through a Notice.
- E. The Company will use reasonable efforts to notify the CFTC and the Board prior to implementing, modifying or terminating an Emergency Rule. If such prior notification is not possible or practicable, the Company will notify the CFTC and the Board as soon as possible or reasonably practicable, but in any event no longer than 24 hours after implementing, modifying or terminating an Emergency Rule.
- 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 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 contract market and similar markets on other trading venues, and reasons for using emergency authority under this Rule 2.10. Such documentation will be maintained in accordance with Rule 2.12.
- G. The Chief Compliance Officer, or his or her designee, or if the Chief Compliance Officer or his or her designee is unavailable, the Chief Executive Officer, or his or her designee, may determine that an Emergency has been reduced sufficiently to allow the Company to resume normal functioning, in which case any Emergency Actions responding to such Emergency may be terminated and a duly authorized representative of the Company will inform Members through a Notice.
- H. Members must promptly notify the Company of any circumstance that may give rise to a declaration of an Emergency.

Rule 2.11 Conflicts of Interest

A. Named Party in Interest Conflict

1. No member of the Board, Board Committee, or Disciplinary Panel shall participate in such body's deliberations or voting in any matter involving a named party in interest where such member:
 - a. is the named party in interest in the matter;
 - b. is an employer, employee or fellow employee of a named party in interest;
 - c. is associated with a named party in interest through a "broker association" as defined in CFTC Regulation 156.1;
 - d. has any other significant, ongoing business relationship with a named party in interest, excluding relationships limited to Contracts cleared through the Company; or
 - e. has a family relationship (i.e., the member's spouse, parents, children, and siblings, in each case, whether by blood, marriage, or adoption, or any person residing in the home of the member or that of his or her immediate family) with a named party in interest.
2. Prior to consideration of any matter involving a named party in interest, each member of the deliberating body shall disclose to the Chief Compliance Officer whether such member has one of the relationships listed above with a named party in interest.
3. The Chief Compliance Officer shall determine whether any member of the relevant deliberating body is subject to a conflicts restriction under this Rule 2.11.A. Such determination shall be based upon a review of the following information:
 - a. information provided by such member pursuant to clause (2) above; and
 - b. any other source of information that is held by and reasonably available to the Company.

B. Financial Interest in a Significant Action Conflict

1. No member of the Board, Board Committee or Disciplinary Panel shall participate in the body's deliberations or voting on any significant action if such member knowingly has a direct and substantial financial interest in the result of the vote based upon either Company or non-Company positions that could reasonably be expected to be affected by the action.

2. Prior to consideration of any significant action, each member of the deliberating body who does not choose to abstain from deliberations and voting shall disclose to the Chief Compliance Officer any information that may be relevant to a determination of whether such member has a direct and substantial financial interest in the result of the vote.
 3. The Chief Compliance Officer shall determine whether any member of the relevant deliberating body who does not choose to abstain from deliberations and voting is subject to a conflicts restriction under this Rule 2.11.B. based on a review of the totality of the circumstances.
 4. Any member who would otherwise be required to abstain from deliberations and voting pursuant to clause (1) above may participate in deliberations, but not in voting, if the deliberating body, after considering the factors specified below, determines that such participation would be consistent with the public interest (e.g. if the member has significant expertise and background that provides useful context); provided, however, that before reaching any such determination, the deliberating body will fully consider the information specified in clause (3) above which is the basis for such member's direct and substantial financial interest in the significant action that is being contemplated. In making its determination, the deliberating body shall consider:
 - a. whether such member's participation could unduly influence the outcome of the deliberations;
 - b. whether such member's participation in the deliberations is necessary to achieve a quorum; and
 - c. whether such member has unique or special expertise, knowledge or experience in the matter being considered.
- C. The minutes of any meeting to which the conflicts determination procedures set forth in this Rule apply shall reflect the following information:
1. the names of all members who participated in such meeting;
 2. the name of any member who voluntarily recused himself or herself or was required to abstain from deliberations or voting on a matter and the reason for the recusal or abstention, if stated;
 3. the information that was reviewed for each member of the relevant deliberating body; and
 4. any determination made in accordance with Rule 2.11.A.3. or Rule 2.11.B.4. above.

- D. The Company provides Clearing Services for Smarkets Board of Trade Exchange LLC (“Smarkets Exchange”), a designated contract market, and is an affiliate of Smarkets Exchange. In addition, Company employees also work for Smarkets Exchange. This affiliation and the existence of employees who work for both the Company and a Platform may present conflicts of interest. Participants should take this into consideration prior to clearing with Company or trading on the Smarkets Exchange.

Rule 2.12 Recordkeeping

- A. The Company shall keep, or cause to be kept, complete and accurate books and records of accounts and activities of the Company, including all books, records and other documentation required to be maintained pursuant to the CEA and CFTC Regulations.
- 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 U.S. Securities and Exchange Commission, the U.S. Department of Justice or any representative of a prudential regulator as authorized by the Commission, upon request, in each case in the form and manner required under these Rules, and/or the CEA and CFTC Regulations.

Rule 2.13 Information-Sharing Agreements

- A. The Company may enter into information-sharing agreements or other arrangements or procedures to coordinate surveillance with other markets on which financial instruments related to the Contracts cleared through the Company trade. 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 markets;
 - 2. share information and documents concerning current and former Participants, IBs, or Member’s Authorized Users with other markets;
 - 3. share information and documents concerning ongoing and completed investigations with other markets; or
 - 4. require its current or former Participants, IBs, or Member’s Authorized Users to provide information and documents to the Company at the request of other markets with which the Company has an information-sharing agreement or other arrangements or procedures.
- B. The Company may enter into any information-sharing agreements or other arrangements or procedures, including an information-sharing agreement or other

arrangement or procedure similar to that described above in paragraph (A), with any Person or body (including but not limited to a Regulatory Agency or Swap Data Repository) if the Company considers such agreement, arrangement or procedures to be in furtherance of the Company's purpose or duties under these Rules or Applicable Law.

- C. The Company may provide information to a duly authorized foreign governmental authority, as directed by the CFTC, in accordance with an information-sharing agreement or other arrangements or procedures executed with such foreign governmental authority or the CFTC.

Rule 2.14 Public Information

- A. Accurate, complete and current copies of these Rules shall be published on the Website.
- B. The Company shall make public on a daily basis information on settlement prices, volume, open interest, and opening and closing ranges for actively traded Contracts.
- C. Except as provided herein, the Company shall publish on its Website a Notice with respect to each addition to, modification of, or clarification of, the Rules, and any Contract Specification prior to the earlier of:
 - 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 2.14.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 Members 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 Website.

Rule 2.15 Affiliate Entities

- A. The Company, pursuant to approval by the Board, permits an affiliated entity (the "Affiliate") to participate on its Platform, subject to the following provisions:
 - 1. The Affiliate is a Self-Clearing Member of a Platform.

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 all Members. (The provision of information to common directors of the Company, 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.
- B. All capital underlying trading by an affiliate will not originate from the Company.

CHAPTER 3 Member Rules

Rule 3.1 Jurisdiction, Applicability of Rules

- A. ANY PERSON, INCLUDING A PARTICIPANT, INTRODUCING BROKER OR AN AUTHORIZED USER, DIRECTLY OR INDIRECTLY INITIATING, EXECUTING, SUBMITTING, AND/OR CLEARING A TRANSACTION ON THE COMPANY OR SUBJECT TO THESE RULES, AND ANY PERSON FOR WHOSE BENEFIT SUCH A TRANSACTION HAS BEEN INITIATED, SUBMITTED, OR EXECUTED, AND/OR CLEARED, INCLUDING AN AUTHORIZED REPRESENTATIVE AND ANY EMPLOYEE OR AGENT OF A PARTICIPANT, AND ANY OTHER PERSON ACCESSING THE COMPANY: (i) AGREES TO BE BOUND BY AND COMPLY WITH THESE RULES, THE OBLIGATIONS AND APPLICABLE LAW, IN EACH CASE TO THE EXTENT APPLICABLE TO SUCH PERSON; (ii) EXPRESSLY CONSENTS AND SUBMITS TO THE JURISDICTION OF THE COMPANY WITH RESPECT TO ANY AND ALL MATTERS ARISING FROM, RELATED TO, OR IN CONNECTION WITH, THE STATUS, ACTIONS OR OMISSIONS OF SUCH PERSON; AND (iii) AGREES TO ASSIST THE COMPANY IN COMPLYING WITH THE COMPANY'S LEGAL AND REGULATORY OBLIGATIONS, COOPERATE WITH THE COMPANY, THE CFTC AND ANY REGULATORY AGENCY WITH JURISDICTION OVER THE COMPANY IN ANY INQUIRY, INVESTIGATION, AUDIT, EXAMINATION OR PROCEEDING. ANY AMENDMENTS TO OR THE REPEAL OF A RULE, OR THE ADOPTION OF A NEW RULE, SHALL, UPON THE EFFECTIVE DATE OF SUCH AMENDMENT, REPEAL OR ADOPTION, AS APPLICABLE, BE BINDING ON ALL PERSONS SUBJECT TO THE JURISDICTION OF THE COMPANY, REGARDLESS OF WHEN SUCH PERSON BECAME SUBJECT TO THE COMPANY'S JURISDICTION, AND ON ALL CONTRACTS AS APPLICABLE.
- B. ALL COMPANY PARTICIPANTS AND INTRODUCING BROKERS ARE ALSO SUBJECT TO THE JURISDICTION OF THE CFTC REGARDLESS OF LOCATION, NATIONALITY, CITIZENSHIP, OR PLACE OF INCORPORATION.

Rule 3.2 Member Agreements, Eligibility Criteria, Classifications and Privileges

The Company will provide fair and open access to Members.

- A. Each Member shall have the right to access electronically its proprietary account, provided that such Member is eligible for and has applied and received Clearing Privileges.

- B. In order to become a Member, an applicant must:
1. agree to the relevant Member Agreement, 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;
 2. not be subject to any economic or trade sanctions programs administered by OFAC or other relevant U.S. or non-U.S. authority, and must not be listed on OFAC's List of Specially-Designated Nationals and Blocked Persons, or if applicant is an entity, not include any such person among its beneficial owners;
 3. (for U.S. applicants:) if an applicant is an entity, be validly organized, and in good standing, in the United States;
 4. not be prohibited from using the services of the Company for any reason whatsoever;
 5. designate at least one Authorized User (or in the case of a natural person Member, such natural person shall be deemed to be the Authorized User);
 6. if an applicant is an entity, designate at least one Authorized Representative who is responsible for supervising all activities of the Member, its Authorized User(s) and its employees relating to Transactions, for making withdrawal requests and for providing any information the Company may request regarding such Member; and
 7. meet any other criteria and provide the Company with any other information the Company may request regarding the Member.
- C. By agreeing to the Member 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 Member (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 Chief Risk Officer 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 Member 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 Member 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 are Members.

- E. Applicants for Membership 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 Member, or to terminate a Person's status as Member, Company staff shall notify such Person thereof, and the notice will specify the basis for the Company's decision. Such Person may, within 28 Business Days, request that the Membership Committee reconsider the determination.
 - 2. Within 28 Business Days of receiving a request for reconsideration, the Membership Committee shall confirm, reverse or modify the denial, condition or terminate the Member status of such Person, and shall promptly notify such Person accordingly. The Membership Committee 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 Membership Committee'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 Member, the Member 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 Member access criteria in a fair and non-discriminatory manner that is not anti-competitive.

Rule 3.3 Member Obligations

- A. Each Member consents to the Company providing information related to KYC, Customer Due Diligence, or AML to Settlement Banks or potential Settlement Banks.
- B. Each Member must immediately notify the Company in writing upon becoming aware:
 - 1. that the Member, any of the Member's officers or any of the Member's Authorized Users has had trading or clearing privileges suspended, access

- to, or membership or clearing membership in any Regulatory Agency, DCO or clearing organization, as applicable, denied;
2. that the Member, any of the Member's officers or any of the Member's Authorized Users has been convicted of, pled guilty or no contest to, or entered a plea agreement to any felony in any domestic, foreign or military court;
 3. that the Member, any of the Member's officers or any of the Member's Authorized Users has been convicted of, plead guilty or no contest to, or entered a plea agreement to a misdemeanor in any domestic, foreign or military court that involves:
 - a. embezzlement, theft, extortion, fraud, fraudulent conversion, forgery, counterfeiting, false pretenses, bribery, gambling, racketeering, or misappropriation of funds, securities or properties; or
 - b. any Transaction in or advice concerning swaps, futures, options on futures or securities;
 4. that the Member, any of the Member's officers or any of the Member's Authorized Users has been subject to, or associated with a firm that was subject to, regulatory proceedings before, or entered into a settlement agreement with, any Regulatory Agency;
 5. of any other material change in any information contained in the Member's application;
 6. of becoming the subject of a bankruptcy petition, receivership proceeding, or the equivalent, or being unable to meet any financial obligation as it becomes due. (Note: Members subject to the jurisdiction of the U.S. Bankruptcy Court, may be subject to any or all of the following actions: liquidation or transfer of positions, suspension, or revocation of clearing membership. The Company will further comply with all requirements placed upon it under law with regard to the bankruptcy.); or
 7. of information that concerns any financial or business developments that may materially affect the Member's ability to continue to comply with applicable participation requirements.
- C. Each Member must diligently supervise all activities of the Member's employees and/or agents, including all Authorized Users and Authorized Representatives, relating to Orders, Transactions and communications with the Company. Any violation of these Rules by any employee, Authorized Representative or Authorized User of a Member may constitute a violation of the Rules by such Member.

- D. Each Member must provide all reports required by Applicable Law to the Company, including, but not limited to, the reports required under CFTC Regulation 39.12(a)(5). Such reports must be made available by the Member to the CFTC when so required, and the Company will also make such reports available to the CFTC when so required.
- E. Each Member must provide to the CFTC all reports required to be so provided under Applicable Law.

Rule 3.4 Participant, Introducing Broker and Authorized User Obligations

- A. 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.
- B. 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 trading activity, to the CFTC or any other Regulatory Agency, law enforcement authority, or judicial tribunal, including (as may be required by information-sharing agreements or other arrangements or procedures or other contractual, regulatory, or legal provisions) foreign regulatory or self-regulatory bodies, law enforcement authorities, or judicial tribunals without notice to the Participant, IB or Authorized User.
- C. Each Participant, IB and Authorized User, upon a 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.
- D. Each IB acknowledges and agrees that the Company is delegating, and the IB is assuming, all of the Company's KYC, AML, and Customer Due Diligence obligations with respect to the IB Customers of such IB. Each IB agrees to perform such obligations based on Customer Due Diligence 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 Customer Due Diligence, including developing robust customer risk profiles and conducting ongoing monitoring to identify and report suspicious customer behavior.
- E. 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.
- F. Each IB agrees that, subject to the terms of this Rulebook and any other agreement that such IB may enter into with the Company, that the Company has the right to request an independent audit of the compliance program and AML, KYC, and Customer Due Diligence procedures of such IB. Further, each 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 Customer Due Diligence obligations with respect to IB Customers shall extend to permitting such examiners to obtain information and records relating to such IB's performance of those obligations on the Company's behalf.

Rule 3.5 FCM Customer Obligations

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

Rule 3.6 Dues, Fees and Expenses Payable by Participants

- A. Members are not required to pay dues.
- B. Members may be charged fees in connection with Clearing Privileges in such amounts as may be revised from time to time. Fees and any revisions to such fees will be provided on the Website and in Notices.
- C. Traders may be charged fees related to clearing, such as for the settlement of Contracts at expiration, in an amount to be reflected from time to time on the Website and in Notices.
- D. The Company may also deduct from a Self-Clearing Member's Member Account (or relevant Sub-Account, if any) fees or expenses incurred in connection with the Member's trading or account activity, such as fees for wire transfers or check processing via electronic check, or fees or expenses related to trading or Clearing Privileges. All such fees shall be charged in an amount to be reflected from time to time on the Website and in Notices.

- E. The Company may also deduct from an FCM Customer Account fees or expenses incurred in connection with FCM Customers' trading or account activity, and the FCM's trading, account or FCM activity, such as fees for wire transfers or check processing via electronic check, or storage or other fees or expenses related to trading or Clearing Privileges. All such fees shall be charged in an amount to be reflected from time to time on the Website and in Participant Notices.
- F. If the Company determines in the future to impose dues or new fees, the Company shall notify Members of any dues or additional fees that will be imposed at least 10 days before they take effect.

Rule 3.7 Recording of Communications

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

Rule 3.8 Member Accounts

- A. The Company shall establish and maintain a Member Account for each Member and the Company undertakes to treat the Member for whom such Member Account is maintained as entitled to exercise the rights that comprise each financial asset which is credited to such Member 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 Member Account.
- B. For collateral, margin, and settlement purposes, each Self-Clearing Member Account may be subdivided into one or more Sub-Accounts, each identified by a unique Sub-Account code. The Company shall:
 - Credit to each Sub-Account only the specific assets or collateral designated by the Member;
 - Calculate and enforce all margin and collateralization requirements (as detailed in Chapter 7) on a per Sub-Account basis; and
 - Restrict withdrawals at the Sub-Account level, such that no Sub-Account's shortfall may be offset by collateral from any other Sub-Account.
- C. The Company shall have only such duties and obligations with respect to each Member Account as are set forth in Article 8 of the UCC or otherwise mandated by Applicable Law. Each Member acknowledges and agrees that the Company is not a fiduciary for any Member.

Rule 3.9 Termination of Member status upon Request

- A. To terminate Member status, a Member must request to terminate. Such request shall be accepted immediately upon receipt and shall be effective upon such Member's fulfillment of its obligations under paragraph (C) below, or at such other time as the Company may determine in its reasonable discretion is desirable for the efficient operation of the Company. A Platform may offer Members the ability to request termination through the Platform, and the Platform will communicate the request to the Company.
- B. When the Company accepts the request to terminate Member status from a Member, all rights and privileges of such Member terminate (including, without limitation, Clearing Privileges) except as set forth in paragraph (C) below. The accepted request to terminate Member status shall not affect the rights of the Company under these Rules or relieve the former Member of such Member's obligations under the Company Rules before such withdrawal. Notwithstanding the accepted request to terminate Member status, the terminated Member remains subject to the Company Rules, the Obligations and the jurisdiction of the Company for acts done and omissions made while a Member, must comply with paragraphs (C) and (D) below, must cooperate in any Disciplinary Action under Chapter 8 as if the terminated Member were still a Member, and must comply with requests for information from the Company regarding activities and obligations while a Member for at least five years following its withdrawal.
- C. A Member that has requested termination of Member status pursuant to paragraph (A) above shall be subject to the following requirements, obligations and provisions:
- it must use all reasonable endeavors to close out or transfer all open positions in its Member Account within 30 days after the Member has made the request pursuant to paragraph (A) (the "wind-down period");
 - after requesting termination of Member status pursuant to paragraph (A), the Member may only be entitled to submit transactions for clearing which it can demonstrate have the overall effect of reducing open positions;
 - if the Member has any open positions with the Company after the wind-down period, the Member shall be subject to the Company exercising rights under Rule 6.2 to liquidate or transfer the open positions of the Member.
- D. Any request to terminate Member status pursuant to paragraph (A) above shall be irrevocable by the Member and membership may only be reinstated pursuant to a new application for membership following the close-out or transfer of all open Contracts in Member's Member 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 Members of the Platform 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 Member Agreement with the Company, adhere to the terms of that agreement, and accept and be bound by these Rules, and to act in a manner that is consistent with these Rules.
- C. An FCM must be a member (or equivalent term) of a Platform or have arrangements to clear for an FCM Customer or IB that is a member (or equivalent term) of a Platform.
- D. FCMs may establish accounts as permitted by the Rules of any Platform where they carry customer accounts, including but not limited to a trading account, error account, test account, and an account used for liquidating FCM Customer positions pursuant to this Rule, or equivalent account with similar purpose.
- E. If an FCM Customer's account with the FCM becomes negative due to the FCM Customer's activity on a Platform, with the result that the FCM Customer owes the FCM money, the FCM may liquidate some or all of the FCM Customer's positions.
- F. FCMs must, on an annual basis, submit their Business Continuity and Disaster Recovery plans to the Company's compliance team for review. FCMs 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, FCMs must coordinate with the Company's periodic, synchronized testing of its business continuity and disaster recovery plan. FCMs must also adopt, adhere to and enforce risk management and other policies and procedures in accordance with 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 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.
- H. FCMs must cooperate with the Company, the CFTC, and any related governmental authority in any inquiry, investigation, audit, examination or

proceeding relating to the FCM's business carrying customer accounts with the Company, 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). FCMs 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. FCMs must perform all required KYC, Customer Due Diligence and AML activities with regard to their FCM Customers.
- J. FCMs must not engage in practices that may cause degradation of the clearing systems or the Platform and its systems. FCMs must also not engage in acts or practices contrary to the purposes of the 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 FCMs, a Platform, 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.
- K. All FCM Customer funds received by the Company from an FCM to purchase, margin, guarantee, secure or settle positions of FCM Customers, and all money accruing to such FCM Customers as a result thereof, shall be segregated as Cleared Swaps Customer Collateral in accordance with all relevant provisions of the CEA and CFTC Regulations. This Rule satisfies the requirement in CFTC Regulation 22.5 that an FCM must obtain a written acknowledgement from the Company that such FCM Customer funds are being held in accordance with such provisions.
- L. Each FCM authorizes the Company to debit any fee owed to the Company by the FCM or the FCM Customers from the FCM Customer Account.
- M. Each FCM must require each FCM Customer to accept and be bound by these Rules prior to allowing the FCM Customer to trade on a Platform.
- N. Each FCM must enforce eligibility criteria on its FCM Customers to ensure that it accepts as FCM Customers only Persons who are permitted under Applicable Law to participate on Platform and Company. Each FCM must also require its FCM Customers to inform it of any change to the FCM Customer's eligibility.
- O. FCMs shall comply with all Applicable Law, including but not limited to Commission Rules 1.10, 1.12, 1.20 - 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 Members.
- C. As required in CFTC Regulations 39.15(d), an FCM Customer may request to transfer the FCM Customer's positions from an FCM to an account with a different FCM, or the FCM Customer's own account, but only if the following conditions are met:
 - 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.

Rule 4.3 FCM Accounts

- A. Each FCM must establish with the Company the accounts and financial relationships set forth in the FCM Clearing Member Agreement.
- B. All FCM Customer funds deposited by FCM Members with the Company are held in a Cleared Swaps Customer Account and are treated as Cleared Swaps Customer Collateral.
- C. As described in Rule 7.3.D., and as required by CFTC Regulation 22.3, Cleared Swaps Customer Collateral must remain segregated from all other funds.
- D. Each FCM must monitor funding levels in the FCM's account and ensure that there is sufficient collateral to support predicted future trading volume.
- E. All FCM Member proprietary funds deposited by an FCM Member with the Company are held in the Self-Clearing Member Account of that FCM Member and are treated as member collateral, unless such funds are deposited as a residual interest in an FCM Customer Account, in which case they are treated as Cleared Swaps Customer Collateral.

Rule 4.4 FCM Financial Requirements

- A. Unless otherwise provided, all FCMs must comply with the requirements set forth in CFTC Regulations 1.10, 1.12, 1.17 and 1.18 (this provision does not exclude the requirement for FCMs, as Participants, to comply with all Applicable Law). This includes, but is not limited to, the following:
 - 1. Maintenance of minimum capital requirements;

2. Submission of a timely and complete Form 1-FR, FOCUS Report or other requested information;
 3. Notification requirements when a clearing member:
 - a. Fails to maintain minimum capital requirements;
 - b. Fails to maintain early warning capital requirements;
 - c. Fails to maintain current books and records; or
 - d. Determines the existence of a material inadequacy as specified in CFTC Regulation 1.16(d)(2);
 - e. Changes its fiscal year; or
 - f. Changes its public accountant.
 4. Completely and accurately computing and recording the balances in the net capital computation including capital requirements;
 5. Subordination agreement requirements, including the filing of such agreements; and
 6. Preparation of a monthly computation of adjusted net capital and minimum financial requirements.
- B. In addition to the notifications, forms, and reports required by CFTC regulations, copies of the notifications must be furnished to the Company and to the Platform within twenty-four 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 FCMs to satisfy the requirements applicable to all Members to provide all required reports set forth in Chapter 3.

CHAPTER 5 Clearing

Rule 5.1 Clearance and Substitution

- A. Upon submission of a Transaction, the Company will conduct a review of the relevant Member Account (or relevant Sub-Account, if any) to ensure that the Transaction is fully collateralized prior to accepting the Transaction for clearing. If the Member's Member 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. For Self-Clearing Members, this means that the Company will review the Self-Clearing Member Account (or relevant Sub-Account, if any); for FCM Customers, or an FCM that is trading on a Platform through one of the permitted types of accounts specified in these Rules, the Company will review the FCM Customer Account.
- B. The Company will coordinate with all Platforms 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 Member that is an FCM, swap dealer, or major swap participant to establish fully automated systems for accepting or rejecting trades that are submitted to the Company for clearing by or for the Member or a FCM Customer of the Member, or, if fully automated systems are not practicable, as quickly as would be technologically practicable if fully automated systems were used.
- C. For trades executed competitively on or subject to the rules of a Platform:
1. The Company will coordinate with all Platforms to establish automated systems that will accept or reject for clearing Transactions in all contracts that are listed for clearing by the Company and are executed competitively on or subject to the rules of a Platform.
 2. The Company will accept for clearing all trades made
 - On a Platform; and
 - That satisfy the criteria of the Company, including but not limited to applicable risk filters. The Company's criteria will be non-discriminatory across trading venues. The Company will also coordinate with Platforms to integrate and be able to apply the criteria in a fully automated system, and if that is impracticable, the Company will apply the criteria as quickly as would be technologically practicable if fully automated systems were used.
 3. The Company will only accept for trading trades that satisfy the requirements that are set out in Chapter 6 of these Rules.

- D. The submission of a Transaction to the Company by or on behalf of the buying and selling Members shall constitute a request, by such Members, for the clearing of such Transaction by the Company. Upon acceptance thereof, by the Company:
1. 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 deemed to have bought the Contract from or sold the Contract to the Company, as the case may be, and the Company shall have all the rights and be subject to all the liabilities of such Participants with respect to such Transactions. Such substitution shall be effective in law for all purposes. The Participants are deemed to consent to the Novation of the Contract by entering the applicable Orders on a Platform and the Company consents to the Novation by accepting the Transactions for clearing.
 2. Where an FCM Member acts to clear a Contract made for the account of an FCM Customer, the FCM Member becomes obligated to the Company, and the Company becomes obligated to the Member, with respect to such Contract in the same manner and to the same extent as if the Contract were for the proprietary account of the FCM Member.
- E. 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 Company and may be offset with each other within the Company.
- F. 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 Members directly or, for a Member 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 Platform.

Rule 5.2 Settlement of Contracts

- A. Except as otherwise provided by Commission order, shall have the authority and operational capacity to effect a settlement with each clearing member, on an intraday basis, 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.

- 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 a Platform, or for FCM or IB Customers, by the applicable FCM or IB. The Company will transfer the amount payable under the Contract's terms to the relevant Member Accounts for Participants who held open positions. For Self-Clearing Members (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 Member Account (and relevant Sub-Account(s), if any); for FCM Customers, the amount payable will be transferred to the FCM Customer Account for the FCM 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 Member Account(s) the amount necessary to cover the increase. For Self-Clearing Members (including those that are (i) IB Customers or (ii) FCMs clearing for their proprietary accounts), the Self-Clearing Member Account (and relevant Sub-Account(s), if any) will be debited. For FCM Customers, the FCM will debit the funds in the FCM Customer's account with the FCM and the Company will debit the funds in the FCM Customer 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 Member Account(s) (and relevant Sub-Account(s), if any). For Self-Clearing Members (including those that are (i) IB Customers or (ii) FCMs clearing for their proprietary accounts), the Self-Clearing Member Account will be credited and relevant Sub-Account(s), if any) ; for FCM Customers, the FCM will credit the funds in the FCM Customer's account with the FCM and the Company will credit the funds in the FCM Customer Account.
- F. To the extent that a Transaction described in this section requires reconciliation in order to maintain the segregation required under Rule 6.3, reconciliation will be performed as set forth in Rule 5.5.

Rule 5.3 Deposit Procedures

- A. Members make deposits to the Company through a Member Portal which is linked to the applicable payment processor or money transmitter service for the payment type selected, by direct bank transfers to the relevant Settlement Bank, or via transfers from another Member Account as authorized by the relevant Member. Direct bank transfers and transfers from another Member Account must be executed pursuant to the instructions provided by the Platform.
- 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 Withdrawal Procedures

- A. Members make withdrawals through a Member Portal or other means as specified by the Company in writing to Members.
- B. Members are responsible for providing accurate account numbers or equivalent to allow the Company to effect transfers to the Members.
- C. Withdrawals occur no later than the next Settlement Bank Business Day after a Member has submitted a withdrawal request via a Member Portal or as otherwise permitted by Rule 5.4.A. if the Member submits a withdrawal notification during Trading Hours.
- D. If a Member 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 Member's collateral may become the sole property of the Company, to the extent permitted by Applicable Law.
- E. The Company may apply a Member's collateral against the Member's Obligations.

Rule 5.5 Reconciliation

- A. The Company shall reconcile the positions and cash and collateral balances of each Member Account (whether Self-Clearing Member Account or an FCM Customer Account) periodically, including at the end of each Settlement Bank Business Day, and shall rebalance the funds held for the benefit of Self-Clearing Member Accounts and FCM Customer Accounts as necessary to maintain the segregation required under Rule 6.3. The Company shall make available to each Member at all times what the Company's records show as the positions and cash and collateral balances of each such Member. 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.
- B. All Members 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 Members and IBs.

Rule 5.6 Swap Data Reporting

- A. The Company shall report to the CFTC in accordance with the reporting requirements in the CEA, CFTC Regulations, and Commission guidance. In

accordance with CFTC Letter No XX-XX (“Letter”) issued on XX XX, XXXX,¹ the Company relies upon no-action relief with respect to various swap data reporting requirements under Parts 43 and 45 of the Commission’s regulations for contracts traded on or pursuant to the Rules of the Company.

Rule 5.7 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:
- Imposing enhanced capital requirements;
 - Imposing enhanced margin requirements;
 - Imposing position limits;
 - Prohibiting an increase in positions;
 - Requiring a reduction of positions;
 - Liquidating or transferring positions; and
 - Suspending or revoking clearing membership.
- B. The Company may take any other action it deems necessary based on the application of objective and prudent risk management standards.

Rule 5.8 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.

¹ The Company will update this Rule with the correct citations once the NAL is issued.

CHAPTER 6 Margin

Rule 6.1 Full Collateralization of Contracts Required

- A. All trades must, at all times, be fully collateralized. Self-Clearing Members 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 position that is not fully collateralized.
- B. If a Self-Clearing Member 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 must ensure that the FCM Customer has on deposit enough funds (as will be set forth in the FCM's Member Agreement) to satisfy the full collateralization requirement set forth in this section 6.1 before the FCM 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 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 Member Default because it clears only fully collateralized positions.

Rule 6.2 Collateral

- A. United States dollars is 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 Section 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. The Company has the right to liquidate a Person's Contracts or non-cash collateral to the extent necessary to close or transfer Contracts, fulfill obligations to the Company or other Participants, and/or to return collateral in the event that (1) the Person ceases to be a Participant; (2) the Company suspends or terminates the Person's Clearing Privileges; (3) the Person's open position in any Contract becomes insufficiently collateralized; or (4) the Company determines in its sole discretion that it is necessary to liquidate the Contracts or non-cash collateral for such purposes.
- G. 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 Clearing House.
- B. Participants' collateral that relates to a Platform shall be legally and operationally segregated from the property of Participants that relate to a different Platform, even in the event that a single Participant is a member of both Platforms and Company provides Clearing Services to members 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 Member's Member Accounts as a result of Participants' trades and settlements of Contracts cleared by the Company. The Company shall maintain a record of each Member's Member 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.

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, 22.1, and 39.15 (or any successor regulations).
- B. All investments will be managed consistent with the objectives of preserving principal and maintaining liquidity.
 - 1. All investments will be able to be converted into cash within one business day without material discount in value.
 - 2. Investments will be exclusively in U.S. Treasury securities and obligations of any United States government corporation or enterprise sponsored by the United States government, as well as reverse repurchase agreements for these securities, and U.S. 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.
- C. Participants' funds will not, under any circumstances, be commingled with the Company's funds.
- D. The Company may pay interest to Members' 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.
- E. The Company will retain all profit from investment of Participant funds not paid to Members.

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, Authorized User or ISV 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. A Member that has one or more Authorized Users or IBs shall be responsible for establishing, maintaining and administering reasonable supervisory procedures to ensure that its Authorized Users or IBs comply with these Rules and Applicable Law, and such Member may be held accountable for the actions of such Authorized Users or IBs with respect to the Company.
- B. Members, 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. Members, IBs and Authorized Users shall ensure that any information disclosed to the Company is accurate, complete and consistent. No existing or prospective Member, 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 Member, 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 Member, 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 on 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 or other senior corporate management committee.

CHAPTER 8 Discipline and Enforcement

Rule 8.1 General

A. Market Monitoring

1. The Company shall record and store a record of all data entered into a Platform that is provided to the Company, including the Participant's, IB's, and Authorized User's identity, information on Transactions and any other information required and in accordance with the Company's policies.
2. The Compliance Department will conduct investigations when Compliance Department staff at any time has reason to believe that inappropriate activity of any sort is taking place that relates to the Company or a Platform.

B. Compliance Department

1. The Company has a Compliance Department consisting of one or more compliance staff. The Chief Compliance Officer is responsible for overseeing the Compliance Department and shall report to the Regulatory Oversight Committee and the CEO.
2. The Compliance Department shall investigate activity that it determines could constitute a violation of these Rules and Applicable Laws, and shall enforce the Rules and prosecute possible Rule violations within the Company's disciplinary jurisdiction.
3. The Compliance Department shall conduct periodic reviews of Members and IBs to verify compliance with these Rules. Such reviews may include, but are not limited to, reviews of randomly selected samples of audit trail data, and reviews of account numbers.

C. The Company, through the Compliance Department, Disciplinary Panel, and Appeals Committee, shall conduct inquiries, investigations, disciplinary proceedings, appeals from disciplinary proceedings, summary impositions of fines, summary suspensions, and other summary actions in accordance with this Chapter 8. Any Person subject to the Company's jurisdiction under Rule 3.1 is subject to the Company's disciplinary authority set forth in this Chapter 8.

D. The Company, through the Compliance Department, will commence an investigation upon (i) the discovery or receipt of information that indicates a reasonable basis for finding that a violation may have occurred or will occur, or (ii) the receipt of a request from Commission staff.

E. No Company Official shall interfere with or attempt to influence the process or resolution of any Disciplinary Action, except to the extent provided under these

Rules with respect to a proceeding in which a Person is a member of the relevant Disciplinary Panel or Appeals Committee.

F. Representation by Counsel

1. A Respondent, upon being served with a Notice of Charges, has the right to retain and be represented by legal counsel or any other representation of its choosing, except any Director or a member of the Disciplinary Panel or person substantially related to the underlying investigations, such as material witnesses or respondents during such proceedings.
2. In the event of any appeal that requires the Company to retain legal counsel, the Respondent shall be responsible for the reasonable attorney's fees incurred by the Company if the Respondent does not prevail in the dispute.

G. The Company may hold a Participant or IB liable for, and impose sanctions against such Participant or IB, for such Participant's or IB's own acts and omissions that constitute a violation, and with regard to Members for the acts and omissions of each Authorized User, or other agent or representative of such Member, in each case, that constitute a violation as if such violation were that of the Member.

H. Ex Parte Communications

1. A Respondent (and any counsel or representative of such Respondent) and the Compliance Department (and any counsel or representative of the Compliance Department) shall not knowingly make or cause to be made an ex parte communication relevant to the merits of a disciplinary proceeding or an appeal from a disciplinary proceeding to any member of the Disciplinary Panel or the Appeals Committee that hears such proceeding.
2. Members of a Disciplinary Panel or Appeals Committee shall not knowingly make or cause to be made an ex parte communication relevant to the merits of a disciplinary proceeding or an appeal from a disciplinary proceeding to any Respondent (and any counsel or representative of such Respondent) or the Compliance Department (and any counsel or representative of the Compliance Department).
3. Any Person who receives, makes or learns of any communication that is prohibited by this Rule 8.1 shall promptly give notice of such communication and any response thereto to the Compliance Department and all parties to the proceeding to which the communication relates.
4. A Person shall not be deemed to have violated this Rule 8.1 if the Person refuses an attempted communication concerning the merits of a proceeding as soon as it becomes apparent that the communication

concerns the merits, and promptly gives notice of such attempt to the Compliance Department.

Rule 8.2 Investigations

- A. If after review of a suspected violation the Compliance Department determines that there are sufficient grounds to warrant it, the Compliance Department will commence an investigation. The Compliance Department will endeavor to complete any investigation within 12 months of the time a potential Rule violation is suspected, unless there exists significant reason to extend the investigation beyond such period. Upon the conclusion of any investigation, the Compliance Department shall draft a report detailing the facts that led to the opening of the investigation, the facts that were found during the investigation, and the Compliance Department's analysis and conclusion. Such internal report shall be maintained in accordance with Rule 2.12.
- B. The Compliance Department has the authority to:
 - 1. initiate and conduct inquiries and investigations;
 - 2. examine books and records of any Person subject to the Company's jurisdiction under Rule 3.1;
 - 3. prepare investigative reports and make recommendations concerning initiating disciplinary proceedings;
 - 4. issue a Notice of Charges to a Respondent;
 - 5. prosecute alleged violations within the Company's disciplinary jurisdiction; and
 - 6. represent the Company on appeal from any disciplinary proceeding, summary imposition of fines, summary suspension or other summary action.
- C. Each Person subject to the jurisdiction of the Company:
 - 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 Rule;
 - b. any inquiry or investigation; or
 - c. any preparation by and presentation during a Disciplinary Action;

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

Rule 8.3 Disciplinary Panel

- A. If the Respondent disputes the Compliance Department's findings with respect to a Disciplinary Action, the Company shall convene the Disciplinary Panel to adjudicate the findings by the Compliance Department that are under dispute. The Chief Compliance Officer or an individual designated by the Chief Compliance Officer may be appointed to argue the matter on behalf of the Company.
 1. Members of the Disciplinary Panel shall be individuals that do not have a direct interest (financial, personal or otherwise) in the matter, but in no event may be members of the Compliance Department or any Persons involved in adjudicating any other stage of the same proceeding.
 2. In the event that members of the Disciplinary Panel do not satisfy the requirements of Rule 8.3.A.1., then the Regulatory Oversight Committee may substitute a new member for the Disciplinary Panel or act as the Disciplinary Panel, to the extent that the substituted member or the Regulatory Oversight Committee, as the case may be, does not have a direct interest (financial, personal or otherwise) in the matter.
- B. Members of the Disciplinary Panel and the Compliance Department may not communicate regarding the merits of a matter brought before the Disciplinary Panel without informing the Respondent who is the subject of the communication of the substance of such communication and allowing the Respondent an opportunity to respond. The Compliance Department may compel testimony, subpoena documents, and require statements under oath from any Respondent or, to the extent the Respondent is a Member, any of its Authorized Users, Authorized Representatives or other employees or agents.
- C. The Compliance Department and other Company Representatives working under the supervision of the Compliance Department may not operate under the direction or control of any Member, Authorized User, Authorized Representative, IB, or any other representative of a Member or IB.

Rule 8.4 Notice of Charges

- A. If the Compliance Department determines that there is reasonable cause to believe that a Respondent has violated these Rules or Applicable Law, the Compliance Department will issue a Notice of Charges to respondent. The Notice of Charges will be sent via email to the Respondent's last known email address. The Notice of Charges shall include:
1. the reason the investigation was initiated;
 2. the Rule or Rules alleged to have been violated;
 3. the Respondent's response, if any, or a summary of the response;
 4. a summary of the investigation conducted;
 5. findings of fact and the Compliance Department's conclusions as to each charge, including which of these Rules the Respondent violated, if any;
 6. a summary of the Respondent's, and any relevant Authorized User's or Authorized Representative's, disciplinary history, if any;
 7. the penalty, if any, proposed by the Compliance Department; and
 8. the Respondent's right to a hearing.
- 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 8.2.

Rule 8.5 Contesting and Appeals

- A. The Respondent subject to the investigation may contest the Notice of Charges by submitting an answer to the Notice of Charges by electronic mail to the Compliance Department within 15 days of receipt of the Notice of Charges. The Respondent's answer must contain a detailed response to the findings and conclusions as to each charge and any other information the Respondent believes is relevant.
- B. The Respondent has a right to examine all relevant books, documents, or other evidence in the possession or under the control of the Compliance Department, except that the Compliance Department may withhold from inspection any documents that:

1. are privileged or that constitute attorney work product;
 2. were prepared by any Company Representative but which will not be offered in evidence in the disciplinary proceedings;
 3. may disclose a technique or guideline used in examinations, investigations, or enforcement proceedings;
 4. may disclose the identity of an unrelated Participant or IB;
 5. may disclose any confidential information other than Respondent's; or
 6. disclose the identity of a confidential source.
- C. If the Respondent fails to answer a Notice of Charges, then such failure shall be deemed an admission to the findings in the Notice of Charges, and the Compliance Department's findings and conclusions shall become final and the Compliance Department shall impose the penalty (if any) that it proposes. The Compliance Department shall notify the Respondent of the imposition of any penalty by email sent to Respondent's last known email address.
- D. If the findings of the Compliance Department are contested, the Compliance Department's report and the Respondent's response will be submitted to a Disciplinary Panel.
- E. The Disciplinary Panel will conduct a fair hearing with the Compliance Department or other Company Representative and the Respondent within 15 calendar days of receipt of the Participant's or IB's answer to the Notice of Charges contesting such Notice of Charges, unless Respondent and the Compliance Department agree to an extension. Parties may attend virtually. The formal rules of evidence shall not apply, but the hearing procedures must not deny a fair hearing.
1. The hearing shall be recorded, and all information submitted by the parties and the recording of the hearing shall be preserved by the Compliance Department, along with the Disciplinary Panel's findings, as the record of the proceedings (the "hearing record") in accordance with Rule 2.12.
 2. The hearing record shall be transcribed if requested by the Commission or Respondent, if the decision is appealed pursuant to these Rules, or if the Commission reviews the decision pursuant to Section 8c of the CEA or Part 9 of CFTC Regulations.
- F. Prior to the Disciplinary Panel's hearing, the parties may (but need not) submit proposed findings, briefs, and exhibits (including affidavits), and during the hearing the parties may present witnesses. The Respondent is entitled to cross-examine witnesses. Persons within the Company's jurisdiction who are called as witnesses must participate in the hearing and produce evidence within

the rules set forth in paragraph B of this Rule. The Compliance Department shall use reasonable efforts to secure the presence of all other witnesses whose testimony would be relevant.

- G. Within 14 business days after the Disciplinary Panel's hearing, the Disciplinary Panel shall issue a decision, which shall be delivered to the Respondent by email to Respondent's last known email address. The findings of the Disciplinary Panel shall contain the following information:
1. A brief summary of the hearing;
 2. findings and conclusions with respect to each charge, and a complete explanation of the evidence and other basis for such findings and conclusions;
 3. a declaration of any penalty to be imposed on the Respondent as the result of the findings and conclusions, including the basis for such penalty;
 4. the effective date and duration of that penalty; and
 5. a statement that the Respondent has the right to appeal any adverse decision by the Disciplinary Panel to the Appeals Committee within 15 calendar days of receipt of the Disciplinary Panel's decision, and the email addresses to send notice of Respondent's decision to appeal.
- H. Either the Respondent or the Compliance Department may appeal the decision of the Disciplinary Panel within 15 calendar days by filing an appeal by email with the Appeals Committee and forwarding a copy to the other parties to the appeal. The Appeals Committee may review a decision on its own initiative. Any penalties shall be stayed pending appeal unless the Regulatory Oversight Committee determines that a stay pending appeal would likely be detrimental to the Company, other Participants, IBs, or the public, in which case the penalty shall apply during the appeal period. The Appeals Committee shall review the hearing record and any information submitted by the Compliance Department or the Company Representative and the Respondent on appeal and issue a decision, which shall be final on the date of such issuance. The Respondent shall be notified of the Appeals Committee's decision by email and the Respondent's last known email address. The hearing record, any information submitted on appeal, and the Appeals Committee's decision shall be preserved as the record on appeal in accordance with Rule 2.12. The decision shall contain:
1. a brief statement of the facts on appeal;
 2. findings and conclusions with respect to each charge that was appealed, and a complete explanation of the Appeals Committee's conclusions;
 3. the Appeals Committee's determination with regard to each penalty;

4. a statement that any Person aggrieved by the action may have a right to appeal the action pursuant to Part 9 of the Commission's Regulations, within 30 calendar days of service; and
 5. a statement that any Person aggrieved by the action may petition the Commission for a stay pursuant to Part 9 of the Commission's Regulations, within ten calendar days of service.
- I. Notice of the Appeals Committee's decision will be sent to Respondent via email to Respondent's last known email address. Notice will be sent no later than two business days after the Appeals Committee members sign the decision.

Rule 8.6 Settlements

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

- D. Failed settlement negotiations, or withdrawn settlement offers, will not prejudice a Respondent or otherwise affect subsequent procedures in the Rule enforcement process.

Rule 8.7 Notice of Decision

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

Rule 8.8 Penalties

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

Rule 8.9 Summary Suspension

- A. The Compliance Department may summarily suspend or restrict a Participant's, IB's or a Member's Authorized User's privileges if the Chief Compliance Officer

believes suspension or restriction is necessary to protect the swaps, commodity futures or options markets, the Company, the public, or other Participants.

- B. The Compliance Department may deny or terminate or restrict the status of a Participant, IB or a Member's Authorized User if (i) such Person is unable to demonstrate its ability to satisfy the applicable criteria set forth in Chapter 3 of these Rules; (ii) such Person is unable to demonstrate its compliance with all other applicable Rules; (iii) such Person's inability to demonstrate compliance with such criteria or Rules would, in the Company's sole discretion, bring the Company into disrepute or cause the Company to fail to be in compliance with the CEA or CFTC Regulations or other laws and regulations; (iv) such Person or any of its Authorized Users, as applicable, has committed a violation of the Rules; or (v) other good cause is shown as the Company may reasonably determine in its discretion.
- C. Whenever practicable the Compliance Department shall notify the Participant, IB or a Member's Authorized User whose privileges are to be summarily suspended by email at the Participant's, IB's or Member's Authorized User's last known email address before the action is taken. If prior notice is not practicable, the Participant, IB or Member's Authorized User shall be served with notice at the earliest opportunity. This notice shall:
 - 1. state the action taken or to be taken;
 - 2. briefly state the reasons for the action;
 - 3. state the time and date when the action became or becomes effective and its duration; and
 - 4. state that any Person aggrieved by the action may petition the Commission for a stay of the effective date of the action pending a hearing pursuant to Part 9 of CFTC Regulations, within ten calendar days of service.
- D. In the case of an Authorized User, notice will also be sent to the relevant Member, via email to the Member's last known email address.
- E. The Participant, IB or Member's Authorized User whose privileges are to be summarily suspended shall be given an opportunity for appeal under the procedures outlined in Rule 8.5.

Rule 8.10 Reporting Violations to the Commission

- A. Whenever the Company suspends, expels, fines or otherwise disciplines or denies any Person access to the Company, the Company will make the disclosures required by CFTC Regulations. Without limiting the generality of the foregoing, upon rendering a final decision regarding a disciplinary or access denial action, the Company shall provide notice to the Commission in a form and manner specified by the Commission.

- B. The Company will submit to the Commission a schedule listing all those Company Rule violations which constitute disciplinary offenses as defined in paragraph (a)(6)(i) of CFTC Regulation 1.63 and, to the extent necessary to reflect revisions, will submit an amended schedule within thirty days of the end of each calendar year. The Company will maintain the schedule required by this section, and post the schedule on the Company's website.
- C. The Company will submit to the Commission within thirty days of the end of each calendar year a certified list of any Participants, IBs, or Persons who have been removed from any Disciplinary Panel, the Board or any Company committee pursuant to these Rules or Applicable Law during the prior year.
- D. Whenever the Company finds by final decision that a Participant, IB, or Person has violated a Rule or otherwise committed a disciplinary offense and such finding makes such person ineligible to serve on the Company's Disciplinary Panels, Company committees, or the Board, the Company shall inform the Commission of such finding and the length of the ineligibility in a notice it is required to provide to the Commission pursuant to either CEA Section 17(h)(1) or CFTC Regulation 9.11.

Rule 8.11 Coordination with Platforms

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

Rule 8.12 Disciplinary Offenses

Notices of disciplinary decisions sent to Participants, IBs, and a Member's Authorized Users under this Chapter will include whether the violation is considered a disciplinary offense within the meaning of Chapter 2. This will enable any person who has been found to have committed a rule violation to know whether the person is now disqualified from Company committee service and the duration of any such disqualification.

Rule 8.13 Reporting Offenses to the CFTC

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

CHAPTER 9 Arbitration

Rule 9.1 In General

- A. Any Claim by a Participant or IB against another Participant or IB (including any related counterclaims) shall be settled by arbitration in accordance with this Chapter 9.
- B. Notwithstanding paragraph B, the arbitration panel, in its sole and absolute discretion, may decline to take jurisdiction of, or, having taken jurisdiction may at any time decline to proceed further with, any Claim or any other dispute, controversy or counterclaim, other than such as may be asserted under paragraph A.
- C. A Claim brought pursuant to this Rule 9.1 shall be adjudicated by qualified arbitrators appointed in accordance with Rule 9.5 below.
- D. Persons to a dispute resolved in accordance with this Chapter 9 shall have the right to retain and be represented by legal counsel or any other representation of its choosing, except any Director or a member of the Disciplinary Panel or person substantially related to the underlying investigations, such as material witnesses or respondents during such proceedings. Persons to a dispute resolved in accordance with this Chapter 9 shall be responsible for their own costs, expenses and attorneys' fees incurred in connection with the dispute. Notwithstanding the foregoing, the Person that prevails shall be entitled to recover from the other party all reasonable costs, expenses and attorneys' fees incurred in any arbitration arising out of or relating to this Chapter 9, and in any legal action or administrative proceeding to enforce any arbitration award or relief.
- E. Any award or relief granted by the arbitrators hereunder shall be final and binding on the parties hereto and may be enforced by any court of competent jurisdiction.
- F. Notwithstanding the foregoing, this Chapter 9 does not apply to disputes between Participants and/or IBs where:
 - 1. such Persons are required by the rules of a non-Company Self-Regulatory Organization to submit to the dispute resolution procedures of that Self-Regulatory Organization; or
 - 2. such Persons have, by valid and binding agreement, committed to arbitrate or litigate in a forum other than the Company.

Rule 9.2 Arbitration Procedures

- A. A Person desiring to initiate an arbitration as provided in Rule 9.1 shall file a notice of arbitration (a "Notice") within two years from the time the Claim arose. The Notice must set forth the name and address of the party or parties against

whom the Claim is being asserted, the nature and substance of the Claim, the relief requested and the factual and legal bases alleged to underlie such relief.

- B. The Notice shall be accompanied by a non-refundable check payable to the Company in payment of the arbitration fee. The amount of the fee shall be (i) \$500 for a Claim requesting relief totaling less than \$25,000 in the aggregate or (ii) \$1,000 for a Claim requesting relief totaling \$25,000 or more in the aggregate.
- C. Upon receipt, the Company shall promptly convene an arbitration panel in accordance with Rule 9.5. The Company shall deliver a copy of the Notice to each other party and to the arbitration panel.
- D. Within 20 days following the delivery of the Notice, each Respondent shall file a written response (a "Response") with the Company, with a copy to the claimant, setting forth its or his position and any counterclaims, as applicable. If the Response sets forth one or more counterclaims, the claimant shall file within 20 days a written reply to such counterclaims with the Company, with a copy to the claimant.
- E. Once each party has had an opportunity to respond to the Claim and all counterclaims, the arbitration panel shall promptly schedule a hearing. Notwithstanding, Claims requesting relief totaling less than \$5,000 in the aggregate may, in the interests of efficiency and economy, be resolved without hearing.
- F. The chairman of the arbitration panel shall preside over the hearing and shall make such determinations on the relevancy and procedure as will promote a fair and expeditious adjudication.
- G. The arbitration panel shall consider all relevant, probative testimony and documents submitted by the parties. The arbitration panel shall not be bound by the formal rules of evidence.
- H. The final decision of the panel shall be by majority vote of the arbitrators, as applicable.
- I. Within 60 days after the termination of the hearing, the arbitration panel shall render its final decision in writing and deliver a copy thereof either in person or by first-class mail to each of the parties. The arbitration panel may grant any remedy or relief which it deems just and equitable, including, without limitation, the awarding of interest and the arbitration fee.
- J. The final decision of the arbitration panel shall not be subject to appeal within the Company.
- K. No verbatim record shall be made of the proceedings, unless requested by a party who shall bear the cost of such record.

Rule 9.3 Withdrawal of Arbitration Claim

Any Notice may be withdrawn at any time before the Response is filed in accordance with this Chapter 9. If a Response has been filed, any withdrawal shall require consent of the party against which the Claim is asserted.

Rule 9.4 Penalties

- A. Any failure on the part of a Person to arbitrate a dispute subject to this Chapter 9, or the commencement by any such Person of a suit in any court prior to arbitrating a case that is required to be arbitrated pursuant to this Chapter 9, violates these Rules and shall subject such Person to disciplinary proceedings pursuant to Chapter 8.
- B. A failure to timely satisfy an arbitration award rendered in any arbitration pursuant to this Chapter is a violation of these Rules and may result in disciplinary action.

Rule 9.5 Arbitration Panel

- A. On an as-needed basis, the Company shall convene an arbitration panel to adjudicate an arbitration claim under this Chapter 9. For a Claim requesting relief totaling less than \$25,000 in the aggregate, the arbitration panel shall consist of one individual. For a Claim requesting relief totaling \$25,000 or more in the aggregate, the arbitration panel shall consist of three individuals.
- B. Members of the arbitration panel shall be individuals that do not have a direct interest (financial, personal or otherwise) in the matter.
- C. Any member of the arbitration panel may disqualify himself for any reason he deems appropriate.
- D. Each member of the arbitration panel shall conduct himself in a manner consistent with the American Bar Association/American Arbitration Association's "Code of Ethics for Arbitrators in Commercial Disputes," which the Company hereby adopts as its own code of ethics for arbitrators.
- E. Each member of the arbitration panel must have no less than five years' experience in the financial services industry, and no less than one arbitrator must have no less than five years' experience in the commodity futures or swap industry.
- F. In the event that members of the arbitration panel do not satisfy the requirements of this Rule 9.5, then the Regulatory Oversight Committee may substitute a new member for the arbitration panel or act as the arbitration panel, to the extent that the substituted member or the Regulatory Oversight Committee, as the case may be, does not have a direct interest (financial, personal or otherwise) in the matter.

CHAPTER 10 Miscellaneous

Rule 10.1 Prohibited Conduct for Company Employees, Directors, and Consultants.

A. Prohibited conduct for Company employees:

1. Company employees are prohibited from trading, directly or indirectly, in any contract cleared by the Company.
2. Company employees are prohibited from Trading, directly or indirectly, in any contract traded on any contract market or Swap Execution Facility or cleared by a derivatives clearing organization if the employee has access to material, non-public information concerning the contract.
3. Company employees are prohibited from disclosing to any other person any material, non-public information which such employee obtains as a result of his or her employment at the Company where such employee has or should have a reasonable expectation that the information disclosed may assist another person in trading any commodity interest. This rule does not prohibit disclosures made in the course of an employee's duties, or disclosures made to another Self-Regulatory Organization, linked exchange, court of competent jurisdiction or representative of any agency or department of the federal or state government acting in his or her official capacity.
4. Exceptions to trading prohibitions-
 - a. Trading by related entities of the Company is allowed on any Platform if the rules of the Platform include provisions for such trading. For example, an entity that is related to the Company and a Platform is allowed to trade on the Platform if the rules of a Platform allow for trading on Platform by a related entity.
 - b. Contractors that provide services for the Company that have no connection to the Company's Clearing Services and do not have access to any Material Information (as defined in Rule 10.1.C.3.) are excepted from trading prohibitions. For example, a person that contracts with the Company to provide carpet cleaning services is excepted from the trading prohibitions of this Rule.
 - c. The Chief Compliance Officer (or, in the case of the Chief Compliance Officer, the Board) may grant exceptions to the trading prohibitions in this Rule, if the Chief Compliance Officer determines that the exemption would not be contrary to the purposes of the Act, CFTC Regulations, the public interest, and just and equitable principles of trade.

- d. As noted in paragraph B of this Rule, under no circumstances is any person allowed to trade on the basis of any material, non-public, information.

B. Prohibited Conduct - Employees, Directors, and Consultants

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

C. As used in this Rule, the following terms have the following meanings:

1. **Commodity interest** has the meaning set forth in CFTC Regulation 1.3, which is available at <https://www.ecfr.gov/current/title-17/chapter-I/part-1/subject-group-ECFR-893b3e8e94c8047/section-1.3>.
2. **Company Employee** means any employee or contractor of the Company, and does not include a person who is only a Director, a person who is only a member of a committee, or a person who is only a consultant.
3. **Material Information** means information which, if such information were publicly known, would be considered important by a reasonable person in deciding whether to trade a particular commodity interest on a contract market or a Swap Execution Facility, or to clear a swap contract through a derivatives clearing organization. Material Information includes, but is not limited to, information relating to present or anticipated cash positions, commodity interests, trading strategies, the financial condition of members of Self-Regulatory Organizations or members of linked exchanges or their customers, or the regulatory actions or proposed regulatory actions of a Self-Regulatory Organization or a linked exchange.

4. ***Non-public information*** means information which has not been disseminated in a manner which makes it generally available to the trading public.

Rule 10.2 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 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 agree 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 exchange 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, SEFs, or other similar entities, or associations such as the Intermarket Surveillance Group. 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 Company Representative authorized to receive such information within the scope of his or her 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 10.3 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 10.4 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 New York without regard to any provisions of New York law that would apply the substantive law of a different jurisdiction. The State of New York is the “securities intermediary’s jurisdiction” within the meaning of Section 8-110(e) of the UCC for all purposes of the UCC.

Rule 10.5 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 State or Federal courts located within the City of New York, New York. 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 10.5 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 to the Commission copies of documents pertaining to Company-related pending legal proceedings as required under CFTC Regulation 1.60.

Rule 10.6 LIMITATION OF LIABILITY; NO WARRANTIES

- A. EXCEPT AS OTHERWISE SET FORTH IN THE RULES, OR DUE TO COMPANY OBLIGATIONS ARISING FROM THE CEA OR CFTC REGULATIONS, INCLUDING, WITHOUT LIMITATION, PART 39 OF THE CFTC REGULATIONS, OR OTHERWISE UNDER APPLICABLE LAW, NEITHER THE COMPANY NOR ANY OF ITS COMPANY REPRESENTATIVES, AFFILIATES OR AFFILIATES’ REPRESENTATIVES SHALL BE LIABLE TO ANY PERSON, OR ANY PARTNER, DIRECTOR, OFFICER, AGENT, EMPLOYEE, AUTHORIZED USER OR AUTHORIZED REPRESENTATIVE THEREOF, FOR ANY LOSS, DAMAGE, INJURY, DELAY, COST, EXPENSE, OR OTHER LIABILITY OR CLAIM, WHETHER IN CONTRACT, TORT OR RESTITUTION, OR UNDER ANY OTHER

CAUSE OF ACTION, SUFFERED BY OR MADE AGAINST THEM AS A RESULT OF THEIR USE OF SOME OR ALL OF A PLATFORM OR THE WEBSITE AND BY MAKING USE OF THE PLATFORM OR THE WEBSITE, SUCH PERSONS EXPRESSLY AGREE TO ACCEPT ALL LIABILITY ARISING FROM THEIR USE OF SAME.

- B. EXCEPT AS OTHERWISE SET FORTH IN THESE RULES OR DUE TO COMPANY OBLIGATIONS ARISING FROM THE CEA OR CFTC REGULATIONS, INCLUDING, WITHOUT LIMITATION, PART 39 OF THE CFTC REGULATIONS, OR OTHERWISE UNDER APPLICABLE LAW, NEITHER THE COMPANY NOR ANY OF ITS COMPANY REPRESENTATIVES, AFFILIATES OR AFFILIATES' REPRESENTATIVES SHALL BE LIABLE TO ANY PERSON, OR ANY PARTNER, DIRECTOR, OFFICER, AGENT, EMPLOYEE, AUTHORIZED USER OR AUTHORIZED REPRESENTATIVE THEREOF, FOR ANY LOSS, DAMAGE, INJURY, DELAY, COST, EXPENSE, OR OTHER LIABILITY OR CLAIM, WHETHER IN CONTRACT, TORT OR RESTITUTION, OR UNDER ANY OTHER CAUSE OF ACTION, SUFFERED BY OR MADE AGAINST THEM, ARISING FROM (A) ANY FAILURE OR NON-AVAILABILITY OF A PLATFORM OR WEBSITE; (B) ANY ACT OR OMISSION ON THE PART OF THE COMPANY, COMPANY REPRESENTATIVES, AFFILIATES OR AFFILIATES' REPRESENTATIVES INCLUDING WITHOUT LIMITATION A DECISION OF THE COMPANY TO VOID, NULLIFY OR CANCEL ORDERS OR TRADES IN WHOLE OR IN PART; (C) ANY ERRORS OR INACCURACIES IN INFORMATION PROVIDED BY THE COMPANY, AFFILIATES, A PLATFORM, OR THE WEBSITE; (D) UNAUTHORIZED ACCESS TO OR UNAUTHORIZED USE OF A PLATFORM OR WEBSITE BY ANY PERSON; (E) ANY FORCE MAJEURE EVENT; OR (F) ANY LOSS TO ANY PARTICIPANT OR INTRODUCING BROKER RESULTING FROM A PARTICIPANT'S OR INTRODUCING BROKER'S OWN SECURITY OR THE INTEGRITY OF A PARTICIPANT'S OR INTRODUCING BROKER'S TECHNOLOGY OR TECHNOLOGY SYSTEMS. THIS LIMITATION OF LIABILITY WILL APPLY REGARDLESS OF WHETHER OR NOT THE COMPANY, ANY COMPANY REPRESENTATIVES, ANY COMPANY AFFILIATES OR AFFILIATES' REPRESENTATIVES (OR ANY DESIGNEE THEREOF) WAS ADVISED OF OR OTHERWISE MIGHT HAVE ANTICIPATED THE POSSIBILITY OF SUCH DAMAGES.
- C. A PERSON'S USE OF A PLATFORM OR THE WEBSITE, COMPANY PROPERTY AND ANY OTHER INFORMATION AND MATERIALS PROVIDED BY THE COMPANY IS AT THE PERSON'S OWN RISK, AND A PLATFORM, THE WEBSITE, THE COMPANY PROPERTY AND ANY OTHER INFORMATION AND MATERIALS PROVIDED BY THE COMPANY HEREUNDER ARE PROVIDED ON AN "AS IS" AND "AS AVAILABLE" BASIS, WITHOUT WARRANTIES OR REPRESENTATIONS OF ANY KIND, EXPRESS OR IMPLIED, BY STATUTE, COMMON LAW OR OTHERWISE, INCLUDING ALL IMPLIED WARRANTIES OF

MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE AND NON-INFRINGEMENT, AND ANY WARRANTIES ARISING FROM A COURSE OF DEALING, USAGE OR TRADE PRACTICE. THE COMPANY DOES NOT GUARANTEE THAT (A) THE COMPANY PROPERTY, A PLATFORM, OR THE WEBSITE WILL OPERATE IN AN ERROR-FREE, SECURE OR UNINTERRUPTED MANNER; (B) ANY INFORMATION OR MATERIALS PROVIDED BY THE COMPANY OR ACCESSIBLE THROUGH THE COMPANY PROPERTY, A PLATFORM, OR THE WEBSITE WILL BE ACCURATE, COMPLETE, RELIABLE, OR TIMELY; OR (C) THE COMPANY PROPERTY OR ANY ASPECTS OF A PLATFORM OR THE WEBSITE WILL BE FREE FROM VIRUSES OR OTHER HARMFUL COMPONENTS. THE COMPANY SHALL HAVE NO LIABILITY FOR THE CREDITWORTHINESS OF ANY PERSON OR FOR THE ACTS OR OMISSIONS OF ANY PERSON UTILIZING A PLATFORM, THE WEBSITE, OR ANY ASPECT OF THE COMPANY, PLATFORM, OR WEBSITE. A PERSON ACCESSING THE COMPANY IS SOLELY RESPONSIBLE FOR THE SECURITY AND INTEGRITY OF THE PERSON'S TECHNOLOGY. A PERSON'S ACCESS TO THE COMPANY MAY BE INTERNET-BASED AND THE COMPANY HAS NO CONTROL OVER THE INTERNET OR A PERSON'S CONNECTIONS THERETO. ANY PERSON ACCESSING THE COMPANY ACKNOWLEDGES THAT THE INTERNET, COMPUTER NETWORKS, AND COMMUNICATIONS LINKS AND DEVICES NECESSARY TO ENABLE A PERSON TO ACCESS AND USE A PLATFORM AND THE WEBSITE ARE INHERENTLY INSECURE AND VULNERABLE TO ATTEMPTS AT UNAUTHORIZED ENTRY AND THAT NO FORM OF PROTECTION CAN ENSURE THAT A PARTICIPANT'S DATA, HARDWARE, OR SOFTWARE OR A PLATFORM OR OTHER COMPANY PROPERTY WILL BE FULLY SECURE. FURTHERMORE, THE COMPANY SHALL HAVE NO OBLIGATION TO MONITOR OR VERIFY ANY INFORMATION DISPLAYED THROUGH A PLATFORM OR THE WEBSITE.

- D. A PARTICIPANT THAT HAS COLLATERAL DEPOSITED FOR ITS BENEFIT WITH THE COMPANY PURSUANT TO THESE RULES SHALL HOLD THE COMPANY HARMLESS FROM ALL LIABILITY, LOSSES AND DAMAGES WHICH MAY RESULT FROM OR ARISE WITH RESPECT TO THE CARE AND SALE OF SUCH COLLATERAL PROVIDED THAT THE COMPANY HAS ACTED REASONABLY AND IN ACCORDANCE WITH APPLICABLE LAW UNDER THE CIRCUMSTANCES. FURTHERMORE, THE COMPANY HAS NO RESPONSIBILITY FOR ANY ACT OR OMISSION OF ANY THIRD PARTY SERVICE PROVIDER THAT THE COMPANY HAS CHOSEN WITH REASONABLE CARE. THE COMPANY HAS NO RESPONSIBILITY OR LIABILITY FOR ANY LOSS OF COLLATERAL THAT RESULTS, DIRECTLY OR INDIRECTLY, FROM A BREACH TO A PARTICIPANT'S SECURITY OR ELECTRONIC SYSTEMS, INCLUDING BUT NOT LIMITED TO CYBER ATTACKS, OR FROM A PARTICIPANT'S NEGLIGENCE WITH RESPECT TO A WALLET, ADDRESS OR THE RECEIPT OF COLLATERAL UPON THE REQUEST OF A WITHDRAWAL, OR FROM A PARTICIPANT'S

DEPOSIT, MISTAKE, ERROR, NEGLIGENCE, OR MISCONDUCT WITH RESPECT TO ANY COLLATERAL TRANSFERS A PARTICIPANT MAKES OR ATTEMPTS TO MAKE TO THE COMPANY.

- E. NO PARTICIPANT, INTRODUCING BROKER, AUTHORIZED USER, AUTHORIZED REPRESENTATIVE OR ANY OTHER PERSON SHALL BE ENTITLED TO COMMENCE OR CARRY ON ANY PROCEEDING AGAINST THE COMPANY, ANY OF ITS COMPANY REPRESENTATIVES, AFFILIATES OR AFFILIATES' REPRESENTATIVES, IN RESPECT OF ANY ACT, OMISSION, PENALTY OR REMEDY IMPOSED PURSUANT TO THE RULES OF THE COMPANY. THIS SECTION SHALL NOT RESTRICT THE RIGHT OF SUCH PERSONS TO APPLY FOR A REVIEW OF A DIRECTION, ORDER OR DECISION OF THE COMPANY BY A COMPETENT REGULATORY AUTHORITY.
- F. NOTWITHSTANDING ANYTHING TO THE CONTRARY HEREIN, IN NO EVENT SHALL THE COMPANY OR ANY OF ITS COMPANY REPRESENTATIVES, AFFILIATES OR AFFILIATES' REPRESENTATIVES BE LIABLE FOR ANY INDIRECT, INCIDENTAL, CONSEQUENTIAL, PUNITIVE OR SPECIAL DAMAGES (WHETHER OR NOT THE COMPANY OR ANY SUCH PERSON HAD BEEN INFORMED OR NOTIFIED OR WAS AWARE OF THE POSSIBILITY OF SUCH DAMAGES).
- G. ANY CLAIM FOR REDRESS OR DAMAGES HEREUNDER SHALL BE FILED IN A COURT OF COMPETENT JURISDICTION WITHIN ONE YEAR OF THE DATE ON WHICH SUCH CLAIM ALLEGEDLY AROSE. FAILURE TO INSTITUTE LITIGATION WITHIN SUCH TIME PERIOD SHALL BE DEEMED TO BE A WAIVER OF SUCH CLAIM AND THE CLAIM SHALL BE OF NO FURTHER FORCE OR EFFECT. THE ALLOCATIONS OF LIABILITY IN THIS RULE REPRESENT THE AGREED AND BARGAINED FOR UNDERSTANDING OF THE PARTIES, AND EACH PARTY ACKNOWLEDGES THAT THE OTHER PARTY'S RIGHTS AND OBLIGATIONS HEREUNDER REFLECT SUCH ALLOCATIONS. THE PARTIES AGREE THAT THEY WILL NOT ALLEGE THAT THIS REMEDY FAILS ITS ESSENTIAL PURPOSE.
- H. THE LIMITATIONS ON LIABILITY IN THIS RULE SHALL NOT PROTECT ANY PARTY FOR WHICH THERE HAS BEEN A FINAL DETERMINATION (INCLUDING EXHAUSTION OF ANY APPEALS) BY A COURT OR ARBITRATOR TO HAVE ENGAGED IN WILLFUL OR WANTON MISCONDUCT OR FRAUD. ADDITIONALLY, THE FOREGOING LIMITATIONS ON LIABILITY OF THIS RULE SHALL BE SUBJECT TO THE CEA AND THE REGULATIONS PROMULGATED THEREUNDER, EACH AS IN EFFECT FROM TIME TO TIME.

Rule 10.7 Error Trade Policy

- A. 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.

Rule 10.8 Canceling Cleared Trades

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

Rule 10.9 Amendments to the Rules

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

Rule 10.10 Transfer of Trades

- A. The Chief Compliance Officer or his or her designee may, upon request by the Members, approve a transfer of existing trades and collateral either on the books of the same Member, or from the books of one Member to the books of another Member if the transfer is (i) between accounts with identical beneficial ownership or (ii) in connection with, or as a result of, an asset purchase, corporate restructuring, consolidation or similar non-recurring transaction between two or more entities. Such a transfer must meet each of the following conditions:
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 Member 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 Members involved shall maintain a full and complete record of all transactions together with all pertinent memoranda.

Rule 10.11 Contracts Not Voidable

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