

OPTEX CLEARING RULEBOOK

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CHAPTER 1 DEFINITIONS

101. Definitions

Unless the context otherwise requires, the terms defined in this Rule have the meanings specified below for all purposes under the Rules:

“90-Day Average IM” has the meaning set forth in Rule 334(b)(i)(A)(1).

“Affiliate” means a Person who, directly or indirectly, Controls, is Controlled by, or is under common Control with, such other Person.

“Appeal Panel” means an appeal panel the members of which will be appointed in accordance with Rule 501(h).

“Applicable Law” means, with respect to any Person, any statute, law, regulation, rule or ordinance of any Regulatory Authority applicable to such Person, including the CEA, CFTC Regulations and, to the extent applicable to such Person, similar foreign laws or regulations.

“Approved Financial Institution” means a bank or trust company designated by the Board pursuant to Rule 318.

“Assessments” has the meaning set forth in Rule 335(b)(vi).

“Authorized User” means a natural person who is either employed by or is an agent of a Clearing Member and who is authorized by the Clearinghouse as an Authorized User in accordance with Rule [308].

“Bank Holiday” means any day when banks in the State of Illinois generally are closed, as determined by the Clearinghouse.

“Bankruptcy Event” has the meaning set forth in Rule 338(a).

“Board” means the board of directors of the Clearinghouse constituted in accordance with the LLC Agreement and these Rules.

“Business Day” means any day on which the Clearinghouse is open for business.

“CEA” means the Commodity Exchange Act, as amended from time to time.

“CFTC” means the Commodity Futures Trading Commission or any successor regulatory body.

“CFTC Regulations” means the rules, regulations and orders promulgated by the CFTC, as amended from time to time.

“Chairman” means the individual serving as chairman of the board of the Clearinghouse from time to time.

“Chief Compliance Officer” means the individual appointed by the Board to serve as the chief compliance officer of the Clearinghouse.

“Chief Executive Officer” or **“CEO”** means the individual appointed by the Board as the Clearinghouse’s chief executive officer.

“Chief Risk Officer” means the individual appointed by the Board to serve as the chief risk officer of the Clearinghouse.

“Clearing Activity” means any clearing business conducted pursuant to the Rules or which is required to be conducted pursuant to the Rules.

“Clearinghouse” means **Optex Clearing LLC**, a Delaware limited liability company registered with the CFTC as a derivatives clearing organization.

“Clearinghouse Official” means any Officer or employee of the Clearinghouse and any member of the Board or committee established by the Board.

“Clearing Member” means an entity meeting the requirements of, and approved for, clearing membership at the Clearinghouse that is authorized pursuant to Rule 303 to clear trades in one or more Exchange Contracts. All Clearing Members must be registered with the CFTC as FCMs (each, an **“FCM Clearing Member”**).

“Clearing Member Agreement” means an agreement between the Clearinghouse and a Clearing Member, which must be executed in order for a Clearing Member to have access to the Clearinghouse for the purpose of clearing Exchange Contracts.

“Clearing System” means the systems, software, equipment, hardware, apparatus, appliances, gateways, application programming interfaces and other components used by or on behalf of the Clearinghouse to perform its clearing functions.

“Collateral” means such property as may be delivered by a Clearing Member to the Clearinghouse as collateral for the obligations of such Clearing Member to the Clearinghouse (including but not limited to Margin), and all proceeds of the foregoing and all proceeds of any of the foregoing, held in or for the accounts of a Clearing Member in connection with the financial obligations of such Clearing Member, however created, arising or evidenced, whether direct or indirect, absolute or contingent, existing, due or to become due. A list of Collateral accepted by the Clearinghouse is available on the Clearinghouse’s website.

“Compliance Department” means the compliance department and personnel of the Clearinghouse.

“Confidential Information” has the meaning set forth in Rule 613.

“Contract Specifications” means the descriptions of the contractual items for each Exchange Contract as set forth in the Exchange Rules.

“Customer” has the meaning set forth in CFTC Regulation 1.3.

“Customer Account” means an account established by a Clearing Member with the Clearinghouse in which the Clearing Member maintains trades, positions and Margin solely for Customers of the Clearing Member.

“Default” means any event that would constitute a default under Rule 329.

“Director” means any member of the Board.

“Disciplinary Action” has the meaning set forth in Rule 501(a).

“Disciplinary Panel” means, as the context requires, either or both of a Review Panel and a Hearing Panel.

“Emergency” has the meaning any occurrence or circumstance which threatens or may threaten such matters as the fair and orderly trading in, or the liquidation of any Exchange Contracts, or the timely collection and payment of funds in connection with clearing and settlement by the Clearinghouse, and which, in the opinion of the Chief Executive Officer or their designee, requires immediate action, including: any manipulative or attempted manipulative activity; any actual, attempted or threatened corner, squeeze, congestion or undue concentration of positions; any circumstances which may materially affect the performance of Exchange Contracts traded on the Exchange, including failure of the payment system or the Insolvency of any Clearing Member or Person; any action taken by any Regulatory Authority or any other board of trade, market, facility or clearing organization which may have a direct impact on trading on the Exchange or clearing and settlement by a Clearinghouse; and any other circumstance which may have a severe, adverse effect upon the functioning of the Exchange or the Clearinghouse.

“Exchange” means Optex Markets LLC, as well as any other entity that has been designated by the CFTC as a contract market and that has entered into a clearing services agreement with the Clearinghouse.

“Exchange Contract” means any contract available for trading on an Exchange and for clearing through the Clearinghouse.

“Exchange Rules” means any rule, interpretation, stated policy, or instrument corresponding to any of the foregoing as adopted from time to time by the relevant Exchange.

“Expiry” means an Exchange Contract with a specific date of expiration.

“FCM” means a futures commission merchant that is registered with the CFTC.

“Governmental Authority” means any domestic or foreign government (or political subdivision), governmental or regulatory authority, agency, court, commission or other governmental or regulatory entity (including any Self-Regulatory Organization).

“Guaranty Fund” means the fund comprising the cash, U.S. Treasury securities and CFTC-approved stablecoins deposited by Clearing Members pursuant to Rule 334, which fund shall be used as provided in Rule 335 to reimburse the Clearinghouse for losses sustained by the

Clearinghouse as a result of the failure of any Clearing Member to discharge its obligations in accordance with the Rules.

“Guaranty Fund Deposit Requirement” has the meaning set forth in Rule 334(b)(i).

“Hearing Panel” means a disciplinary panel that will, pursuant to the procedures set forth in Chapter 5, adjudicate disciplinary cases pursuant to a notice of charges authorized by the Review Panel and execute other duties as provided for in Chapter 5. The members of the Hearing Panel will be appointed in accordance with Rule 501(h).

“House Account” has the meaning set forth in CFTC Regulation 39.2.

“Initial Margin” means the initial amount of Collateral that must be deposited with or paid in accordance with these Rules to the Clearinghouse by a Clearing Member, as a performance bond or other payment or premium due in respect of Exchange Contracts (or the Clearinghouse’s exposure in respect of Exchange Contracts), held in such Clearing Member’s House Account and Customer Account.

“Insolvency” and **“Insolvent”** refer to occurrence of any of the following events with respect to a Clearing Member: (a) the Clearing Member is determined to be insolvent by a Governmental Authority or Self-Regulatory Organization; (b) if the Clearing Member is a member of the Securities Investor Protection Corporation, a court of competent jurisdiction finds that the Clearing Member meets any one of the conditions set forth in clauses (A), (B), (C) or (D) of Section 5(b)(1) of the Securities Investor Protection Act of 1970; (c) in the event of the entry or the making of a decree or order by a court, Governmental Authority or other supervisory authority of competent jurisdiction: (i) adjudging the Clearing Member as bankrupt or insolvent; (ii) approving as properly filed a petition seeking reorganization, arrangement, liquidation, dissolution, adjustment or composition of or in respect of the Clearing Member under the Bankruptcy Code or any other applicable federal, state or other U.S. or non-U.S. law, including any bankruptcy, insolvency, reorganization, liquidation, dissolution or similar law; (iii) appointing a custodian, liquidator, provisional liquidator, administrator, provisional administrator, assignee, trustee, sequestrator or other similar official for the Clearing Member or for any substantial part of its property; (iv) ordering the winding up or liquidation of the Clearing Member’s affairs; or (v) consenting to the institution by the Clearing Member of proceedings to be adjudicated as a bankrupt or insolvent; (d) the filing by the Clearing Member of a petition, or any case or proceeding, seeking reorganization or relief under the Bankruptcy Code or any other applicable federal, state or other U.S. or non-U.S. law, including any bankruptcy, insolvency, reorganization, liquidation, dissolution or similar law, or the consent by the Clearing Member to the filing of any such petition, case or proceeding or to the appointment of a custodian, liquidator, provisional liquidator, administrator, provisional administrator, assignee, trustee, sequestrator or other similar official for the Clearing Member or for any substantial part of its property, or the making by the Clearing Member of an assignment for the benefit of its creditors, or the admission by the Clearing Member in writing of its inability to pay its debts generally as they become due, or the taking of corporate or similar action by the Clearing Member in furtherance of the foregoing; (e) notwithstanding the above, the appointment of the Federal Deposit Insurance Corporation as receiver for purposes of resolution pursuant to Title II of the Dodd-Frank Act, or the appointment

of a foreign Governmental Authority as receiver for purposes of resolution under an analogous resolution regime, is excluded from the definition of Insolvency or Insolvent.

“LLC Agreement” means the limited liability company agreement of Optex Clearing LLC, as may be amended and in effect from time to time.

“Liquidity Event” means an event that causes the Clearinghouse to require financial liquidity: (i) to satisfy payment obligations of a Clearing Member that is in Default or has been suspended; (ii) to satisfy payment obligations associated with the transfer of account(s) of a Clearing Member that is in Default or has been suspended; or (iii) as a result of a payment or wire transfer delay, liquidity constraint, or default by an Approved Financial Institution. The decision to declare a Liquidity Event shall be in the sole discretion of the Clearinghouse.

“Major Decision” means (i) a decision by the Board that materially affect the rights or obligations of Clearing Members, (ii) appointment or removal of any Officer of the Clearinghouse that is specifically enumerated in Rule 202(a) or (iii) changes to the scope or types of Exchange Contracts cleared by the Clearinghouse.

“Margin” means Initial Margin and Variation Margin or either of them as the context requires.

“Maximum Aggregate Assessments” has the meaning set forth in Rule 335(e)(ii).

“NFA” means National Futures Association.

“Officer” has the meaning given to it in Rule 202(a).

“Person” means any natural person, association, partnership, limited liability company, joint venture, trust, corporation or other entity.

“President” means the individual appointed by the Board to serve as the president of the Clearinghouse.

“Public Director” means an individual having the qualifications set out in Rule 201(d).

“Related Commodity Interest” has the meaning given to that term in CFTC Regulation 1.59.

“Replenishment” has the meaning set forth in Rule 334(g)(ii).

“Respondent” means a Clearing Member, Authorized User or any Person using the User ID of an Authorized User that is under investigation for alleged Rule violation(s) or against which charges have been filed.

“Review Panel” means a disciplinary panel that will, pursuant to the procedures set forth in Chapter 5, review investigation reports submitted to it by the Compliance Department to determine (a) whether a reasonable basis exists to believe that a violation of a Rule of the Clearinghouse has occurred and (b) whether commencing disciplinary proceedings in respect of

such potential violation is warranted. The members of the Review Panel will be appointed in accordance with Rule 501(h).

“Risk Management Committee” refers to a committee been established by the Board as a permanent committee to oversee and monitor the management of risks to the Clearinghouse in accordance with the provisions of Rule 204(b) of these Rules.

“Risk Weight” has the meaning set forth in Rule 334(b)(i)(A)(2).

“Routine Request” means a request, inquiry, or order of (i) the CFTC that is not pursuant to Part 11 of the CFTC Regulations or (ii) the Securities and Exchange Commission, a securities self-regulatory organization, or a futures self-regulatory organization that does not trigger a notice requirement under CFTC Regulation 1.12(m).

“Rules” and **“Rules of the Clearinghouse”** means any rule adopted or amended, from time to time, by the Exchange related to or in respect of the clearing of Contracts or the operation of or business conducted on the Clearinghouse.

“Self-Regulatory Organization” has the meaning given that term in CFTC Regulation 1.3 and in section 3(a)(26) of the Securities Exchange Act of 1934 and shall, for purposes of these Rules be deemed to include a derivatives clearing organization registered as such with the CFTC.

“Settlement Price” or **“Daily Settlement Price”** means the official daily closing price for a Contract calculated each Business Day, as determined in accordance with Rule 339, and used for all open positions at the close of the daily settlement cycle.

“Termination Event” means the occurrence of any of the following: (a) the expiration or termination of the Clearing Member Agreement between a Clearing Member and the Clearinghouse; (b) a representation or warranty made by the Clearing Member to the Clearinghouse under or in connection with any agreement between the Clearinghouse and the Clearing Member shall be false or misleading in any material respect as of the date on which made or repeated; (c) the Clearing Member does not meet the qualifications for Clearing Members set forth in Rule 302; or (d) the breach by the Clearing Member of the Rules or any of the terms or provisions of any agreement between the Clearinghouse and the Clearing Member.

“Treasury Securities” means United States Treasury bills, Treasury notes and Treasury bonds.

“User ID” means the unique identifier that is assigned by the Exchange to each Authorized User.

“Variation Margin” means (i) on the Business Day an Exchange Contract has been accepted for clearing by the Clearinghouse, the difference between the price at which such Exchange Contract was bought or sold and the Settlement Price for such Exchange Contract; and (ii) thereafter, the difference, as applicable, between (x) the Settlement Price on a given Business Day and the preceding Settlement Price for such Exchange Contract, or (y) the price at which such Exchange Contract was closed on the books of the Clearinghouse and the preceding Settlement Price for such Exchange Contract.

“Weekend” means any Saturday or Sunday.

“Withdrawal Date” has the meaning set forth in Rule 337(a)(ii).

“Withdrawal Deposit” has the meaning set forth in Rule 337(g).

102. Rules of Interpretation

For all purposes of these Rules, except as otherwise expressly provided herein or unless the context otherwise requires:

- (a) terms defined in the Rules include the plural as well as the singular and vice versa;
- (b) words importing gender include all genders;
- (c) any reference to a Rule refers to a Rule of these Rules;
- (d) any reference in a Rule to a paragraph or clause is to the referenced paragraph or clause in such Rule;
- (e) any reference to “the Rules” or “these Rules” refers to these Rules, and the words “herein,” “hereof,” “thereto,” “hereto,” “hereunder” and words of similar import refer to these Rules as a whole and not to any particular Chapter, Rule or any other subdivision;
- (f) references to days, months and years refer to calendar days, months and years, respectively; and
- (g) all references to “including” are deemed to be followed by the words “without limitation.”

CHAPTER 2 GOVERNANCE

201. Composition of the Board; Board Powers

(a) The Board is authorized to oversee the day-to-day management and business operations of the Clearinghouse in accordance with the LLC Agreement. Each Director (including Public Directors) shall be appointed in accordance with the LLC Agreement, and shall serve until their successor is duly appointed, or until their earlier resignation or removal, with or without cause.

(b) Unless otherwise specified by the Board, all Rules of the Clearinghouse and amendments thereto from time to time adopted by the Board will become effective on such date (after any required filing with, or approval thereof by, the CFTC) as may be determined by the Board.

(c) The Board has the power to call for review, and to affirm, modify, suspend or overrule, any and all decisions and actions of committees or special committees of the Board or one or more Officers of the Clearinghouse related to the day-to-day business operations of the Clearinghouse.

(d) To serve as a Director, an individual must possess the ability to contribute to the effective oversight and management of Clearinghouse, taking into account the needs of Clearinghouse and such factors as the individual's experience, perspective, skills and knowledge of the industry in which Clearinghouse operates. This shall include sufficient expertise, where applicable, in financial services, risk management and clearing services.

(e) At all times not less than thirty-five percent (35%) of the Directors with voting authority, but not fewer than two (2) individuals, shall be Public Directors.

(f) To qualify as a Public Director, an individual must be found, by action of the Board, to have no material relationship with the Clearinghouse. The Board must make such finding upon the nomination or appointment of the Director and as often as necessary in light of all circumstances relevant to such Director, but in no case less than annually. A "material relationship" is one that reasonably could affect the independent judgment or decision-making of the Director. The Board need not consider previous service as a Director of the Clearinghouse to constitute a "material relationship." A Director shall be considered to have a "material relationship" with the Clearinghouse if any of the following circumstances exist or have existed within the past year:

- (i) such Director is an Officer or an employee of the Clearinghouse, or an officer or an employee of an Affiliate of the Clearinghouse;
- (ii) such Director has an ownership interest in the Clearinghouse;
- (iii) such Director is a director, officer, or employee of a Clearing Member, Exchange participant or Person with an ownership interest in the Clearinghouse;

(iv) such Director, or an entity of which the Director is a partner, officer or director, receives more than \$100,000 in combined annual payments for legal, accounting, or consulting services from the Clearinghouse or any of its Affiliates. Compensation for services as a Director of Clearinghouse or as a director of an Affiliate thereof does not count toward the \$100,000 payment limit, nor does deferred compensation for services rendered prior to becoming a Director, so long as such compensation is in no way contingent, conditioned or revocable;

(v) Any of the “material relationships” set forth above apply to the “immediate family” of such Director (i.e., spouse, parents, children, and siblings, in each case, whether by blood, marriage or adoption).

(g) A Public Director of the Clearinghouse may serve as a director of an Affiliate of the Clearinghouse if he or she otherwise qualifies as a Public Director in accordance with this Rule 201.

(h) The compensation of the Public Directors and other non-executive members of the Board shall not be linked to the business performance of the Clearinghouse.

(i) The Board shall have procedures, as may be further set forth in policies that Clearinghouse may adopt, to remove a member from the Board where the conduct of such member is likely to be prejudicial to the sound and prudent management of the Clearinghouse.

(j) The Board shall establish arrangements to permit consideration of the views of Clearing Members (including by having Directors that are market participants) in connection with the functioning of the Clearinghouse and with additions or amendments to the Rules and shall make a description of such arrangements available to the public and to the CFTC. Major Decisions of the Board will be disclosed to Clearing Members and the CFTC, and will be posted on the Clearinghouse’s website.

202. Officers

(a) The Clearinghouse shall appoint from time to time one or more individuals with appropriate experience, skills and integrity to serve as the Chairman, Chief Executive Officer, President, Chief Risk Officer, Chief Compliance Officer, Chief Legal Officer and may further appoint such other officers of the Clearinghouse or any subsidiary of the Clearinghouse (each, an “**Officer**”) as deemed necessary or appropriate, with such titles, duties, and authority as the Clearinghouse shall approve, to carry out the business of the Clearinghouse or any subsidiary of the Clearinghouse, and upon such terms and conditions as the Board shall determine.

(b) Except as otherwise provided in Rule 203, any Officer may also be a director, officer, partner or employee of the Clearinghouse or any of its Affiliates.

(c) The Chief Risk Officer shall be responsible for implementing the risk management policies, procedures and controls of the Clearinghouse and for making recommendations regarding risk management functions to the Risk Management Committee and the Board.

(d) The Chief Compliance Officer, in consultation with the Risk Management Committee and the Board, shall be responsible for developing and enforcing appropriate compliance policies and procedures, to fulfill the duties and obligations of the Clearinghouse set forth in CFTC Regulation 39.10(c).

(e) Each Officer shall have such other powers and duties in the management of the Clearinghouse as the Board may prescribe from time to time, subject to the terms of the LLC Agreement.

203. Eligibility/Fitness

(a) An individual may not serve as a Board member, serve on a committee established by the Board or hold a 10% or greater ownership interest in the Clearinghouse, if the individual:

(i) within the prior three (3) years has been found, by a final decision in any action or proceeding brought in a court of competent jurisdiction, or by any Governmental Authority or Self-Regulatory Organization to have committed a disciplinary offense;

(ii) within the prior three (3) years has entered into a settlement agreement in which any of the findings or, in the absence of such findings, any of the acts charged, included a disciplinary offense;

(iii) is currently suspended from trading on or from membership in a Self-Regulatory Organization, is serving any sentence or probation, or owes any portion of a fine or penalty related to either: (A) a finding of a disciplinary offense by a final decision in any action or proceeding brought in a court of competent jurisdiction, Governmental Authority or Self-Regulatory Organization; or (B) a settlement agreement in which any of the findings or, in the absence of such findings, any of the acts charged included a disciplinary offense;

(iv) is currently subject to an agreement with a Governmental Authority or Self-Regulatory Organization not to apply for registration with such Governmental Authority or for membership in such Self-Regulatory Organization;

(v) is currently, or within the past three (3) years has been, subject to a revocation or suspension of registration by a Governmental Authority or Self-Regulatory Organization;

(vi) is currently subject to a denial, suspension or disqualification from serving on a disciplinary committee, arbitration panel or governing board of any Self-Regulatory Organization; or

(vii) is subject to a statutory disqualification pursuant to Section 8a(2) of the CEA.

For purposes of this Rule 203(a), the terms “disciplinary offense,” “final decision” and “settlement agreement” have the meaning given those terms in CFTC Regulation 1.63(a).

(b) Prior to appointment to the Board or to a committee established by the Board, each individual shall certify that he or she is not disqualified pursuant to Rule 203(a). In addition, each Director will certify on at least an annual basis regarding their continued compliance with Rule 203.

204. Committees

(a) The Board shall from time to time create standing committees with mandates, roles, and responsibilities as it may prescribe in its discretion, including a Risk Management Committee pursuant to the requirements of paragraph (b) of this Rule 204.

(b) *Risk Management Committee.* The Risk Management Committee of the Board reports to the Board and its membership shall include at least two clearing member representatives and at least two representatives of customers of Clearing Members. The Risk Management Committee shall oversee the Clearinghouse risk program on behalf of the Board with the authority to: (i) monitor the risk program of the Clearinghouse for sufficiency, effectiveness and independence; and (ii) oversee all facets of the risk program, including:

- (i) Clearing Member membership criteria;
- (ii) risk management policy, financial safeguards and financial surveillance;
- (iii) surveillance, audits, examinations, and other regulatory responsibilities with respect to Clearing Members (including compliance with, as applicable, financial integrity, financial reporting, recordkeeping and other requirements);
- (iv) reviewing the size and allocation of the risk and compliance budgets and resources, and the number, hiring, termination and compensation of risk and compliance personnel;
- (v) supervising the Chief Risk Officer, who will report to the Risk Management Committee and to the Board;
- (vi) authorizing the Chief Risk Officer to establish one or more sub-committees of the Risk Management Committee for the purpose of analyzing specific risks and making recommendations to the Risk Management Committee regarding such risks;
- (vii) recommending changes to ensure fair, vigorous, and effective regulation and risk management; and
- (viii) reviewing regulatory proposals prior to implementation and advising the Board as to whether and how such changes may impact regulation.

The Risk Management Committee shall take such other actions as may be required by the Rules or as otherwise delegated to it by the Board.

(c) In addition to the standing committees, the Board shall have the power and authority to create and terminate, in accordance with the LLC Agreement, special committees of the Board and designate their composition, responsibilities and powers.

(d) The Clearinghouse will establish a market participant risk advisory working group to seek risk-based input from market participants. The working group will meet at least twice a year. The Clearinghouse will maintain written policies and procedures relating to the formation and role of the working group, as well as provide the Risk Management Committee a summary of the topics discussed and the main points raised during each working group meeting.

205. Treatment and Use of Non-Public Information

(a) All information received by the Clearinghouse regarding past or current positions carried by the Clearinghouse or any other clearing organization for a Clearing Member or an Affiliate of such Clearing Member, margin payments between the Clearinghouse or any other clearing organization and a Clearing Member or an Affiliate of such Clearing Member, and financial statements filed with the Clearinghouse by any Clearing Member, shall be treated as confidential and will not be disclosed to any other Person except as follows:

- (i) upon written consent of the Clearing Member involved;
- (ii) to the Exchange and Affiliates of the Exchange, as deemed appropriate by the Clearinghouse;
- (iii) to the CFTC, the United States Department of Justice, or other Governmental Authority, upon request pursuant to the requirements of Applicable Law;
- (iv) pursuant to subpoena or order of a court, Governmental Authority or Self-Regulatory Organization of competent jurisdiction;
- (v) to any contract market or trading facility for audit, compliance, or market surveillance purposes, subject to terms and conditions as the Clearinghouse may deem appropriate; or
- (vi) pursuant to Rule 206.

(b) No member of the Board or any committee established by the Board or by or pursuant to the Rules will use or disclose any material non-public information obtained in connection with such member's participation on the Board or such committee for any purpose other than the performance of their official duties as a member of the Board or such committee.

(c) No Officer, employee or agent of the Clearinghouse may disclose to any other Person material non-public information obtained in connection with such employee's, Officer's or agent's employment, except where such disclosure is in the course of such employee's, Officer's, or agent's duties to the Clearinghouse or as permitted in Rule 207(a).

(d) For the purposes of this Rule 205, the terms "material information" and "non-public information" each shall have the meaning set forth in CFTC Regulation 1.59(a).

206. Information-Sharing Arrangements

The Clearinghouse may enter into any arrangement with any Person or body (including any Governmental Authority or Self-Regulatory Organization) if the Clearinghouse considers such arrangement to be in furtherance of the Clearinghouse's purpose or duties under the Rules or Applicable Law. Information shared thereunder will be subject to confidentiality provisions to the extent permitted by Applicable Law.

207. Conflicts of Interest

(a) Named Party In Interest Conflict

(i) No member of the Board or any Hearing Panel or Appeal Panel (or other Clearinghouse disciplinary committee) will knowingly participate in such body's deliberations or voting in any matter involving a named party in interest where such member: (1) is a named party in interest in the matter; (2) is an employer, employee or fellow employee of a named party in interest; (3) has any other significant, ongoing business relationship with a named party in interest, excluding relationships limited to Exchange Contracts; or (4) has a family relationship with a named party in interest.

(ii) Prior to consideration of any matter involving a named party in interest, any member of the deliberating body who has a potential conflict of interest and chooses not to abstain from deliberations and voting will disclose to the Chief Compliance Officer whether such member has one of the relationships listed in paragraph (a)(i) above with a named party in interest.

(iii) The Chief Compliance Officer will 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 paragraph (iii). Such determination will be based upon a review of the following information: (1) information provided by such member pursuant to paragraph (b) above; and (2) any other source of information that is held by and reasonably available to the Clearinghouse.

(b) Financial Interest in a Significant Action Conflict

(i) No member of the Board will participate in such body's deliberations and voting on any significant action if such member has a direct and substantial financial interest in the result of the vote, as determined pursuant to paragraph (c) below.

(ii) Prior to consideration of any significant action, any individual who has a potential conflict of interest and chooses not to abstain from deliberations and voting will 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.

(iii) The Chief Compliance Officer will determine whether any individual who does not choose to abstain from deliberations or voting is subject to a conflicts restriction under this paragraph (iii). Such determination will be based upon a review of the following

information: (1) the most recent large trader reports and clearing records available to the Clearinghouse; (2) information provided by such member pursuant to paragraph (b)(ii) above; and (3) any other information reasonably available to the Clearinghouse, taking into consideration the exigency of the significant action being contemplated.

(iv) Any member of the Board or any committee of the Board who would otherwise be required to abstain from deliberations and voting pursuant to paragraph (b)(i) above may participate in deliberations, but not voting, if the deliberating body, after considering the factors specified below, determines that such participation would be consistent with the public interest; provided, however, that before reaching any such determination, the deliberating body will fully consider the information specified in paragraph (b)(ii) above which is the basis for such member's substantial financial interest in the significant action that is being contemplated. In making its determination, the deliberating body will consider: (1) whether such member's participation in the deliberations is necessary to achieve a quorum; and (2) 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 will reflect the following information:

(i) the names of all members of the relevant deliberating body who attended such meeting in person or who otherwise participated in such meeting;

(ii) the name of any member of the relevant deliberating body 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;

(iii) the information that was reviewed for each member of the relevant deliberating body; and

(iv) any determination made in accordance with Rule 207(b)(iv).

(d) Notwithstanding anything to the contrary in this Rule 207, the Clearinghouse will require a Director that has a conflict with any market participant to recuse themselves from any Board or committee deliberations or votes on a matter in which such Director's affiliation with the applicable market participant creates a material conflict of interest with such market participant (as determined by the Chief Compliance Officer, or the Chief Executive Officer, if the conflict is with respect to the Chief Compliance Officer).

208. Maintenance of Books and Records by Clearinghouse

(a) The Clearinghouse shall keep, or cause to be kept, complete and accurate books and records of accounts and of all activities of the Clearinghouse relating to its business as a derivatives clearing organization, including all books and records required to be maintained pursuant to the CEA and CFTC Regulations.

(b) The Clearinghouse shall retain all such books and records for at least five (5) years in accordance with CFTC Regulations and shall make such books and records available for

inspection by the CFTC and the U.S. Department of Justice for the duration of such five-year period.

209. Emergencies

(a) During an Emergency, the Board may implement temporary emergency procedures and rules (“**Emergency Rules**”), subject to applicable provisions of the CEA and CFTC regulations. If the Chief Executive Officer (or, in the event that the Chief Executive Officer is unavailable, the Chairman or the Chief Risk Officer) determines that Emergency Rules must be implemented with respect to an Emergency before a meeting of the Board can reasonably be convened, then the Chief Executive Officer (or, if applicable, the Chairman or the Chief Risk Officer) shall have the authority, without Board action, to implement such Emergency Rules with respect to such Emergency that he or she deems necessary or appropriate to respond to such Emergency.

(b) Pursuant to this Rule 209, Emergency Rules may require or authorize the Clearinghouse, the Board, any Committee, the Chief Executive Officer (or, if the Chief Executive Officer is unavailable, the Chairman or Chief Risk Officer) or any other officer of the Clearinghouse to take actions necessary or appropriate to respond to the Emergency, including:

- (i) suspending or curtailing clearing or limiting clearing to liquidation only (in whole or in part);
- (ii) extending or shortening the expiration date or the last settlement date for Exchange Contracts;
- (iii) providing alternative settlement mechanisms;
- (iv) ordering the liquidation of Exchange Contracts, the fixing of a Settlement Price, or the reduction of positions;
- (v) extending, limiting or changing the hours of operation of the Clearinghouse;
- (vi) temporarily modifying or suspending any provision of the Rules;
- (vii) changing the amount of money to be paid in connection with an Exchange Contract, whether previously or thereafter settled;
- (viii) canceling, reversing, or adjusting transactions in Exchange Contracts, or requiring Clearing Members to meet special Margin requirements;
- (ix) imposing or modifying limits on the size of positions that may be carried by Clearing Members; or
- (x) with respect to an Emergency that is specific to one or more Clearing Members, employing the procedures set forth in Rule 503.

(c) Whenever the Clearinghouse takes action to respond to an Emergency (including, without limitation, the actions set forth in this Rule 209), it will, where possible, ensure that timely notice is given to Clearing Members.

(d) The Clearinghouse will use reasonable efforts to notify the CFTC prior to implementing, modifying or terminating an Emergency Rule. If such prior notification is not possible or practicable, the Clearinghouse will notify the CFTC as soon as reasonably practicable, but in all circumstances within 24 hours of the implementation, modification or termination of such Emergency Rule.

(e) Upon taking any action in response to an Emergency, the Clearinghouse will document the decisions and deliberations related to such action for review by the Board as soon as practicable. Such documentation will be kept for at least five years following the date on which the Emergency ceases to exist or to affect the Clearinghouse, and all such documentation will be provided to the CFTC upon request.

CHAPTER 3 CLEARING

301. Categories of Clearing Membership

There shall be one category of Clearing Members: FCM Clearing Members.

302. Qualifications of Clearing Members

(a) Each applicant for qualification as a Clearing Member must satisfy the following requirements:

(i) it shall be a corporation, limited liability company, partnership or other entity in good standing in its jurisdiction of formation;

(ii) it shall be engaged in or demonstrate its capacity to engage in the conduct of the business of a Clearing Member by providing evidence to the Clearinghouse that it is qualified to conduct business in the State of Illinois or has an agency agreement in place with an entity qualified in the State of Illinois that provides an agent for service of process and other communications with the Clearinghouse;

(iii) it shall have received all necessary registrations, approvals and consents from all applicable regulatory authorities and Governmental Authorities to permit it to conduct the business of a Clearing Member;

(iv) it shall demonstrate such fiscal integrity as would justify the Clearinghouse's assumption of the risks inherent in clearing Exchange Contracts;

(v) it shall be in good financial standing and meet the minimum financial requirements established by the Clearinghouse;

(vi) if it is clearing on behalf of Customers, it shall be registered as an FCM, be a member in good standing of NFA, and meet all applicable requirements under the CEA and the CFTC's Regulations, including, but not limited to, risk management procedures, requirements relating to minimum net capital, financial reporting, and recordkeeping, as determined by the Clearinghouse;

(vii) it shall have established satisfactory relationships with, and designated to the Clearinghouse, an Approved Financial Institution for confirmation and payment of all Initial Margin, Variation Margin and other obligations and settlements with the Clearinghouse;

(viii) it shall maintain back-office facilities staffed with experienced and competent personnel or have entered into a facilities management agreement in form and substance acceptable to the Clearinghouse; and

(ix) it shall have adequate operational capacity, including the ability to process expected peak volumes and values within required time frames, and fulfill Collateral

payment obligations imposed by the Clearinghouse and participate in default management activities.

(b) A Clearing Member shall immediately notify the Clearinghouse if it fails to satisfy any of the qualifications for membership in Rule 302(a).

(c) The Board may grant exemptions to the qualifications for membership in Rule 302(a) if it is determined that such an exemption would not jeopardize the financial or operational integrity of the Clearinghouse.

303. Applications for Membership

Any Person desiring to become a Clearing Member shall execute a Clearing Member Agreement, submit an application in such form as shall be prescribed by the Clearinghouse, which shall include a certification that the applicant has received, reviewed and agrees to abide by the Rules and be subject to the Clearinghouse's jurisdiction, and perform the duties and responsibilities of a Clearing Member. Only Persons found to meet the qualifications set forth in Rule 302 will be permitted to be Clearing Members. For the purpose of determining whether any applicant or Clearing Member is so qualified, the Clearinghouse may examine the books and records of any applicant or Clearing Member and may take such other steps as it may deem necessary to assess the qualifications of an applicant or Clearing Member. An applicant for Clearing Member status shall be conclusively deemed to have agreed to have no recourse against the Clearinghouse in the event that its application to become a Clearing Member is rejected.

304. Appeal of Clearing Membership Decisions

An applicant that fails to be approved for membership shall be informed by the Clearinghouse and shall have seven (7) Business Days thereafter to file an appeal to the Board seeking further consideration. The Board may approve the applicant by a majority vote if it determines that the decision to deny the application was in error.

305. Duties and Responsibilities of Clearing Members

Each Clearing Member shall, and shall cause its Authorized Users and employees to:

- (a) comply with and act in a manner consistent with the Rules;
- (b) ensure that all Clearing Activity conducted by the Clearing Member is performed in a manner that is consistent with the Rules;
- (c) ensure that the Clearinghouse's facilities are used solely to conduct Clearing Activity;
- (d) ensure that the Clearinghouse's facilities are used in a responsible manner and are not used for any improper purpose;
- (e) meet all financial requirements provided by the Rules;

- (f) guarantee and assume complete responsibility for all Exchange Contracts submitted by it or which it has authorized another Person to submit for clearing in its name;
- (g) maintain its deposit in the Guaranty Fund as required by the Rules;
- (h) observe high standards of integrity, market conduct, commercial honor, fair dealing and just and equitable principles of trade while conducting any Clearing Activity, or any aspect of any business connected with or concerning the Clearinghouse;
- (i) immediately inform the Clearinghouse of any changes to the account information provided by the Clearing Member;
- (j) keep User IDs and passwords confidential;
- (k) promptly review and, if necessary, respond to all communications sent by the Clearinghouse;
- (l) keep, or cause to be kept, 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 a representative of the Clearinghouse, the CFTC or other Governmental Authority of competent jurisdiction;
- (m) not knowingly mislead or conceal any material fact or matter in any dealings or filings with the Clearinghouse or in connection with a Disciplinary Action;
- (n) be responsible, even after it has withdrawn as a Clearing Member, for any violations of Rules committed by it while it was a Clearing Member;
- (o) cooperate with the Clearinghouse and any Governmental Authority in any inquiry, investigation, audit, examination or proceeding;
- (p) adopt, adhere to and enforce risk management and other policies and procedures that are designed to address the risks that the Clearing Member poses to the Clearinghouse (including whether a Customer presents a heightened risk profile) and promptly provide, upon request by the Clearinghouse or the CFTC, information related to the risk management policies, procedures and practices of the Clearing Member;
- (q) coordinate with the Clearinghouse to develop and test business continuity and disaster recovery plans that enable effective resumption of daily processing, clearing and settlement following a disruption;
- (r) where applicable, ensure that all funds deposited with the Clearinghouse on behalf of futures Customers of a Clearing Member shall be held in segregated accounts in accordance with the CEA and CFTC Regulations; and
- (s) develop and implement a written compliance program approved in writing by senior management of such Clearing Member that is reasonably designed to achieve and

monitor the Clearing Member's compliance with all applicable requirements of the Bank Secrecy Act (31 U.S.C. § 5311 et seq.), the International Emergency Economic Powers Act (50 U.S.C. § 1701 et seq.) ("IEEPA"), the Trading with the Enemy Act (50 U.S.C. App. § 1 et seq.) ("TWEA"), and the Executive Orders and Rules issued pursuant thereto, including the Rules issued by the U.S. Department of the Treasury and, as applicable, the CFTC. The compliance program shall, at a minimum:

- (i) establish and implement policies, procedures and controls reasonably designed to assure compliance with all applicable provisions of the Bank Secrecy Act, IEEPA, TWEA, and all applicable Executive Orders and Rules issued pursuant thereto;
- (ii) provide for independent testing for compliance to be conducted by Clearing Member personnel or by a qualified outside party;
- (iii) designate an individual or individuals responsible for implementing and monitoring the day-to-day operations and internal controls of the program; and
- (iv) provide ongoing training for appropriate personnel.

306. Prohibited Practices

(a) Clearing Members are prohibited from engaging in practices that may cause degradation of the Clearing System or the Clearinghouse's other services or facilities.

(b) Clearing Members, Authorized Users and other Persons subject to the jurisdiction of the Clearinghouse are prohibited from engaging in acts or practices contrary to the purposes of the Clearinghouse, and from committing any act or engaging in any conduct that is likely to bring the Clearinghouse into disrepute. These prohibited practices include, but are not limited to: (i) engaging in any activity that presents a risk of harm to the Clearinghouse, Clearing Members or the public and (ii) engaging in conduct or practices that are detrimental to the best interests of the Clearinghouse or that adversely affect the integrity of the Clearinghouse or the Clearing System.

307. Termination; Restriction on Activity

(a) Upon the occurrence of a Termination Event, the Board may, in its sole discretion, impose limitations, conditions and restrictions upon a Clearing Member or terminate the status of the Clearing Member. In such circumstances, the Board may, in its sole discretion:

- (i) decline to accept new positions in Exchange Contracts for the House Accounts and Customer Accounts of such Clearing Member;
- (ii) permit transactions in Exchange Contracts to be tendered for liquidation only;
- (iii) cause open Exchange Contracts to be settled in cash or liquidated in the open market; and

(iv) otherwise take or omit to take such actions, or any combination thereof, as it deems necessary or appropriate in the circumstances.

(b) Failure to comply with the Rules may subject a Clearing Member to a suspension or revocation of clearing privileges. In addition, or in the alternative, and in either case in its sole discretion, the Board shall be authorized to:

(i) impose on such Clearing Member such additional capital, Initial Margin or other requirements as it shall deem appropriate for the protection of the Clearinghouse and its Clearing Members;

(ii) allow such Clearing Member to submit Exchange Contracts for liquidation only; and

(iii) limit or restrict the type of Exchange Contracts that may be cleared by such Clearing Member in any of its accounts with the Clearinghouse.

308. Authorized Users

(a) Each Clearing Member shall designate one or more Authorized Users who will be responsible for all Clearing Activity conducted on behalf of the Clearing Member. Each Clearing Member is responsible for maintaining with the Clearinghouse the current contact information and any other requested information for each of its Authorized Users so that the Clearinghouse is able to immediately contact the Authorized Users. The Clearinghouse will not accept the registration as an Authorized User of any individual who is an employee of the Clearinghouse.

(b) To designate an Authorized User, a Clearing Member must follow the procedures established by the Clearinghouse. The Clearinghouse may establish criteria that individuals must fulfill to become an Authorized User. By agreeing to become an Authorized User, an individual agrees to be bound by the duties and responsibilities of an Authorized User and to be subject to, and comply with, the Rules applicable to Authorized Users.

(c) The Clearinghouse, in its sole discretion, may decline to approve, revoke or suspend the designation of an Authorized User.

(d) Based on the information provided to, and other information gathered by, the Clearinghouse regarding the request to terminate the registration of an Authorized User, the Clearinghouse will:

(i) accept the request to terminate the designation;

(ii) postpone the effective date of termination of the designation; or

(iii) impose any terms or conditions before or after the effective date of termination of the designation.

(e) After termination or revocation of the designation or during any period of suspension of an Authorized User, the Authorized User remains subject to the Rules and the jurisdiction of the Clearinghouse for acts done and omissions made while acting as an Authorized User. Any Clearinghouse proceeding relating to an Authorized User shall occur as if the Authorized User were still designated as such.

309. Capital Requirements

(a) A Clearing Member must at all times maintain minimum regulatory capital as required by the Clearinghouse or imposed by any Government Agency, Self-Regulatory Organization or other examining authority or regulator to which such Clearing Member is subject by statute, regulation or agreement.

(b) The Risk Management Committee may prescribe additional capital requirements with respect to any Clearing Member.

310. Position Risk

(a) The Clearinghouse shall have authority to develop and implement risk control policies for Customer Account and House Account transactions and positions. Consistent with and as required by CFTC Regulations, each Clearing Member shall establish risk-based limits in each of its Customer Accounts and House Accounts, as applicable. Further, the Clearinghouse shall have authority to take such action, including but not limited to:

- (i) imposing enhanced capital requirements;
- (ii) imposing enhanced Margin requirements;
- (iii) prohibiting an increase or requiring a reduction in positions; and

(iv) liquidating or transferring positions when, in the sole discretion of the Clearinghouse, such action is necessary to effectively manage risk posed to the Clearinghouse by a Clearing Member.

(b) Where any two or more Clearing Members are Affiliates, the Board may impose risk limits on the aggregate positions that such Clearing Members may carry with the Clearinghouse.

311. Financial Reporting Requirements

(a) Each Clearing Member shall file with the Clearinghouse:

(i) A financial statement in the form prescribed in Rule 311(b) within sixty (60) days after the end of such Clearing Member's fiscal year, together with a summary description in reasonable detail of the risk management, policies, procedures and systems that were maintained by such Clearing Member during such fiscal year and a financial statement in the form prescribed in Rule 311(b) within seventeen (17) days after the end of each month; and

(ii) A copy of each financial statement, financial report, or notice pursuant to CFTC Regulation 1.12, which it files with any Governmental Authority or Self-Regulatory Organization of which it is a member or participant at the same time it files such statement, report, or notice with any such Governmental Authority or Self-Regulatory Organization, and if such statement, report, or notice is other than a routine periodic statement, report, or notice required under the bylaws, rules or regulations of such entity, such copy shall be accompanied by a written statement, pursuant to CFTC Regulation 1.12, setting forth (to the extent known) the reasons why such Clearing Member is filing such statement, report, or notice.

(b) The financial statements required by subparagraph Rule 311(a)(i) shall be submitted on Form 1-FR-FCM or FOCUS Report Part II, provided that if the Clearing Member is not required to submit Form 1-FR-FCM or a FOCUS Report it must provide financial information in the form and manner prescribed by the Clearinghouse. The financial statement for the fiscal year of a Clearing Member shall be certified by an independent public accountant, and the monthly financial statements shall be certified by the president, the chief financial officer or a general partner or managing member of the Clearing Member.

(c) Each Clearing Member shall file with the Clearinghouse such financial or other information, in addition to that which is explicitly required by this Rule 311, as may be requested by the Clearinghouse from time to time.

(d) In the event that a Clearing Member: (i) fails to meet any obligation to deposit or pay margin or option premium when and as required by any clearing organization of which it is a member; (ii) fails to be in compliance with any applicable financial requirements of any Governmental Authority or Self-Regulatory Organization; or (iii) is Insolvent, such Clearing Member shall immediately so advise the Clearinghouse both telephonically and in writing.

312. Guaranty Requirement

(a) Unless waived by the Clearinghouse, each Clearing Member must provide and maintain with the Clearinghouse a correct roster of every Person (including natural persons) that directly or indirectly is the beneficial owner (determined in accordance with Rule 13d-3 under the Securities Exchange Act of 1934, as amended) of 5% or more of any class of equity security of the Clearing Member. For purposes of this Rule 312, the term “equity security” includes any stock, partnership interest, membership interest or similar security, or any security convertible into such a security, or carrying any option, warrant or right to subscribe to or purchase such a security, or any other instrument or right that the Clearinghouse deems to be of similar nature and considers necessary or appropriate to treat as an equity security. If such Person owns its interest in the Clearing Member indirectly through one or more intermediaries, all such intermediaries must be disclosed, including:

(i) if a corporation, all shareholders who own 5% or more of any class of equity security of the Clearing Member;

(ii) if a partnership, all general and any limited or other partners who have contributed 5% or more of the capital of such Clearing Member, or

(iii) if a limited liability company, owners of membership interests of 5% or more of such Clearing Member.

(b) At the discretion of the Clearinghouse, the Clearinghouse may permit a Clearing Member to provide the Clearinghouse with a written guarantee, in a form reasonably satisfactory to the Clearinghouse, from one or more direct or indirect owners of the Clearing Member. Notwithstanding anything herein to the contrary, the guarantee required by this Rule 312(b) shall not apply to any obligation of the Clearing Member to pay an Assessment to the Clearinghouse pursuant to Rule 335.

(c) A Clearing Member must provide a written guaranty of its obligations to the Clearinghouse when a Clearing Member reorganizes into a different form of legal entity (other than a reorganization arising from an insolvency proceeding). The guaranty must be in a form reasonably satisfactory to the Clearinghouse and must run from the new Clearing Member to the existing Clearing Member with respect to all obligations of the existing Clearing Member to the Clearinghouse and all agreements entered into by the existing Clearing Member with the Clearinghouse.

313. Notices Required of Clearing Members

(a) Financial Notices.

A Clearing Member must provide immediate notice to the Clearinghouse, orally and in writing, if the Clearing Member:

- (i) gives notice to the CFTC pursuant to CFTC Regulation 1.12 or to the Securities and Exchange Commission pursuant to Securities Exchange Act Rule 17a-11;
- (ii) changes its fiscal year; or
- (iii) changes its public accountants.

(b) Operational Notices.

A Clearing Member must provide immediate notice to the Clearinghouse, orally and in writing of:

- (i) any material damage to, or failure or inadequacy of, the systems, facilities or equipment of the Clearing Member to effect transactions pursuant to the Rules or to timely perform the Clearing Member's financial obligations under or in connection with Exchange Contracts;
- (ii) any failure by such Clearing Member, or any guarantor or commonly owned or controlled Clearing Member to perform on any of its material contracts, obligations or agreements;
- (iii) any determination that it, or any guarantor, will be unable to perform on any of its material contracts, guarantees, obligations or agreements;

- (iv) the Insolvency of such Clearing Member or of any guarantor;
 - (v) the institution of any proceeding by or against the Clearing Member, any affiliate of the Clearing Member, or any Person with a beneficial ownership of greater than 5% in the Clearing Member, under any provision of the Bankruptcy Code or Part 190 of the CFTC Regulations, or under the Securities Investor Protection Act of 1970, any other statute or equitable power of a court of like nature or purpose, in which such Clearing Member or Person is designated as Insolvent, or if a receiver, trustee or similar official is appointed for the Clearing Member, such Person, or its or their property;
 - (vi) the receipt by such Clearing Member, or the filing by such Clearing Member with a Self-Regulatory Organization, of a notice of material inadequacy; or
 - (vii) the receipt by such Clearing Member from its independent auditors of an audit opinion that is qualified.
- (c) A Clearing Member must provide prompt written notice to the Clearinghouse of:
- (i) a change in any of its relevant key personnel;
 - (ii) any Person directly or indirectly becoming a beneficial owner of 5% or more of any class of its equity securities;
 - (iii) any refusal of admission to, any suspension, expulsion, bar, material fine, censure, denial of membership, registration or license, cease and desist order, temporary or permanent injunction, denial of trading privileges, or any other material sanction or discipline through an adverse determination, voluntary settlement or otherwise, by any Governmental Authority or Self-Regulatory Organization; or
 - (iv) the imposition of any restriction or limitation on the business conducted by the Clearing Member on or with any Self-Regulatory Organization other than restrictions or limitations imposed generally on all members of or participants in such Self-Regulatory Organization).
- (d) A Clearing Member must provide at least ten (10) Business Days prior written notice to the Clearinghouse of:
- (i) any proposed change in the organizational or ownership structure or management of a Clearing Member, including any merger, combination or consolidation between the Clearing Member and another Person;
 - (ii) the assumption or guaranty by the Clearing Member of all or substantially all of the liabilities of another Person in connection with a direct or indirect acquisition of all or substantially all of that Person's assets;
 - (iii) the sale of a significant part of the Clearing Member's business or assets to another Person;

(iv) a proposed change in the direct or indirect beneficial ownership of 20% or more of the Clearing Member; or

(v) any change in the system provider used by such Clearing Member to process transactions in Exchange Contracts.

314. No Transfer of Membership

No membership in the Clearinghouse may be transferred to another Person except in connection with a merger or other business combination where such transfer of membership is approved by the Clearinghouse.

315. Adequate Assurances

If the Clearinghouse has reason to believe that a Clearing Member may fail to comply with any of the Rules, it may require the Clearing Member to provide it, within such timeframe, in such detail, and in such manner as the Clearinghouse shall determine, with adequate assurances that the Clearing Member will continue to comply with the Rules.

316. Acceptance for Clearing; Novation

(a) The Clearinghouse will coordinate with the Exchange and FCM Clearing Members to accept or reject Exchange Contracts for clearing as quickly after execution as would be technologically practicable if fully automated systems were used. The Clearinghouse will accept Exchange Contracts for clearing when such Exchange Contracts have been received by the Clearing System if the parties to such Exchange Contracts have clearing arrangements in place and have satisfied any applicable risk limits imposed by the Clearing Member, the Exchange or the Clearinghouse. Subject to the foregoing and to Rule 316(b), the Clearinghouse shall accept for clearing any Exchange Contract that has been executed pursuant to Exchange Rules and submitted by the Exchange to the Clearinghouse for clearance, and shall not accept for clearing any Exchange Contract submitted to it by any Person other than the Exchange. All Exchange Contracts accepted for clearing by the Clearinghouse shall be subject in all respects to these Rules.

(b) The Clearinghouse, by accepting an Exchange Contract offered to it for clearing, shall assume, in the place of each Clearing Member that is a party to such Exchange Contract, all liabilities and obligations imposed by such Exchange Contract to the Clearing Member that is the other party thereto and shall succeed to and become vested with all rights and benefits accruing therefrom. Such assumption by the Clearinghouse shall terminate all liabilities and obligations of the Clearing Member whose Exchange Contract is so accepted to the other Clearing Member which was a party to such Exchange Contract.

(c) The Clearinghouse shall be entitled to rely conclusively on the accuracy and authenticity of any information regarding any Exchange Contract submitted to the Clearinghouse by the Exchange on behalf of a Clearing Member, whether or not the Clearing Member in fact authorized the submission of such Exchange Contract for clearing.

(d) Where, as the result of novation under this Rule 316, a Clearing Member has bought and sold for the same account Exchange Contracts with the same expiry or a put or call option with the same strike price and expiry, such purchase and sale will be offset by the Clearinghouse. Such a Clearing Member shall be required to pay the loss or entitled to collect the profit, as the case may be, upon such offsetting transactions, and shall have no further rights or be under any further obligation with respect thereto. For purposes of this Rule, the first Exchange Contract made shall be deemed the first Exchange Contract offset.

(e) If a Contract is affirmatively rejected by the Clearinghouse, the transaction shall be deemed void *ab initio*. In the event a transaction is void *ab initio*, the Clearinghouse will notify the Clearing Members in accordance with applicable CFTC Regulations and guidance. No Clearing Member, Authorized User or Customer may enforce an agreement or other arrangement with another Clearing Member, Authorized User or Customer that provides for the assessment of liability or payment of damages between the parties to a Contract in the event that such Contract is rejected for clearing.

(f) THE LIABILITIES AND OBLIGATIONS OF THE CLEARINGHOUSE ARISING PURSUANT TO PARAGRAPH (b) OF THIS RULE 316 SHALL EXTEND ONLY TO CLEARING MEMBERS. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, THE CLEARINGHOUSE SHALL NOT HAVE ANY LIABILITY OR OBLIGATION TO ANY CUSTOMER ARISING OUT OF OR WITH RESPECT TO ANY EXCHANGE CONTRACT OR TO ANY CLEARING MEMBER OR OTHER PERSON WITH RESPECT TO ANY EXCHANGE CONTRACT WHICH HAS NOT BEEN ACCEPTED FOR CLEARING BY THE CLEARINGHOUSE.

317. Transfers of Open Positions

Any transfer of an Exchange Contract shall be subject to the following:

(a) subject to the limitations of Exchange position transfer rules, the Clearinghouse will approve a position transfer without requiring the prior close-out and re-booking of Exchange Contracts if the Clearing Member currently carrying such Exchange Contracts (the “**Carrying Clearing Member**”) notifies the Clearinghouse that the account-holder has requested to transfer all or a portion of the positions in an account held with the Carrying Clearing Member to another Clearing Member (the “**Receiving Clearing Member**”) provided that (i) the notification includes the account-holder’s name, account identification, and, specifies the Exchange Contracts to be transferred; (ii) a representation that: (x) the transfer will result in the transfer of Exchange Contracts from one account at the Carrying Clearing Member account to another account with the Receiving Clearing Member with identical beneficial ownership; (y) the transfer is being effected to correct a clearing or allocation error made within three Business Days of the transfer date; or (z) the transfer has otherwise been approved by the Clearinghouse; and (iii) the Receiving Clearing Member agrees to accept the transfer.

(b) Futures Exchange Contracts subject to transfer under this Rule 317 may be recorded and carried by Clearing Members at: (i) the original trade date or the date the transfer is submitted to the Clearinghouse, with either the original trade price, the current Business Day’s settlement price or the prior Business Day’s settlement price; or (ii) the Business Day prior to

the date the transfer is submitted to the Clearinghouse, with either the original trade price or the prior Business Day's settlement price. Options Exchange Contracts may be recorded and carried at the original trade date, the date the transfer is submitted to the Clearinghouse, or the Business Day prior to the date the transfer is submitted to the Clearinghouse, with either the original trade price, the current Business Day's settlement price, the prior Business Day's settlement price or a trade price of zero.

(c) Notwithstanding the foregoing, upon receipt of a signed instruction from a Carrying Clearing Member to transfer all or a portion of a Customer account to a Receiving Clearing Member, and provided that such instruction contains the customer's name and account number (and, if the transfer is not of the entire account, a description of which portion is to be transferred), and provided that the Receiving Clearing Member agrees to accept the account, the Clearinghouse shall promptly transfer the account (or the relevant portion thereof), without requiring any close-out or rebooking of positions in connection with the transfer, provided that (i) the transferred Exchange Contracts will satisfy applicable Margin requirements at the Receiving Clearing Member; and (ii) any remaining positions in the Customer account at the Carrying Clearing Member will satisfy applicable Margin requirements.

318. Approved Financial Institutions

(a) A bank or trust company may be designated by the Board as an Approved Financial Institution to act as a depository for Margin on behalf of Clearing Members or in such other capacity as the Board may approve. To become designated as an Approved Financial Institution, a bank or trust company must submit an application in such form and containing such information as the Clearinghouse from time to time may require and must meet such financial and other requirements as the Board may establish from time to time including requirements related to capitalization, creditworthiness, access to liquidity, operational reliability, and regulation and supervision. A bank or trust company that has been designated by the Board as an Approved Financial Institution for any purpose may act as such until such designation is suspended or terminated in accordance with Rule 318(b).

(b) If a bank or trust company does not meet the requirements established by the Clearinghouse pursuant to this Rule 318, or if the Board determines that it would be in the best interest of the Clearinghouse or its Clearing Members, the Clearinghouse may:

(i) deny the application of such bank or trust company for designation as an Approved Financial Institution;

(ii) suspend or terminate the status of such bank or trust company as an Approved Financial Institution for any or all purposes; or

(iii) approve the application or permit the bank or trust company to continue as an Approved Financial Institution, subject in either case to such terms, conditions and limitations as the Clearinghouse, in its judgment, deems appropriate.

(c) All wire transfers made by Clearing Members to the Clearinghouse must be drawn on or made by an Approved Financial Institution.

(d) If at any time the Board suspends or terminates the status of an Approved Financial Institution, affected Clearing Members shall immediately replace the same with an active Approved Financial Institution complying with these Rules.

319. Liens Held by the Clearinghouse

The Clearinghouse shall have a first lien and perfected security interest in, and right of setoff against, all Margin, Guaranty Fund deposits, Collateral and other property (including Exchange Contracts), and all proceeds of any of the foregoing, held in or for the accounts of a Clearing Member in connection with the financial obligations of such Clearing Member, however created, arising or evidenced, whether direct or indirect, absolute or contingent, existing, due or to become due.

320. Initial Margin; Additional Margin

(a) Each Clearing Member shall deposit with or pay to the Clearinghouse Initial Margin for each cleared Exchange Contract in such amounts, in such forms, at such times and in accordance with such systems as may be prescribed by these Rules or by the Board. Initial Margin requirements shall be as determined by the Clearinghouse from time to time. Initial Margin requirements shall be calculated on a gross basis for each Customer, and Clearing Members are not permitted to net positions of different Customers against one another. Clearing Members shall collect Initial Margin from their Customers, and for Customers with heightened risk profiles (consistent with the Clearing Member's risk management policies and procedures), at a level that exceeds the Initial Margin amount determined by the Clearinghouse by such amount as the Clearinghouse shall specify from time to time. For Exchange Contracts that are options, the Clearinghouse will determine option value for each option and the net option value of each portfolio. For a settlement cycle, (i) if the net option value of the portfolio is positive, such amount may be used to satisfy Initial Margin requirements for the portfolio, (ii) if the net option value of a portfolio is negative, such amount will increase the Initial Margin requirements for the portfolio.

(b) The Clearinghouse will review the adequacy of its Initial Margin requirements each Business Day. Whenever the Chief Risk Officer or their delegate concludes that unstable conditions relating to one or more Exchange Contracts exist, or that the maintenance of an orderly market or the preservation of the fiscal integrity of the Clearinghouse requires additional Initial Margin, or that any Clearing Member is carrying Exchange Contracts or incurring risks in its House Account or Customer Account that are larger than is justified by the financial or operational condition of the Clearing Member, the Chief Risk Officer or their delegate may require additional Initial Margin to be deposited with the Clearinghouse within such time as may be specified by the Chief Risk Officer, or their delegate, or limit withdrawals of excess Margin on deposit from such Clearing Member for such time as may be specified by the Chief Risk Officer, or their delegate. Such additional Margin may be for one or more Exchange Contracts from one or more Clearing Members and for long or short positions.

(c) Without limitation of the Clearinghouse's other rights to use or apply a Clearing Member's Collateral, Margin, and Guaranty Fund deposits as permitted under Applicable Law and these Rules, including without limitation by: (i) investing any cash deposited as Margin in

accordance with the Clearinghouse's investment policies and CFTC Regulation 1.25; and (ii) using Margin or Guaranty Fund Collateral deposited by a Clearing Member to secure obligations relating to its House Account from time to time to meet temporary liquidity needs of the Clearinghouse, in a manner consistent with the Clearinghouse's liquidity policies and Applicable Law, including by way of assignment, transfer, pledge, repledge or creation of a lien on or security interest in such Margin or Guaranty Fund Collateral in connection with borrowing, repurchase transactions or other liquidity arrangements to support payment obligations of the Clearinghouse in respect of Exchange Contracts. The Clearinghouse may from time to time in its discretion charge and collect operational fees or expenses incurred by the Clearinghouse in connection with the deposit by a Clearing Member of Margin or Guaranty Fund Collateral and the Clearinghouse shall have the right to instruct each Approved Financial Institution to debit the House Account maintained by each Clearing Member, or any other account designated by such Clearing Member for purposes of satisfying obligations relating to such fees or expenses, for any payment of such fees or expenses as and when due.

321. Variation Margin

When a Clearing Member or its Customer is long or short any amount of any Contract for a settlement cycle, as indicated by Clearinghouse records, settlement for any outstanding exposure shall be made with the Clearinghouse. A settlement cycle shall be conducted once each Business Day at such time as the Clearinghouse shall determine. The Clearinghouse may establish different settlement cycles for different Contracts. For purposes of this Rule 321, "outstanding exposure" shall mean the obligations to pay, as applicable, any Variation Margin and any other payments due in respect of a Contract (including price alignment amount, coupon payments, option premiums and upfront fees and, for the avoidance of doubt, excluding any posting of performance bond).

Each Clearing Member for its proprietary and Customer positions shall pay to, or collect from, the Clearinghouse any loss or profit for non-option Contracts as a Variation Margin payment, as the case may be, represented by the difference between (x) the settlement price of the Contract for such settlement cycle and (y) the settlement price of the Contract for the prior settlement cycle (or, for the first settlement cycle after the purchase/sale of such Contract, the price at which the Contract was purchased or sold).

Except as otherwise specifically provided for in the applicable Contract Specifications, for options Contracts, the Clearinghouse will determine option value for each option and the net option value of each portfolio. For a settlement cycle, (i) if the net option value of the portfolio is positive, such amount may be used to satisfy Variation Margin requirements for the portfolio, (ii) if the net option value of a portfolio is negative, such amount will increase the Variation Margin requirements for the portfolio.

322. Cash Margin Deposits

Each Clearing Member shall establish and maintain applicable House Accounts and Customer Accounts at an Approved Financial Institution. A Clearing Member shall use such accounts for the payment of Variation Margin and Initial Margin. The Clearinghouse shall have the right to instruct such Approved Financial Institution to debit the Margin accounts maintained by a Clearing Member for any deposits of Initial Margin or payments of Variation Margin due to

the Clearinghouse pursuant to these Rules and to deposit such funds into the appropriate Clearinghouse account.

323. Margin Payments

(a) The Clearinghouse shall advise each Clearing Member of the amount of Initial Margin and Variation Margin (which is collected once per Business Day) owing to or from such Clearing Member and:

(i) If the aggregate net amount of Variation Margin for all Exchange Contracts carried for Customers by such Clearing Member is owing to the Clearinghouse, the Clearinghouse shall instruct such Clearing Member's Approved Financial Institution to transfer funds from the Customer Margin account maintained by such Clearing Member with such Approved Financial Institution to the settlement account of the Clearinghouse at its bank in an amount equal to the amount so owing;

(ii) If the aggregate net amount of Variation Margin for all Exchange Contracts carried for Customers by such Clearing Member is owing to such Clearing Member, the Clearinghouse shall instruct its bank to transfer funds from the Clearinghouse's settlement account to the Customer Margin account maintained by such Clearing Member with such Approved Financial Institution in an amount equal to the amount so owing;

(iii) If the aggregate net amount of Variation Margin for all Exchange Contracts carried for House Accounts by such Clearing Member is owing to the Clearinghouse, the Clearinghouse shall instruct such Clearing Member's Approved Financial Institution to transfer funds from the proprietary Margin account maintained by such Clearing Member with such Approved Financial Institution to the settlement account of the Clearinghouse at its bank in an amount equal to the amount so owing;

(iv) If the aggregate net amount of Variation Margin for all Exchange Contracts carried for House Accounts by such Clearing Member is owing to such Clearing Member, the Clearinghouse shall instruct its bank to transfer funds from the Clearinghouse's settlement account to the House Margin account maintained by such Clearing Member with such Approved Financial Institution in an amount equal to the amount so owing; provided, however, that on any day on which Variation Margin for the Customer Account is owing by such Clearing Member to the Clearinghouse, the Clearinghouse shall not transfer funds owing to the Clearing Member in respect of the Clearing Member's House Account until the amount owing by the Clearing Member to the Clearinghouse with respect to such Customer Account has been paid in full; provided further, that on any day on which the Clearinghouse is required to pay Variation Margin to a Clearing Member House Account but such Clearing Member is required to deposit Initial Margin or to increase the amount of its Guaranty Fund deposit, the Clearinghouse may net such amounts due from such Clearing Member against the Clearinghouse's obligation to pay such Clearing Member Variation Margin and instead make a single payment to, or receive a single payment from, such Clearing Member;

(v) If the aggregate net amount of Initial Margin for all Exchange Contracts carried for Customers by such Clearing Member is owing to the Clearinghouse, the Clearinghouse shall instruct such Clearing Member's Approved Financial Institution to transfer funds from the Customer Margin account maintained by such Clearing Member with such Approved Financial Institution to the Customer Margin account of the Clearinghouse at its bank in an amount equal to the amount so owing; and

(vi) If the aggregate net amount of Initial Margin for all Exchange Contracts carried for House Accounts by such Clearing Member is owing to the Clearinghouse, the Clearinghouse shall instruct such Clearing Member's Approved Financial Institution to wire transfer funds from the House Margin account maintained by such Clearing Member with such Approved Financial Institution to the House Margin account of the Clearinghouse at its bank in an amount equal to the amount so owing.

(b) Margin payments to the Clearinghouse shall be made in immediately available funds, which may include cash, U.S. Treasury Securities and/or CFTC-approved stablecoin. Variation Margin for any Exchange Contract shall be paid in the currency in which such Exchange Contract is settled pursuant to the Contract Specifications.

(c) Notwithstanding any other provision of the Rules, if the Chief Risk Officer or their delegate, determines (i) that unstable conditions relating to one or more Exchange Contracts exist, or that the maintenance of an orderly market or the preservation of the fiscal integrity of the Clearinghouse so requires, or (ii) that any Clearing Member is carrying Exchange Contracts or incurring risks in its House Accounts or Customer Accounts that are larger than is justified by the financial or operational condition of the Clearing Member, the Clearinghouse may issue one or more intra-day calls requiring the deposit of Margin with the Clearinghouse by such time as the Clearinghouse shall specify. An intra-day call based on a determination as to the conditions specified in clause (i) above may be issued to any or all Clearing Members. An intra-day call based on a determination as to the conditions specified in clause (ii) above may be issued to any Clearing Member with respect to which such determination is made. If the Clearinghouse makes an intra-day call for Margin, the Clearinghouse shall: (x) give notice to each Clearing Member that is required to make payment to the Clearinghouse of the amount payable by such Clearing Member; and (y) immediately after giving or making reasonable efforts to give the notice described in paragraph (a), the Clearinghouse may instruct the Approved Financial Institution at which each such Clearing Member maintains Margin accounts to transfer immediately available funds from the appropriate account of each such Clearing Member into the appropriate account of the Clearinghouse in the amount as determined by the Clearinghouse.

(d) Initial Margin shall initially be deposited in cash with the Clearinghouse as provided in Rule 323(a). Thereafter, the Clearinghouse may permit a Clearing Member to substitute Treasury Securities and/or CFTC-approved stablecoin for cash on deposit as Initial Margin. If Treasury Securities and/or CFTC-approved stablecoin are substituted, such substitution shall be subject to Rule 324(a) and 324(b) in all respects and effected by delivering to the Clearinghouse Treasury Securities and/or CFTC-approved stablecoin and a request for the release of the cash Initial Margin for which the securities will be substituted by the time specified by the Clearinghouse on the day on which the Clearing Member wishes to make the

substitution. Net income, if any, generated by any securities held by the Clearinghouse as Initial Margin for any Clearing Member shall belong and be credited to such Clearing Member.

(e) Subject to Rule 323(h), the Clearinghouse shall return to a Clearing Member the amount of any excess Margin on deposit from such Clearing Member, provided that the Clearinghouse shall have received a request for such a release from such Clearing Member by such time as may be specified by the Clearinghouse on the day such release is to be made.

(f) Excess Margin shall not be released pursuant to Rule 323(e):

(i) if the excess Margin is due to any House Account of Clearing Member unless the Clearing Member has deposited and paid all Margin and other amounts required from such Clearing Member for its House Account and Customer Account or otherwise pursuant to these Rules; or

(ii) if the excess Margin is due to the Customer Account of the Clearing Member, unless the Clearing Member has deposited and paid all Margin required from its Customer Account pursuant to these Rules for such accounts.

(iii) Notwithstanding any provision to the contrary in these Rules, the Clearinghouse may refuse to release the amount of excess Margin on deposit in the House Accounts or Customer Accounts of a Clearing Member that has requested such release if the Chief Risk Officer or their delegate concludes that the financial or operational condition of the Clearing Member is such that the release of excess Margin would present a risk to the fiscal integrity of the Clearinghouse, provided that the Clearinghouse shall provide an opportunity to the Clearing Member to substantiate to the satisfaction of the Clearinghouse that, to the extent that any such amounts are Customer funds, such funds will be returned promptly by the Clearing Member to one or more Customers.

(g) A Clearing Member shall not permit a Customer to withdraw Margin from its account if such withdrawal would cause the Margin deposits that would remain in such account following the withdrawal to be less than the Initial Margin requirement applicable under these Rules.

(h) Upon notice from the Clearinghouse that a transfer of funds required under this Rule 323 from a Clearing Member's Approved Financial Institution account failed for any reason to settle as instructed by the Clearinghouse, the Clearing Member shall act without delay to remediate such failure by delivery of immediately available funds to the Clearinghouse in accordance with its instructions and within such deadline as the Clearinghouse may prescribe.

324. Deposit of Non-Cash Collateral as Initial Margin

(a) A Clearing Member may substitute Treasury Securities and/or CFTC-approved stablecoin for all or part of the cash it has on deposit with the Clearinghouse as Initial Margin, in accordance with Rule 323(a) and this Rule 324(a), provided, however, that the Risk Management Committee may prescribe limitations regarding the extent to which interests in any category of securities (including Treasury Securities) may be substituted for cash Initial Margin.

(i) The only Collateral eligible for deposit as Initial Margin are Treasury Securities and/or CFTC-approved stablecoin that have been approved for such purpose by the Risk Management Committee.

(ii) Securities Collateral shall be valued in accordance with such methodology as may be adopted by the Risk Management Committee.

(iii) Every deposit of Treasury Securities shall be made by wire transfer to an account of the Clearinghouse pursuant to such procedures and requirements prescribed by the Clearinghouse.

(iv) Deposits of securities Collateral shall be made by such means and subject to such agreements and undertakings as may be prescribed by the Clearinghouse.

(b) If securities deposited by a Clearing Member pursuant to this Rule 324 are sold by the Clearinghouse, the net proceeds thereof shall be deposited into one or more Initial Margin accounts maintained by the Clearinghouse and shall be credited to the appropriate Customer Account or House Account of such Clearing Member.

(c) The Risk Management Committee may from time to time modify, amend, or place conditions or limits on the types of Collateral eligible for deposit as Margin pursuant to these Rules, which modifications, amendments, conditions or limits shall be implemented through the process available under Applicable Law for amending these Rules.

325. Finality of Settlement

Payments or transfers of funds to and from the Clearinghouse, including but not limited to Margin payments and Guaranty Fund deposits, are irrevocable and unconditional when, as the case may be, they are debited from or credited to an account of the Clearinghouse at an Approved Financial Institution, provided that adjustments may be made after such time for the correction of errors. Each transfer of Collateral in respect of any Margin or payment obligation under these Rules shall constitute a settlement (within the meaning of CFTC Regulation 39.14) and shall be final as of the time the Clearinghouse's accounts are debited or credited with the relevant deposit or payment.

326. Bank Holidays; Weekends

If the Exchange is open for trading on any Bank Holiday or Weekend, the following procedures will apply:

(a) On the Business Day preceding such Bank Holiday or Weekend, each Clearing Member shall deposit or pay additional Initial Margin and Variation Margin as may be required by the Clearinghouse. In determining such additional amounts, the Clearinghouse may take into consideration in its sole discretion any Initial Margin and Variation Margin deposits or payments made or available to be made by such Clearing Member through CFTC-approved stablecoin. Such deposit or payment shall be made without offset or reduction by reason of excess Margin held by the Clearinghouse for the account of such Clearing Member.

(b) On the Business Day following such bank holiday, deposits and payments of Initial Margin and Variation Margin, and withdrawals of excess Margin, shall be made to and by the Clearinghouse in accordance with these Rules, except that such deposits and payments shall be made with respect to transactions in Exchange Contracts made on such bank holiday and on the Business Day preceding such bank holiday.

327. Segregation of Customer Funds

All Customer funds received by the Clearinghouse from a Clearing Member to purchase, Margin, guarantee, secure or settle Clearing Member Customer Exchange Contracts that are futures contracts or options on futures contracts listed on an Exchange, and all money, securities or other property accruing to such Customers as a result thereof, shall be segregated as customer funds in accordance with all relevant provisions of the CEA and CFTC Regulations. This Rule is intended to satisfy the requirement under CFTC Regulation 1.20(d)(1) that a Clearing Member must obtain a written acknowledgement from the Clearinghouse that futures Customer funds are being held in accordance with the CEA and the CFTC Regulations.

328. Fees

The Clearinghouse shall have the right to instruct each Approved Financial Institution to debit the House Account maintained by each Clearing Member, or any other account designated by such Clearing Member for purposes of this Rule, for any payment of fees, charges or other amounts (other than fines or penalties) due to the Clearinghouse or due to the Exchange (if and to the extent the Clearinghouse shall be acting as a collection agent for the Exchange).

329. Defaults

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

(i) Such Clearing Member fails to meet any of its obligations under its Exchange Contracts with the Clearinghouse,

(ii) The Clearing Member is Insolvent,

(iii) Such Clearing Member fails to pay when due any amounts owing to the Clearinghouse or is otherwise in Monetary Default as described in Rule 335,

(iv) Such Clearing Member fails to make any required deposit to the Guaranty Fund when and as required by these Rules,

(v) Such Clearing Member or an Affiliate of such Clearing Member, including a guarantor for such Clearing Member, is subject to a default, event of default, or other similar event or condition, by another derivatives clearing organization, clearing agency or financial market utility (whether an Affiliate of the Clearinghouse or not), as “default,” “event of default,” or other similar event or condition, as defined by such entity, or

(vi) The Clearinghouse determines that such Clearing Member is not in compliance with the provisions of Rule 302 and that such noncompliance poses an unacceptable risk to the Clearinghouse,

then, and in any such event, the Clearinghouse may declare that a “**Default**” has occurred and may determine that such Clearing Member shall be suspended as a Clearing Member.

330. Liquidation on Termination or Suspension of Clearing Member

(a) When a Person ceases to be a Clearing Member or is suspended as a Clearing Member, such Person shall be prohibited from establishing new positions and all open Exchange Contracts carried by the Clearinghouse for such Clearing Member shall be closed out as expeditiously as practicable such that:

(i) Open Exchange Contracts are transferred by the Clearing Member and accepted by one or more other Clearing Members, with the prior consent of the Clearinghouse, or transferred by the Clearinghouse to one or more other Clearing Members pursuant to an auction of the Exchange Contracts or other procedure instituted by the Clearinghouse;

(ii) The Chief Executive Officer or Chief Risk Officer, or in the absence of both the Chief Executive Officer and the Chief Risk Officer, any Director with voting authority may determine that, in their opinion, liquidation be deferred for the protection of the financial integrity of the Clearinghouse; or

(iii) Open Exchange Contracts are liquidated in the manner set forth in Rule 331 to the extent that paragraphs (a), (b), or (c) do not apply.

(b) The Chief Executive Officer and Chief Risk Officer, or in the absence of either or both the Chief Executive Officer and the Chief Risk Officer, one or two Directors with voting authority may substitute for the Chief Executive Officer or Chief Risk Officer to jointly authorize the execution from time to time, solely for the purpose of reducing the risk to the Clearinghouse resulting from the continued maintenance of such open Exchange Contracts, the purchase or sale of Exchange Contracts or other hedging or risk reducing transactions. The Chief Executive Officer and the Chief Risk Officer may delegate to one or more Persons the authority to determine, within such guidelines as they may prescribe, the nature and timing of such transactions.

331. Method of Closing Out

(a) The open Exchange Contracts of a Clearing Member that, pursuant to Rule 330, are required to be liquidated pursuant to this Rule 331, shall be liquidated in such manner as the Clearinghouse, in its sole discretion, may direct. Without limiting the generality of the foregoing:

(i) Any such liquidation may be effected by executing block trades with one or more Clearing Members or Exchange participants or by directly entering orders into the

Exchange's trading platform for the purchase or sale of Exchange Contracts. The Chief Executive Officer or Chief Risk Officer may designate and authorize an individual, and may engage a third party, to be responsible for implementing such liquidation.

(ii) Notwithstanding any other provision of this Rule 331(a), any such liquidation may be effected without placing orders for execution, by making appropriate book entries on the records of the Clearinghouse (including, without limitation, by pairing and canceling offsetting long and short positions in the Exchange Contracts carried by the Clearing Member) at a price equal to the Settlement Price on the day such liquidation is ordered or at such other price as the Board may establish; provided, however, if an order for relief has been entered with respect to such Person and its property is thereby subject to the control of a bankruptcy court, the Clearinghouse will not effect any such liquidation by book entry except as may be permitted by CFTC Regulations.

(b) All liquidations made pursuant to this Rule 331 shall be for the account and risk of the Person which ceases to be a Clearing Member or which is suspended as a Clearing Member. The Clearing Member shall be liable to the Clearinghouse for any commissions or other expenses incurred in liquidating such Exchange Contracts.

332. Amounts Payable to the Clearinghouse

Upon completion of the liquidation or transfer of the positions of a Clearing Member pursuant to Rule 331, the Clearinghouse shall be entitled on demand to recover from such Clearing Member all amounts due to the Clearinghouse for all losses, liabilities and expenses (including without limitation legal fees and disbursements) incurred by the Clearinghouse in connection with such liquidation or transfer, and such Clearing Member's Collateral, together with any other assets held by, pledged to or otherwise available to the Clearinghouse, including any guarantee issued pursuant to Rule 312(b), shall be applied by the Clearinghouse to discharge the Obligations of such Clearing Member to the Clearinghouse (including any amounts, and costs and expenses associated with the liquidation, transfer or management of Exchange Contracts held in or for the accounts of such Clearing Member, and any fees, assessments or fines imposed by the Clearinghouse on such Clearing Member).

333. Reinstatement of Suspended Member

Any Clearing Member suspended pursuant to Rules 329 or 330 may apply for reinstatement pursuant to Rule 303.

334. Guaranty Fund

(a) The Clearinghouse shall establish and maintain a Guaranty Fund.

(b) Each Clearing Member shall deposit and maintain in the Guaranty Fund an amount calculated as follows:

(i) For each Clearing Member, the amount to be deposited and maintained in the Guaranty Fund shall be determined by the Clearinghouse (the "**Guaranty Fund Deposit Requirement**") provided that:

(A) Each new Clearing Member shall be required to deposit such amount as determined by the Risk Management Committee; provided further, that in no event shall the amount of such deposit be less than \$500,000 or such other amount as the Risk Management Committee may establish from time to time. The Guaranty Fund Deposit Requirement will be determined on a risk-weighted basis, and calculated quarterly as follows:

(1) Base Exposure: The Clearinghouse will determine each Clearing Member's average daily Initial Margin requirement over the prior 90-day period ("**90-Day Average IM**"), which is computed from Clearinghouse records.

(2) Risk Weight: Each Clearing Member's "**Risk Weight**" equals its 90-Day Average IM divided by the sum of all Clearing Members' 90-Day Average IM (i.e., each Clearing Member's proportional share of aggregate 90-Day Average IM).

(3) Pro Rata Contribution: Each member's required Guaranty Fund Deposit Requirement is calculated by multiplying the Risk Weight and the total target amount of the Guaranty Fund pool (which shall not include any Guaranty Fund contributions by the Clearinghouse), subject to the \$500,000 per-Clearing Member floor described below.

(4) Floor Application: If the Pro Rata Contribution yields an amount below \$500,000 for any member, that Clearing Member's Guaranty Fund Deposit Requirement is set at \$500,000, and the residual is redistributed pro rata among Clearing Members whose contributions exceed the floor.

(5) New Member Onboarding: A new Clearing Member's initial Guaranty Fund Deposit Requirement is set at the greater of \$500,000 or the pro rata share calculated using projected 90-Day Average IM based on the Clearing Member's submitted portfolio estimate, and is subject to true-up at the first quarterly recalculation.

(B) Subject to such thresholds as may be established by the Risk Management Committee from time to time, a Clearing Member whose Guaranty Fund Deposit Requirement has increased relative to its current contribution shall be required to deposit cash, Treasury Securities and/or CFTC-approved stablecoin to remedy such deficiency.

(ii) Subject to Rule 310, the Risk Management Committee shall have the authority to cause the Guaranty Fund Deposit Requirement of all Clearing Members to be recalculated at any time, and to require Clearing Members to immediately deposit in the Guaranty Fund any amounts required to meet the recalculated Guaranty Fund Deposit Requirement.

(c) Deposits in the Guaranty Fund may be made by any Clearing Member in the form of cash, Treasury Securities and/or CFTC-approved stablecoin that are approved by the Risk Management Committee for this purpose. Treasury Securities shall be valued in accordance with a methodology adopted by the Risk Management Committee and shall be deposited by such means and subject to such conditions and limits as may be prescribed by the Clearinghouse. To the extent that any Clearing Member deposits Treasury Securities in the Guaranty Fund, such Clearing Member thereby represents and warrants that such securities are owned by it free and clear of any security interests, liens, encumbrances, charges or adverse claims of any kind.

(d) Guaranty Fund deposits shall be held in a bank approved for the purpose by the Clearinghouse, in an account or accounts separate from all other cash and securities held by the Clearinghouse. The Clearinghouse shall have the sole right to withdraw cash or securities from, or to authorize the sale or other disposition of any securities held in, such account or accounts subject to the rights of any assignee, pledgee or holder of a security interest in the Guaranty Fund or any cash or securities therein.

(e) So long as any Person is a Clearing Member and thereafter for the period until the Clearinghouse returns such Person's Guaranty Fund deposits as provided in Rule 337, its Guaranty Fund deposits may be applied by the Clearinghouse:

(i) against any amounts that become due from such Person to the Clearinghouse for any reason (including but not limited to Margin, fees, assessments, and fines) at any time it was a Clearing Member and for the period until the Clearinghouse returns such Person's Guaranty Fund deposits as provided in Rule 337;

(ii) against any amounts that are charged as provided in or pursuant to Rule 335 against the Guaranty Fund Deposit Requirements of all Clearing Members at any time that such Person was a Clearing Member and for the period until the Clearinghouse returns such Person's Guaranty Fund deposits as provided in Rule 337; and

(iii) to provide such funds, on such terms and conditions, as the Board in its discretion, acting by a vote of not less than three-fourths of all Directors eligible to vote, may deem necessary or appropriate to facilitate the transfer of Customer Accounts from a Clearing Member experiencing financial difficulty to another Clearing Member, if the Board shall determine by such vote that to do so is in the best interest of the Clearinghouse.

(f) The Clearinghouse may at any time and from time to time assign, transfer, pledge, repledge or otherwise create a lien on or security interest in, the Guaranty Fund or the cash and securities held in the Guaranty Fund to secure the repayment of funds borrowed by the Clearinghouse (plus interest, fees and other amounts payable in connection therewith) or pursuant to a repurchase agreement or similar transaction. Any such borrowing or repurchase agreement or similar transaction shall be on terms and conditions deemed necessary or advisable by the Clearinghouse (including the collateralization thereof) in its sole discretion, and may be in amounts greater, and extend for periods of time longer, than the obligations, if any, of any Clearing Member to the Clearinghouse for which such cash or securities was pledged to or deposited with the Clearinghouse. Any funds so borrowed or obtained in repurchase

agreements or similar transactions shall be used and applied by the Clearinghouse solely for the purposes for which cash or securities held in the Guaranty Fund are authorized to be used pursuant to the Rules; provided that the failure of the Clearinghouse to use such funds in accordance with this Rule 334(f) shall not impair any of the rights or remedies of any assignee, pledgee or holder of any such lien or security interest or repurchase transaction counterparty. Cash, securities and other property held in the Guaranty Fund, subject to the rights and powers of the Clearinghouse with respect thereto as set forth in the Rules and any agreements between any Clearing Member and the Clearinghouse, and subject to the rights and powers of any Person to which the Guaranty Fund or any cash or securities held therein shall have been assigned, transferred, pledged, repledged or otherwise subjected to a lien or security interest, shall remain the property of the respective Clearing Members depositing such cash and securities.

(g) Subject to the rights of any assignee, transferee, pledgee or holder of a lien or security interest as provided in Rule 334(f), if at any time the amount of any cash, plus the value of any securities, on deposit in the Guaranty Fund for any Clearing Member:

(i) shall exceed the amount required to be on deposit for such Clearing Member by more than such amount as the Clearinghouse may prescribe, the Clearinghouse will return the excess to such Clearing Member upon its written request.

(ii) shall be less than the amount required to be on deposit for such Clearing Member by more than such amount as the Clearinghouse may prescribe, such Clearing Member shall restore the deficiency (including, without limitation, a deficiency caused by the application of such Clearing Member's deposits in the Guaranty Fund as described in Rule 334(e)) on demand (a "**Replenishment**"); provided, however, that a Clearing Member that has withdrawn as a Clearing Member shall not be required to restore a deficiency occurring after its Withdrawal Date, subject to any limitations in this Rule 334.

(h) Any interest earned on securities deposited in the Guaranty Fund by a Clearing Member shall belong and be credited to such Clearing Member. The Clearinghouse may invest cash deposited in the Guaranty Fund and may engage in repurchase transactions with any cash or securities on deposit, in each case in accordance with the Clearinghouse's investment policies and procedures. Any interest, capital gain or other income earned on any such investments or repurchase transactions shall belong and be credited to the Clearinghouse.

(i) If the Guaranty Fund or any part thereof is lost as a result of the insolvency of any bank or other depository, embezzlement, defalcation or any reason other than use pursuant to Rule 335 of these Rules, such loss may, in the discretion of the Board, be restored by application of the following sources of funds in the order listed (each such source to be fully utilized before the next following source is applied):

(i) Such portion, if any, of the surplus of the Clearinghouse as the Board determines to be available for such purpose; and

(ii) Assessments levied by the Clearinghouse upon the Clearing Members, which Assessments shall be paid to the Clearinghouse at such time and in such manner as

the Board may specify, which shall be no later than the normal end-of-day settlement time for the Business Day on which such assessment is levied.

(j) In the event that the Guaranty Fund or any part thereof shall have been applied as described in Rule 334(e) or shall have been lost as described in Rule 334(i), and the Clearinghouse shall thereafter recover any amount so applied or lost from any Person liable therefore, the amount of such recovery (after deducting any expenses, including legal fees and expenses incurred in connection therewith) shall be credited to the Guaranty Fund deposits of each Clearing Member in that proportion which the amount required to be on deposit by such Clearing Member bears to the amount required to be on deposit by all Clearing Members as of the date upon which such application took place or such loss was incurred.

(k) Any expense, including legal fees and operational expenses, incurred by the Clearinghouse in connection with the deposit by a Clearing Member of assets into the Guaranty Fund, or the return thereof to such Clearing Member, may at the option of the Clearinghouse be charged to such Clearing Member. To collect these fees or expenses the Clearinghouse shall have the right to instruct each Approved Financial Institution to debit the House Account maintained by each Clearing Member, or any other account designated by such Clearing Member for purposes of this Rule, for any payment of these fees or expenses due to the Clearinghouse.

(l) Notwithstanding anything to the contrary herein (but subject to Rule 334(i) above), the Clearinghouse shall not be liable if the Guaranty Fund or any part thereof or any margin (whether for the house or customer account) or other assets provided by or held for the account of a Clearing Member are lost or decrease in value as a result of the insolvency or failure of any bank or other depository or third party settlement system. Nothing in this Rule 334(l) will limit any liability of the Clearinghouse for its own gross negligence or willful misconduct.

335. Monetary Defaults; Use of Guaranty Fund; Assessments

If any Clearing Member fails to deposit with, or pay to, the Clearinghouse in full any Initial Margin, Variation Margin, Guaranty Fund contribution, Assessment or other sum (not including any fees, dues or fines) under or in connection with any Exchange Contract, when and as required by or pursuant to the Rules, such failure shall constitute a “**Monetary Default**” and any payment obligations or losses, whether present or future, actual or contingent, shall constitute the “**Defaulted Obligation.**” If and at such times as the Clearinghouse has in effect a procedure whereby deposits or payments of sums with or to the Clearinghouse are effected by having the Clearinghouse instruct Approved Financial Institutions to transfer funds from Clearing Members’ accounts with such Approved Financial Institution directly to the accounts of the Clearinghouse, a Clearing Member shall be deemed to have failed to deposit or pay any sum when and as required if such Approved Financial Institution fails to transfer funds when and as instructed by the Clearinghouse. In the event that at any time a Monetary Default occurs on the part of any Clearing Member (the “**Defaulting Clearing Member**”), then:

(a) The following shall apply:

(i) If and to the extent a Monetary Default relates to an Exchange Contract carried in any Customer Account of a Defaulting Clearing Member, the Defaulted Obligation shall be reduced in the following priority order: (1) by the Margin and such other assets of the Customer Account of the Defaulting Clearing Member; and (2) by the Guaranty Fund deposit, Margin, and such other assets of the House Account of the Defaulting Clearing Member, to the extent such funds have not been exhausted to fulfill the requirements of Rule 335(a)(ii).

(ii) If and to the extent a Monetary Default relates to an Exchange Contract carried in the House Account of a Defaulting Clearing Member, the Guaranty Fund deposit, Margin and such other assets as are held for the House Account of the Defaulting Clearing Member, shall be applied to pay the Defaulted Obligation.

(iii) The Clearinghouse shall provide notice of any deficiencies the Defaulting Clearing Member's Margin and Guaranty Fund deposits as a result of such applications, and the Defaulting Clearing Member shall immediately restore any such deficiencies.

(iv) Margin held by the Clearinghouse for the Customer Account shall not be used to cover losses in the House Account of a Defaulting Clearing Member.

(b) If, after the application of funds in accordance with paragraph (a) of this Rule 335 the Defaulted Obligation has not been satisfied, and if the Defaulting Clearing Member fails to pay the Clearinghouse the amount of the deficiency on demand, such Defaulting Clearing Member shall continue to be liable therefor, but the amount of the deficiency, until collected from the Defaulting Clearing Member, shall be met from the following sources of funds, in the following order of priority, each of which shall be fully utilized before the next following source is applied:

(i) the Clearinghouse Contribution;

(ii) the Guaranty Fund (applied on a pro rata basis);

(iii) committed credit facility resources;

(iv) assessments levied by the Clearinghouse upon all the Clearing Members (other than the Defaulting Clearing Member) as provided in this Rule 335 ("**Assessments**"); and

(v) any other recovery tools approved for use by the Board.

The total amount to be assessed at any one time pursuant to clause (iv) of this paragraph (b) is hereinafter called an "**Assessment Amount**." For the avoidance of doubt, the Clearinghouse may at any time following the occurrence of a Monetary Default and in anticipation of any charge against the Guaranty Fund require Clearing Members to post Assessments, subject to the limitations set forth in these Rules in respect of such Assessments.

As used herein, the "**Clearinghouse Contribution**" represents the obligation of the Clearinghouse to provide funds to be applied pursuant to paragraph (b)(i). If the Clearinghouse

Contribution is so applied, the Clearinghouse will have no obligation to provide additional funds to replenish such contribution or otherwise provide additional funds in respect thereof.

The amount of a Replenishment that each Clearing Member must deposit in the Guaranty Fund to satisfy its obligation, pursuant to Rule 334(g)(ii), to restore the Guaranty Fund deficiency in the event of the application of some part or all of the Guaranty Fund pursuant to paragraph (b)(ii) (the total Guaranty Fund amount so applied referred to herein as the “**Aggregate Guaranty Fund Deficiency**”), shall be determined by multiplying the Aggregate Guaranty Fund Deficiency by a fraction, the numerator of which shall be the amount of the Clearing Member’s Guaranty Fund Deposit Requirement as of the time immediately prior to the Monetary Default that resulted in the Replenishment, and the denominator of which shall be the total of the Guaranty Fund Deposit Requirements as of such time for all Clearing Members (other than defaulting Clearing Members). The resulting product shall constitute the amount of the Replenishment that each Clearing Member must restore to the Guaranty Fund pursuant to Rule 334(g) as a result of the application of the Guaranty Fund pursuant to paragraph (b)(ii) of this Rule.

(c) The amount of any Assessment shall be computed by multiplying the Assessment Amount by a fraction, the numerator of which shall be the amount of the Clearing Member’s Guaranty Fund Deposit Requirement as of the time immediately prior to the Monetary Default that resulted in the Assessment, and the denominator of which shall be the total of the Guaranty Fund Deposit Requirements as of such time for all Clearing Members (other than Defaulting Clearing Members) being assessed. The resulting product shall constitute the amount of the Assessment to be levied on such Clearing Member pursuant to this paragraph (c).

(d) If the Assessment as determined pursuant to paragraph (c) of this Rule 335 would exceed the maximum set forth in paragraph (e) of this Rule 335, or if the amount assessed against any Clearing Member shall exceed the amount paid by such Clearing Member, the excess shall be assessed against the other Clearing Members (other than the Defaulting Clearing Member and any Clearing Member that shall have been assessed the maximum permitted by paragraph (e)) in accordance with such paragraph (c), as if the excess were the Assessment Amount. Assessments pursuant to this paragraph (d) shall be repeated until the entire Assessment Amount shall have been assessed, subject to the maximum limitations on Assessments set forth herein.

(e) Notwithstanding anything to the contrary herein, no Clearing Member (other than a Defaulting Clearing Member) shall be liable to provide Assessments as a result of charges or applications against the Guaranty Fund:

(i) in respect of a single Monetary Default of another Clearing Member, in an amount exceeding 200% of its Guaranty Fund Deposit Requirement immediately prior to the occurrence of such Monetary Default; and

(ii) in respect of all Monetary Defaults of other Clearing Members in a rolling 12-month period, in an amount exceeding 400% of its Guaranty Fund Deposit Requirement (the “**Maximum Aggregate Assessments**”)

(f) If in any case, because of the limitations contained in paragraph (e), the maximum permitted Assessments are less than the Assessment Amount, the Board shall determine what if any further action to take, provided that under no circumstances may the Board levy Assessments on any Clearing Member that would exceed such limitations.

(g) A Person that withdraws as a Clearing Member shall be subject only to Assessments imposed to meet:

(i) Monetary Defaults occurring prior to the Clearing Member's Withdrawal Date, subject to the limitations contained in paragraph (e) of this Rule 335; and

(ii) Assessments levied under Rule 334(i) prior to the Clearing Member's Withdrawal Date.

(h) All Assessments shall be due and payable within such time as the Clearinghouse may prescribe, which shall be no later than the normal end of day settlement time for the Business Day on which such Assessment is levied. If any Person shall not pay any Assessment when due, such Person shall continue to be liable therefor, but the Clearinghouse may assess the Clearing Members (other than such Person, the Defaulting Clearing Member and any Clearing Member that shall have been assessed the maximum amount permitted by paragraph (e) of this Rule) for the unpaid amount in accordance with paragraphs (c) and (d) of this Rule, subject to the limitations set forth herein.

(i) If, after making any Assessments to meet any Defaulted Obligation owing by a Defaulting Clearing Member as referred to in paragraph (b), or to meet any Assessment not paid as referred to in paragraph (h), the Clearinghouse collects the amount of such Defaulted Obligation or such unpaid Assessment in whole or in part from the Person or Persons liable therefor, the Clearinghouse shall refund the amount so collected (net of any expenses, including without limitation any legal fees incurred in connection therewith) pro rata to the Clearing Members that had been assessed to meet such Defaulted Obligation or nonpayment and had paid the amount so assessed.

(i) For clarity, Variation Margin Gains Haircutting provided for in Rule 340 and Tear-Ups provided for in Rule 341 are not Assessments and are therefore not subject to the Assessment limits provided in Rule 335(e), Rule 335(a), or Rule 337(g).

(j) The Clearinghouse shall exercise the same degree of care in the administration, enforcement and collection of any claims against a Defaulting Clearing Member, any related guarantor, or its or their estate in Insolvency with respect to any Defaulted Obligation, unpaid Assessment or other deficiency of the Defaulting Clearing Member to the Clearinghouse (such claims, "**Defaulting Clearing Member Claims**") as it exercises with respect to its own assets that are not subject to allocation pursuant to paragraph (a) above. In furtherance of the foregoing, the Clearinghouse may determine, in its reasonable discretion, whether or not to commence, continue, maintain, sell, dispose of or settle or compromise any litigation, arbitration or other action with respect to any Defaulting Clearing Member Claim, without the consent of any Clearing Member or other person. The Clearinghouse shall not be liable for losses arising from any error in judgment or for any action taken or omitted to be taken by it

with respect to Defaulting Clearing Member Claims, except for such losses that result from the Clearinghouse's gross negligence or willful misconduct. The Clearinghouse may, in its discretion, assign to Clearing Members any Defaulting Clearing Member Claim, in whole or in part, and such assignment shall satisfy in full the Clearinghouse's obligations under Rule 335(i) and (k) with respect to any such claim (or portion thereof) or recoveries therefrom.

336. Liquidity Event

In the event the Clearinghouse requires liquidity to enable it to promptly meet all of its payment obligations to Clearing Members, the Clearinghouse will first attempt to obtain liquidity through the sale of any pledged securities, followed by the application of any uncommitted funding arrangements, and then through the use of its committed lines of credit, if any. In the event the Clearinghouse is unable to obtain sufficient funds and liquidity to promptly effect settlement and payment through such means, the Clearinghouse may declare the occurrence of a Liquidity Event. In such an event, the Clearinghouse has the authority in its sole discretion to take the following actions, in the order listed, to secure same day liquidity:

(a) *Substitution of Guaranty Fund Cash.* The Clearinghouse may substitute cash deposited by one or more Clearing Members in the Guaranty Fund with Treasury Securities deposited by any Clearing Member(s) that is(are) the initiating cause of the Liquidity Event. The amount of cash substituted shall be equivalent to the market value of such Treasury Securities (determined by the Clearinghouse as of the latest mark, using a recognized third-party source, after the application of haircuts). Any Treasury Securities transferred pursuant to this paragraph (a) shall be applied as a Guaranty Fund deposit on behalf of any such Clearing Member whose cash was substituted and will be allocated pro rata among Clearing Members with cash deposits who are not the initiating cause of the Liquidity Event. For any substitution of Treasury Securities for cash in the Guaranty Fund, the Clearinghouse will replace the cash within twenty-nine (29) Business Days of the date of the substitution.

(b) *Substitution of Initial Margin Cash.* The Clearinghouse may substitute the cash deposited by one or more Clearing Members as Initial Margin with Treasury Securities held as Collateral by the Clearinghouse. The amount of cash substituted shall be equivalent to the market value of such Treasury Securities (determined by the Clearinghouse as of the latest mark, using a recognized third-party source, after the application of haircuts). Any Treasury Securities transferred pursuant to this paragraph (b) shall be applied as an Initial Margin deposit on behalf of any such Clearing Member whose cash was substituted and will be allocated pro rata among Clearing Members with cash deposits. For any substitution of Treasury Securities for cash as Initial Margin, the Clearinghouse will replace the cash within twenty-nine (29) Business Days of the date of the substitution.

(c) *Payment in Kind – Variation Margin.* The Clearinghouse may satisfy Variation Margin obligations to any Clearing Member that is a primary dealer (or that has an Affiliate that is a primary dealer) with Treasury Securities held as Collateral by the Clearinghouse at market value (determined by the Clearinghouse as of the latest mark, using a recognized third-party source, after the application of haircuts). To the extent that the Clearinghouse pays its Variation Margin obligations in Treasury Securities, if the receiving Clearing Member notifies the Clearinghouse the same day of the settlement that it will return the securities to the

Clearinghouse on the next Business Day, then the Clearinghouse will pay on the next Business Day cash equal to the original value of the Clearinghouse's Variation Margin obligation.

(d) *Payment in Kind – Portfolio Auction, Sale, or Transfer.* In lieu of satisfying a payment owed from any auction, sale, or transfer of an Insolvent, Defaulted, or suspended Clearing Member's House Account or Customer Account in cash to an auction winner, purchaser, or transferee, the Clearinghouse may satisfy such payment owed by transferring Treasury Securities at market value (determined by the Clearinghouse as of the latest mark, using a recognized third-party source, after the application of haircuts), equal to the amount of such obligation.

337. Withdrawal of Clearing Members; Termination

(a) The following terms will have the indicated meanings:

(i) The term “**Withdrawal Close-Out Deadline Date**” shall mean: (1) in the case of a Clearing Member whose status as a Clearing Member has been involuntarily terminated by the Clearinghouse, the date so designated by the Clearinghouse; and (2) in the case of a Clearing Member that has delivered a Withdrawal Notice, the date falling 30 Business Days after such Clearing Member's Withdrawal Notice Date or such later date as the Clearinghouse may in its discretion permit and notify in writing to the affected Clearing Member, provided such date is not in excess of six months from the Withdrawal Notice Date.

(ii) The term “**Withdrawal Date**” shall mean in respect of the termination of Clearing Member status for a withdrawing Clearing Member, the later of: (1) where applicable, the Withdrawal Close-Out Deadline Date; and (2) the date as of which all of the withdrawing Clearing Member's open positions in respect of its House Account and Customer Account have been terminated or closed out in full and all obligations of the withdrawing Clearing Member in respect thereof have been satisfied and performed in full.

(iii) The term “**Withdrawal Notice Date**” shall mean the date on which a Clearing Member delivers a Withdrawal Notice to the Clearinghouse.

(iv) The term “**Withdrawal Notice**” shall mean a notice served by the Clearing Member on the Clearinghouse under the Rules indicating that such Clearing Member intends to withdraw from being a Clearing Member (and thereby becomes a withdrawing Clearing Member).

(b) Notwithstanding any other provision of the Rules, a Clearing Member that has delivered a Withdrawal Notice pursuant to Rule 337 or whose status as a Clearing Member has been terminated by the Clearinghouse pursuant to Chapter 5 shall be subject to the following requirements, obligations and provisions:

(i) it must use all reasonable endeavors to close out or transfer all open positions in its House Account and Customer Account prior to the Withdrawal Close-Out Deadline Date;

(ii) after the Withdrawal Notice Date, it shall only be entitled to submit transactions for clearing which it can demonstrate have the overall effect of reducing open positions or risks to the Clearinghouse, whether by hedging, transferring, terminating, liquidating or otherwise closing out Exchange Contracts;

(iii) the Clearinghouse may call for additional Initial Margin until such time as all such open positions have been terminated or transferred, and such Clearing Member shall provide to the Clearinghouse such additional Initial Margin as is requested in a timely manner;

(iv) except as provided in paragraph (e), there shall be no rebalancing, resetting or recalculation of the Guaranty Fund Deposit Requirement or the liability limits set forth in Rule 335(e) of Replenishments or Assessments of a Clearing Member that has served a Withdrawal Notice;

(v) if it has any open positions with the Clearinghouse (whether in the House Account or the Customer Account) after the Withdrawal Close-Out Deadline Date, the Clearing Member shall as from the Withdrawal Close-Out Deadline Date until its Withdrawal Date:

(A) become liable to make any Replenishments or Assessments that would have fallen due but have not been paid and become liable to have applied any contribution to the Guaranty Fund that would have been applied but was not so applied, in each case to the extent that the same would have been payable or applied but for its service of a Withdrawal Notice and in each case in respect of any Monetary Default affecting a Clearing Member that has occurred subsequent to the Withdrawal Notice Date;

(B) become liable for further obligations to have any contributions to the Guaranty Fund applied or pay Assessments in the same way as any other Clearing Member in respect of any Monetary Default occurring prior to the Withdrawal Date; and

(C) be subject to the Clearinghouse exercising rights under Rule 331 to liquidate or transfer the open positions of the Clearing Member and otherwise deal with the Clearing Member's Exchange Contracts and property in the same way as if the Clearing Member were a Defaulting Clearing Member.

(vi) following termination of all open positions to which a withdrawing Clearing Member was party in relation to its House Account and Customer Account and satisfaction in full by such withdrawing Clearing Member of all obligations in respect thereof, the Clearinghouse shall return the withdrawing Clearing Member's unused contributions to the Guaranty Fund and any unused Withdrawal Deposit, as well as any other assets of the withdrawing Clearing Member not previously returned on the date that is sixty (60) days after the withdrawing Clearing Member's Withdrawal Date, or such earlier date as is determined by the Clearinghouse.

(c) Notwithstanding anything in these Rules:

(i) the Clearinghouse may at its discretion return amounts due to the withdrawing Clearing Member by way of transfer or return of Treasury Securities to the withdrawing Clearing Member; and

(ii) the Clearinghouse may make partial payment of any amounts due, excluding the withdrawing Clearing Member's Guaranty Fund contribution, prior to the time specified in this Rule 337.

(d) Any Withdrawal Notice issued by a Clearing Member shall be irrevocable by the Clearing Member and membership may only be reinstated pursuant to a new application for membership following the close-out or transfer of all open Exchange Contracts in its House Account and Customer Account.

(e) A Clearing Member whose membership has terminated shall, following the Withdrawal Date, cease to be liable for Replenishments or Assessments under Rules 335 in respect of Monetary Defaults that occur after the Withdrawal Date.

(f) This Rule 337 shall not apply to a Defaulting Clearing Member.

(g) In the event of an Emergency, or otherwise at the discretion of the Board, a Clearing Member that gives a Withdrawal Notice may be required by the Clearinghouse immediately upon delivery of the Withdrawal Notice to provide Assessments in an amount not to exceed 400% of its Guaranty Fund Deposit Requirement (as in effect immediately prior to the Withdrawal Notice Date), such amounts to be held by the Clearinghouse until the Withdrawal Date and applied only as permitted in accordance with these Rules (a "**Withdrawal Deposit**"). Any references in these Rules to Assessments being called or to Guaranty Fund Deposit Requirements to the Guaranty Fund being replenished or applied, in respect of a Clearing Member which has provided such a Withdrawal Deposit, shall be interpreted as a reference to such Withdrawal Deposit being applied as necessary in satisfaction of such requirements, and a Clearing Member that has served a Withdrawal Notice and made such Withdrawal Deposit shall not be liable for any further Assessments, regardless of how many Monetary Defaults take place.

338. Close-Out Netting

(a) *Insolvency of the Clearinghouse.* If at any time the Clearinghouse: (i) institutes or has instituted against it a proceeding seeking a judgment of bankruptcy or insolvency or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding up or liquidation, and, in the case of any such proceeding or petition presented against it, such proceeding or petition results in a judgment of bankruptcy or insolvency or the entry of an order for relief or the making of an order for the Clearinghouse's winding-up or liquidation, or (ii) approves resolutions authorizing any proceeding or petition described in clause (i) above (collectively, a "**Bankruptcy Event**"), all open positions in the Clearinghouse shall be closed promptly.

(b) *Default of the Clearinghouse.* If at any time the Clearinghouse fails to comply with an undisputed obligation to pay money or deliver property to a Clearing Member that is due and owing in connection with a transaction cleared by the Clearinghouse, for a period of thirty days

from the date that the Clearinghouse receives notice from the Clearing Member of the past due obligation, the Clearing Member's open proprietary and Customer positions at the Clearinghouse shall, at the election of that Clearing Member, be closed promptly.

(c) *Wind-Up of Exchange Contracts.* If at any time the Board determines, by virtue of the number of withdrawing Clearing Members or otherwise, that a winding up (offset) of all outstanding positions at the Clearinghouse is prudent, then all open positions at the Clearinghouse shall be closed promptly.

(d) *Netting and Close-Out.* At such time as a Clearing Member's positions are closed, the obligations of the Clearinghouse to a Clearing Member in respect of such Clearing Member's House Account, all Collateral and positions therein and deposits to the Guaranty Fund shall be netted, in accordance with the Bankruptcy Code, the CEA and CFTC Regulations against the obligations of that Clearing Member in respect of its House Account, all Collateral and positions therein, its obligations as guarantor of the performance of its Customers and its then-matured obligations to the Guaranty Fund, to the Clearinghouse and to the Exchange. For the avoidance of doubt, all of the property in a Clearing Member's House Account on deposit with the Clearinghouse shall be deemed to be subject to a single master netting agreement with the result that any excess which is on deposit with the Clearinghouse shall be applied to reduce any deficiency or obligation of the Clearing Member. All obligations of the Clearinghouse to a Clearing Member in respect of such Clearing Member's Customer Account and all positions and Collateral therein shall be separately netted against the positions, accounts and Collateral of such Clearing Member's Customers in accordance with the requirements of the Bankruptcy Code, the CEA and CFTC Regulations. At the time a Bankruptcy Event takes place, the authority of the Clearinghouse, pursuant to Rule 335, to make new assessments or require a Clearing Member to cure a deficiency in its Guaranty Fund deposit, arising after the Bankruptcy Event, shall terminate. All positions open immediately prior to the close-out shall be valued in accordance with the procedures of Rule 338(e).

(e) *Valuation.* As promptly as reasonably practicable, but in any event within thirty (30) days of: (i) the Bankruptcy Event; (ii) if a Clearing Member elects to have its open positions closed as described in Rule 338(b), the date of the election; or (iii) the determination by the Board to wind-up all outstanding positions as described in Rule 338(c), the Clearinghouse shall fix an amount (the "**Close-Out Amount**") to be paid to or received from the Clearinghouse by each Clearing Member, after taking into account all applicable netting and offsetting pursuant to Rule 338(d). The Clearinghouse shall value open positions subject to close-out by using the market prices for the relevant market (including without limitation any over-the-counter or other futures markets) at the time that the positions were closed out, assuming the relevant markets were operating normally at such time. If the relevant markets were not operating normally at such moment, the Clearinghouse shall exercise its discretion, acting in good faith and in a commercially reasonable manner, in adopting methods of valuation expected to produce reasonably accurate substitutes for the values that would have been obtained from the relevant market if it were operating normally. In determining a Close-Out Amount, the Clearinghouse may consider any information that it deems relevant, including, but not limited to, any of the following:

- (i) prices for underlying interests in recent transactions, as reported by the market or markets for such interests;
- (ii) quotations from leading dealers in the underlying interest, setting forth the price (which may be a dealing price or an indicative price) that the quoting dealer would charge or pay for a specified quantity of the underlying interest;
- (iii) relevant historical and current market data for the relevant market, provided by reputable outside sources or generated internally; and
- (iv) values derived from theoretical pricing models using available prices for the underlying interest or a related interest and other relevant data.

Amounts stated in a currency other than U.S. dollars shall be converted to U.S. dollars at the current rate of exchange, as determined by the Clearinghouse. If a Clearing Member has a negative Close-Out Amount, it shall promptly pay that amount to the Clearinghouse.

(f) *Interpretation in Relation to FDICIA.* The Clearinghouse intends that certain provisions of this Rule 338 be interpreted in relation to certain terms (identified by quotation marks) that are defined in the Federal Deposit Insurance Corporation Improvement Act of 1991 (“**FDICIA**”), as amended, as follows:

- (i) The Clearinghouse is a “clearing organization.”
- (ii) An obligation of a Clearing Member to make a payment to the Clearinghouse, or of the Clearinghouse to make a payment to a Clearing Member, subject to a netting agreement, is a “covered clearing obligation” and a “covered contractual payment obligation.”
- (iii) An entitlement of a Clearing Member to receive a payment from the Clearinghouse, or of the Clearinghouse to receive a payment from a Clearing Member, subject to a netting contract, is a “covered contractual payment entitlement.”
- (iv) The Clearinghouse is a “member,” and each Clearing Member is a “member.”
- (v) The amount by which the covered contractual payment entitlements of a Clearing Member or the Clearinghouse exceed the covered contractual payment obligations of such Clearing Member or the Clearinghouse after netting under a netting contract is its “net entitlement.”
- (vi) The amount by which the covered contractual payment obligations of a Clearing Member or the Clearinghouse exceed the covered contractual payment entitlements of such Clearing Member or the Clearinghouse after netting under a netting contract is its “net obligation.”

(vii) The Rules of the Clearinghouse, including this Rule 338, are a “netting contract.”

339. Settlement Price

As used in the Rules, “**Settlement Price**” means the settlement price for each Exchange Contract, as determined by the Exchange in accordance with Exchange Rules, except in the case of manifest error or where the Clearinghouse believes that such settlement price does not reasonably reflect the value or price of the Exchange Contract, in which case the Clearinghouse, using its best efforts to consult with the Exchange, shall determine the official settlement price; provided, that the Clearinghouse shall in such circumstances promptly notify the Exchange and Clearing Members, and the reasons for that determination and the basis for the settlement price determined by the Clearinghouse shall be published in a notice to the Exchange and Clearing Members.

340. Variation Margin Gains Haircutting

(a) If at any time following a Monetary Default of a Clearing Member: (i) the assets available to cover the Defaulted Obligation under Rule 335 are insufficient to satisfy the Defaulted Obligation and obligations of the Clearinghouse to Clearing Members as a result of such default; or (ii) less than 25% of Maximum Aggregate Assessments is available to cover the Defaulted Obligation or the Clearinghouse’s obligations to Clearing Members, then the Clearinghouse shall, in a manner that is consistent with the requirements of the Commodity Exchange Act and the regulations adopted thereunder, conduct its next settlement cycle as described in Rule 340(b).

(b) The Clearinghouse shall provide notice to Clearing Members, such notice to be provided on the Clearinghouse’s website, and conduct a settlement cycle to determine settlement prices for all Exchange Contracts and the Variation Margin for each Clearing Member and its Customers, in accordance with the following:

(i) The net Variation Margin the Clearinghouse owes to a Clearing

Member (a “**Variation Margin Gain**”), or the net Variation Margin the Clearing Member owes to the Clearinghouse (a “**Variation Margin Loss**”) shall be determined separately for: the Clearing Member’s House Account (“**House Account Variation Margin Gain**” or “**House Account Variation Margin Loss**”), and the Clearing Member’s Customer Accounts (“**Customer Account Variation Margin Gain**” or “**Customer Account Variation Margin Loss**”).

(ii) The Risk Management Committee may determine a maximum amount of position liquidation expenses that may be subtracted from Clearing Members’ Variation Margin Gains, based upon then existing facts and circumstances, that it deems appropriate to mitigate further disruptions to the markets.

(iii) The Clearinghouse shall then notify each Clearing Member of the amount of its remaining Assessment and each Clearing Member shall pay to the Clearinghouse all such amounts no later than the time required for the relevant settlement cycle. If a Clearing

Member does not pay all such amounts to the Clearinghouse, the Clearinghouse shall determine such Clearing Member to be in Default.

(iv) If the Variation Margin Loss payments received by the Clearinghouse exceed the Variation Margin Gains, the Clearinghouse shall calculate reimbursements of, and distribute, the excess funds in the reverse order of their collection by the Clearinghouse.

(v) If the Variation Margin Gains exceed the amount of Variation Margin Loss payments received by the Clearinghouse:

(A) the Clearinghouse shall notify Clearing Members and provide an opportunity for Clearing Members and their customers to make voluntary contributions to the Clearinghouse;

(B) If the amount of Variation Margin Gains continues to exceed the amount of Variation Margin Loss payments received by the Clearinghouse, after the Clearinghouse adds any voluntary contributions from Rule 340(b)(v)(A) to the Variation Margin Loss payments, then the Clearinghouse shall apply Variation Margin Gains Haircuts (as defined below) to the House Variation Margin Gains and Customer Variation Margin Gains for the current settlement cycle and each successor settlement cycle on the current Business Day and, unless a Bankruptcy Event has occurred, each of the next two Business Days, in accordance with the following:

(1) House Variation Margin Gains and Customer Variation Margin Gains each shall be reduced on a pro rata basis according to the amount of such gains, to result in the aggregate amount necessary for Variation Margin Loss payments received by the Clearinghouse to equal Variation Margin Gains payments (such process, a “**Variation Margin Gains Haircut**”).

(2) Customer Variation Margin Gains shall be haircut by the Clearinghouse at the Customer Account level of each Clearing Member.

(C) The Risk Management Committee may instruct the Clearinghouse to extend or reduce the number of days during which Variation Margin Gains Haircuts are applied, provided that in no circumstance may the Clearinghouse conduct settlement cycles in which Variation Margin Gains Haircuts are applied for longer than five Business Days; and

(D) The Clearinghouse shall notify Clearing Members prior to each settlement cycle where Variation Margin Gains Haircuts will be applied. Where the Clearinghouse determines that Variation Margin Gains Haircuts are no longer necessary, it shall notify Clearing Members and specify the final date of Variation Margin Gains Haircuts as well as the date that normal settlement cycles will resume. After the end of Variation Margin Gains Haircuts the Clearinghouse shall resume calculating, collecting and paying Variation Margin in the ordinary course.

341. Partial Tear-Ups and Full Tear-Ups

(a) The Clearinghouse may, at any time following a Default of a Clearing Member, notify Clearing Members and provide an opportunity for Clearing Members to voluntarily agree to have their House positions or, with a Customer's consent, to agree to have each such Customer's positions, extinguished by the Clearinghouse.

(b) If House or Customer positions in Exchange Contracts of a Defaulting Clearing Member remain open (the "**Open Defaulter Positions**") following the last settlement cycle conducted pursuant to Rule 340(b)(iii), the Clearinghouse shall extinguish the Open Defaulter Positions through a partial tear-up process ("**Partial Tear-Up**") or a full tear-up process ("**Full Tear-Up**") of House and Customer positions of non-defaulted Clearing Members and non-defaulted Customers of the Defaulting Clearing Member in accordance with the following:

(i) The Risk Management Committee shall determine the appropriate scope of each Partial Tear-Up or shall determine that a Full Tear-Up is appropriate. In making such determination, the Risk Management Committee shall consider then existing known facts and circumstances, any recommendations made by any sub-committee of the Risk Management Committee, the furtherance of the integrity of the Clearinghouse and the stability of the financial system and the legitimate interests of Clearing Members and market participants.

(ii) A Partial Tear-Up may include, but need not be limited to, the following methods:

(A) Line-by-Line Tear-Up against the Open Defaulter Positions to proportionately extinguish Exchange Contracts held by non-defaulted Clearing Members, their non-defaulted customers and the non-defaulted customers of the defaulted Clearing Member that are opposite to the Open Defaulter Positions and relative to the size of the Open Defaulter Positions; and

(B) Tear-Up of All Positions in Exchange Contracts within a product or combination of products. Extinguish all open positions in Exchange Contracts for a product or combination of products.

(iii) A Full Tear-Up would involve the extinguishment of all open positions in Exchange Contracts.

(iv) The price for Full or Partial Tear-Up (the "**Tear-Up Price**") shall equal the latest Settlement Price (which could be established at either an intra-day or end of day settlement) as of the date and time of such tear-up ensuring that the position subject to tear-up does not generate any variation margin obligations.

342. Non-Petition

No Clearing Member and no Customer of a Clearing Member shall institute against, or join any other person in instituting against, the Clearinghouse or the Exchange any bankruptcy, reorganization, arrangement, insolvency, moratorium, liquidation or examinership proceedings, or

other similar proceedings under U.S. federal or state bankruptcy laws or other applicable law arising out of any claimed default by the Clearinghouse on an Exchange Contract as a result of the extinguishment, partial extinguishment, or Variation Margin Gains Haircut, of such Exchange Contract and related payments in accordance with these Rules.

343. Reimbursement of Recovered Losses

Losses caused by a Defaulting Clearing Member are amounts due to the Clearinghouse from such Defaulting Clearing Member, and shall remain legal obligations thereof notwithstanding the Clearinghouse's recourse to the loss-mutualization provisions of Rules 335 to 341, and the Clearinghouse shall exercise the same degree of care as it exercises with respect to its own assets in the administration and collection of such amounts (including claims submitted in an Insolvency proceeding). If any portion of these amounts is subsequently recovered by the Clearinghouse, the net amount of such recovery shall be credited to non-defaulted Clearing Members (whether or not they are still clearing members at the time of recovery) in the following order on a pro rata basis based on (1) the amount of their (and their Customers', if applicable) voluntary contributions with respect to such default, (2) the amount of their (and their Customers', if applicable) Variation Margin Gains Haircuts with respect to such default, (3) the amount of their Assessments utilized by the Clearinghouse with respect to such default, and (4) the amount of their Guaranty Fund contribution utilized by the Clearinghouse with respect to such default, each in the order listed, and then to the Clearinghouse for the amount of the Clearinghouse Contribution utilized by the Clearinghouse with respect to such default.

CHAPTER 4

CODE OF CONDUCT

Preamble

This Code of Conduct defines and reaffirms the values, principles and internal controls that Clearing Members and Authorized Users, as applicable, must follow in conducting their Clearing Activities. The Code of Conduct supplements other requirements of the Rules and is intended to complement the internal principles and practices of Clearing Members and their Authorized Users and to guide Clearing Members and their Authorized Users as they use the services of the Clearinghouse. Compliance with the Code of Conduct allows Clearing Members to assure the Clearinghouse, Governmental Authorities, the public, other Clearing Members and Approved Financial Institutions that their business activities on the Clearinghouse are, and will continue to be, conducted with integrity. In addition, compliance with the Code of Conduct gives assurance that unlawful and unethical trading practices are not tolerated, that public disclosures of information are accurate, and that Clearing Members will abide by these ethical standards and maintain sound practices.

Violations of this Code of Conduct may result in penalties including, but not limited to, temporary or permanent loss of access to the Clearinghouse.

401. Ethical Standards

Conducting activities in an honorable and principled manner consistent with the Code of Conduct is the essence of ethical conduct with respect to the Clearinghouse. Each Clearing Member shall act, and shall cause its Authorized Users to act, in accordance with these standards of ethics with regard to its Clearinghouse activity:

(a) **Regulatory Compliance.** No Clearing Member (or any of its Authorized Users) shall engage in conduct that is a violation of these Rules and will conduct its business in accordance with Applicable Law and in good faith.

(b) **Fraud.** No Clearing Member (or any of its Authorized Users) shall engage in any fraudulent act or engage in any scheme to defraud, deceive, trick or mislead in connection with or related to any Exchange Contract or the business and affairs of the Clearinghouse.

(c) **Good Faith.** No Clearing Member (or any of its Authorized Users) shall knowingly use the Clearing System other than for its intended and legitimate business purpose in good faith.

(d) **Antitrust.** No Clearing Member (or any of its Authorized Users) shall engage in any activity to collude or otherwise unlawfully restrain competition.

402. Termination of Connection

The Clearinghouse, in its sole discretion, shall have the right to summarily terminate the connection of any Clearing Member or the access of any User ID to the Clearinghouse.

Additionally, the Clearinghouse, in its sole discretion, shall have the right to direct a Clearing Member to immediately terminate any Authorized User's access to the Clearinghouse.

403. Information Disclosure and Documentation

(a) Markets depend on trust in the accuracy of market information provided.

(b) Clearing Members must: (i) provide information relating to the Clearinghouse in compliance with Applicable Law and continue to cooperate with the Clearinghouse as reasonably necessary to assist in its understanding of the markets; and (ii) ensure that any information disclosed to the Clearinghouse is accurate and consistent.

(c) No existing or prospective Clearing Member shall make any false statements or misrepresentations in any application, report or other communication to the Clearinghouse.

404. Compliance

Each Clearing Member must have a compliance program commensurate with the size and scope of its Clearinghouse activities that is designed to achieve appropriate, timely and ongoing compliance with the Rules and this Code of Conduct.

CHAPTER 5

DISCIPLINE AND ENFORCEMENT

501. Disciplinary and Enforcement Procedures – General

(a) Clearing Members, Authorized Users and other Persons within the Clearinghouse's jurisdiction are subject to this Chapter 5 if they are alleged to have violated, to have aided and abetted a violation of, to be violating, or to be about to violate, any Rule of the Clearinghouse or any provision of Applicable Law for which the Clearinghouse possesses disciplinary jurisdiction.

(b) Except when the Board reserves responsibility for an inquiry or investigation to itself or delegates its responsibility to a committee of the Board, the Clearinghouse will conduct inquiries, investigations, disciplinary proceedings and appeals from disciplinary proceedings, summary impositions of fines, summary suspensions or other summary actions in accordance with this Chapter 5.

(c) The Clearinghouse may delegate any or all of its powers or responsibilities under this Chapter 5 to the Compliance Department, which may take any actions on behalf of the Clearinghouse that the Clearinghouse is permitted to take hereunder. In the event of any such delegation, references to the Clearinghouse in this Chapter 5 shall be construed to be references to the Compliance Department. The Compliance Department will maintain an enforcement staff that will effectively and promptly prosecute violations in accordance with this Chapter 5. The enforcement staff may not include persons that are associated with Clearing Members or Authorized Users or with persons whose interests conflict with their enforcement duties. Further, a member of the enforcement staff may not operate under the direction or Control of any Clearing Member. Any reference to the Compliance Department in this Chapter 5 shall also be a reference to the enforcement staff.

(d) Any member of the Compliance Department must promptly recuse himself or herself and notify the Chief Compliance Officer of the recusal if such member has a relationship of a type listed in Rule 207(a)(i) with a potential respondent in an investigative report.

(e) No member of the staff of the Clearinghouse will interfere with or attempt to influence the process or resolution of any inquiry, investigation, disciplinary proceeding, appeal from a disciplinary proceeding, summary imposition of fines, summary suspension or other summary action. No member of the Board will interfere with or attempt to influence the process or resolution of any inquiry, investigation, disciplinary proceeding, appeal from a disciplinary proceeding, summary imposition of fines, summary suspension or other summary action with respect to which the Board member is not a member of the relevant Disciplinary Panel or Appeal Panel.

(f) Upon being served with a notice of charges, the respondent may be represented by counsel or any other representative of its choosing, at its own expense, in all succeeding stages of the disciplinary process pursuant to this Chapter 5.

(g) Pursuant to this Chapter 5, the Clearinghouse may hold:

(i) a Clearing Member liable, and impose sanctions against such Clearing Member, for such Clearing Member's own acts and omissions that constitute a violation of Applicable Law;

(ii) a Clearing Member liable, and impose sanctions against such Clearing Member, for the acts and omissions of each Authorized User authorized by, and each other agent or representative of, such Clearing Member that constitute a violation of Applicable Law as if such violation were that of the Clearing Member;

(iii) an Authorized User liable, and impose sanctions against him or her, for such Authorized User's own acts and omissions that constitute a violation of Applicable Law; and

(iv) an Authorized User liable, and impose sanctions against him or her, for the acts and omissions of each agent or representative of such Authorized User that constitute a violation of Applicable Law as if such violation were that of the Authorized User.

(h) The Board shall appoint individuals at the recommendation of the Chief Compliance Officer to serve for a term of one year subject to reappointment, removal or replacement by the Board, as potential participants on Disciplinary Panels and Appeal Panels. The term of an individual selected as a member of a Disciplinary Panel or an Appeal Panel will not expire until the relevant disciplinary proceedings are complete. No member of the Compliance Department may be a participant in a Disciplinary Panel or an Appeal Panel.

502. Inquiries and Investigation

(a) The Compliance Department will investigate any matter within the Clearinghouse's disciplinary jurisdiction that is brought to the attention of the Compliance Department. An investigation must be commenced upon the receipt of a request from the CFTC staff or upon the discovery or receipt of information by the Clearinghouse that, in the judgment of the Compliance Department, indicates a possible basis for finding that a violation has occurred or will occur. The Compliance Department will determine the nature and scope of its inquiries and investigations within its sole discretion.

(b) The Compliance Department has the authority to:

(i) initiate and conduct inquiries and investigations;

(ii) prepare investigative reports and make recommendations concerning the initiation of disciplinary proceedings;

(iii) prosecute alleged violations within the Clearinghouse's disciplinary jurisdiction; and

(iv) represent the Clearinghouse on appeal from any disciplinary proceeding, summary imposition of fines, summary suspension or other summary action.

(c) Each Clearing Member, Authorized User and other Person subject to the Clearinghouse's jurisdiction:

(i) is obligated to appear and testify and respond in writing to inquiries within the time period required by the Compliance Department in connection with (A) any Clearinghouse Clearing Activity or Rule of the Clearinghouse; (B) any inquiry or investigation; or (C) any preparation by and presentation during a disciplinary proceeding or appeal from a decision in a disciplinary proceeding, summary imposition of fines, summary suspension or other summary action by the Clearinghouse;

(ii) is obligated to produce books, records, papers, documents or other tangible evidence in its, their possession, custody or control within the time period required by the Compliance Department in connection with (A) any Clearinghouse Clearing Activity or Rule of the Clearinghouse; (B) any inquiry or investigation; or (C) any preparation by and presentation during a disciplinary proceeding or appeal from a decision in any disciplinary proceeding, summary imposition of fines, summary suspension or other summary action by the Clearinghouse; and

(iii) may not impede or delay any inquiry, investigation, disciplinary proceeding, appeal from a disciplinary proceeding, summary imposition of fines, summary suspension or other summary action.

503. Reports of Investigations

(a) The Compliance Department will maintain a log of all investigations and their disposition. The Compliance Department will prepare a written report of an investigation for the Chief Compliance Officer when the evidence gathered during any inquiry or investigation forms a reasonable basis to believe that a violation within the Clearinghouse's jurisdiction has occurred or is about to occur. Any member of the Compliance Department must promptly recuse himself or herself and notify the Chief Compliance Officer of the recusal if such member has a relationship of a type listed in Rule 207(a)(i) with a potential respondent in an investigative report. Any such written investigation report will include the following information:

(i) the reason(s) for initiating the investigation;

(ii) a summary of the complaint, if any;

(iii) all relevant facts and evidence gathered;

(iv) the Compliance Department's analysis and conclusions; and

(v) the recommendation of the Compliance Department as to whether disciplinary action should be pursued.

(b) For each potential respondent, the Compliance Department will recommend any one of the following actions:

(i) closing the investigation without further action,

- (ii) resolving the investigation through an informal disposition, including the issuance of a warning letter; or

- (iii) initiating disciplinary proceedings.

(c) If the Compliance Department determines that no reasonable basis exists for finding a violation, then the written investigation report will include the following information:

- (i) the reasons for initiating the investigation;

- (ii) a summary of the complaint, if any;

- (iii) all relevant facts and evidence gathered;

- (iv) the Compliance Department's analysis and conclusions; and

- (v) a copy of any recommended warning letter as well as the Clearing Member's disciplinary history at the Clearinghouse.

(d) After reviewing the Compliance Department's written investigation report, the Chief Compliance Officer will either:

- (i) decline to forward the investigative report to a Review Panel for further review;

- (ii) forward the investigative report to a Review Panel for further review without a recommendation regarding the initiation of disciplinary proceedings; or

- (iii) forward the investigative report to a Review Panel for further review with a recommendation to initiate disciplinary proceedings.

(e) Each Compliance Department investigation must be completed in a timely manner. Absent mitigating factors, a timely manner is no later than 12 months after the date that an investigation is opened. Mitigating factors that may reasonably justify an investigation taking longer than 12 months to complete include the complexity of the investigation, the number of firms or individuals involved as potential wrongdoers, the number of potential violations to be investigated, and the volume of documents and data to be examined and analyzed.

(f) In addition to any of the actions permitted pursuant to this Rule 503, the Compliance Department may issue a warning letter to the potential respondent. Such warning letter, if issued, shall not be construed as a penalty or an indication that a finding of a violation has been made. No more than one warning letter for the same potential violation may be issued to the same potential respondent during any rolling 12-month period.

504. Review of Investigative Reports

(a) The Review Panel shall review the written investigation reports prepared by the Compliance Department to determine whether further action with respect to the matters discussed therein is required.

(b) The Review Panel will review each completed investigation report promptly after receipt thereof and, within 20 days of such receipt, take one of the following actions:

(i) if the Review Panel determines that additional investigation or evidence is needed, the Review Panel shall promptly direct the Compliance Department to conduct further investigation;

(ii) if the Review Panel determines that no reasonable basis exists for finding a violation or that prosecution is otherwise unwarranted, the Review Panel may direct that no further action be taken. Such determination must be in writing, and must include a written statement setting forth the facts and analysis supporting the decision; or

(iii) if the Review Panel determines that a reasonable basis exists for finding a violation and adjudication is warranted, it must direct that the person or entity alleged to have committed the violation be served with a notice of charges.

(c) Any member of the Review Panel must promptly recuse himself or herself and notify the Chief Compliance Officer of the recusal if such member has a relationship of a type listed in Rule 207(a)(i) with a potential respondent in an investigative report.

(d) The Review Panel shall be comprised of three members, at least one of whom would qualify to serve as a Public Director in accordance with Rule 201(d). In forming a Review Panel, the Chief Compliance Officer shall draw panel members from the individuals appointed by the Board as potential members of Review Panels. No group or class of participants may dominate or exercise disproportionate influence on a Review Panel. In addition, the Review Panel must not include any person involved in adjudicating any other stage of the same proceeding. No member of the Review Panel may participate in deliberations or voting on any matter in which he or she has a financial, personal or other direct interest. If a vacancy shall occur on a Review Panel after it has begun its proceedings, the remaining members shall complete consideration and disposition of the matter. Once a Review Panel has determined the matter for which it was appointed and has notified the Chief Compliance Officer in writing of its decision, it shall be dissolved automatically. Except as may otherwise be provided in these Rules the Chief Compliance Officer may, at any time, remove any member of a Review Panel for cause.

505. Notice of Charges

(a) If the Review Panel authorizes disciplinary proceedings pursuant to Rule 504, the Compliance Department will prepare, and serve in accordance with Rule 507, a notice of charges.

(b) A notice of charges must:

- (i) adequately state the acts, practices or conduct that the respondent is alleged to have engaged in;
- (ii) state the provision(s) of the Rules or Applicable Law alleged to have been violated or about to be violated;
- (iii) advise the respondent of its right to a hearing;
- (iv) state the period of time within which the respondent can request a hearing on the notice of charges, which will not be less than 20 days after service of the notice of charges;
- (v) advise the respondent that any failure to request a hearing within the period stated, except for good cause, will be deemed to constitute a waiver of the right to a hearing; and
- (vi) advise the respondent that a failure to answer or to expressly deny a charge may be deemed to be an admission of such charge.

(c) Upon being served with a notice of charges, the respondent has the right to be represented by legal counsel or any other representative of its choosing in all succeeding stages of the disciplinary proceedings, other than a Board member, Director, member of an applicable Disciplinary Panel, Clearinghouse employee or other person substantially related to the underlying investigation.

506. Answer to Notice of Charges

(a) If the respondent determines to answer a notice of charges, the respondent must file a written answer within 20 days after being served with such notice, or within such later time period determined appropriate by the chairman of the Review Panel.

(b) To answer a notice of charges, the respondent must in writing:

- (i) specify the allegations that the respondent denies or admits;
- (ii) specify the allegations that the respondent does not have sufficient information to either deny or admit;
- (iii) specify any specific facts that contradict the notice of charges;
- (iv) specify any affirmative defenses to the notice of charges; and
- (v) sign and serve the answer on the Hearing Panel.

(c) The Clearinghouse, in accordance with CFTC Regulation 39.17(a)(2), will provide the respondent with the right to request a Hearing Panel be convened pursuant to this Chapter 5 with respect to any charge that is denied.

(d) Any failure by the respondent to timely serve a written answer to a notice of charges will be deemed to be an admission to the allegations in such notice. Any failure by the respondent to answer or expressly deny one or more allegations in a notice of charges will be deemed to be an admission of that allegation or those allegations. A general denial by the respondent, without more, will not satisfy the foregoing requirements.

(e) If a respondent admits or fails to specifically deny any of the allegations in the notice of charges, the Hearing Panel shall find that the violations set forth in such allegations have been committed and shall impose a sanction for each such violation. The Hearing Panel shall promptly notify the respondent in writing of any sanction to be imposed pursuant to this Rule 506(e) and advise the respondent that it may request a hearing on such sanction within the time period specified in the notice. The failure to request such a hearing within such time period shall be deemed to constitute an acceptance of such sanction. Any hearing pursuant to this Rule 506(e) shall be concerned only with the sanction(s) imposed by the Hearing Panel pursuant to this Rule 506(e).

507. Service of Notice

Any notice of charges or other documents contemplated to be served pursuant to this Chapter 5 may be served upon the respondent either personally or by leaving the same at the respondent's place of business during business hours or by deposit with the United States post office, postage prepaid via registered or certified mail, or by overnight delivery, addressed to the respondent at the respondent's last known place of business or residence.

508. Settlements

(a) At any time after a notice of charges has been issued, the respondent may propose in writing an offer of settlement to anticipated or instituted disciplinary proceedings. Any offer of settlement must contain proposed findings and sanctions and be signed by the respondent or potential respondent and submitted to the Compliance Department. A respondent or potential respondent may offer to settle disciplinary proceedings without admitting or denying the findings contained in the order of the disciplinary proceedings, but must accept the jurisdiction of the Clearinghouse over it and over the subject matter of the proceedings and consent to the entry of the findings and sanctions imposed under such offer of settlement.

(b) The Review Panel or Hearing Panel, as applicable, may accept the offer of settlement, but may not alter the terms of a settlement offer unless the respondent or potential respondent agrees.

(c) If an offer of settlement is accepted, the Review Panel or Hearing Panel, as applicable, must issue a written decision specifying the Rule violations that the presiding panel has reason to believe were committed, including the basis or reasons for the presiding panel's conclusions, and any sanction to be imposed, which shall include full Customer restitution where Customer harm is demonstrated. Should an offer of settlement be accepted by the Review Panel or the Hearing Panel without the agreement of the Compliance Department, such written decision must adequately support the Hearing Panel's acceptance of the settlement. If

applicable, such written decision must also include a statement that the respondent has accepted the sanctions imposed without either admitting or denying the Rule violations.

(d) The respondent or potential respondent may withdraw their offer of settlement at any time before final acceptance by the presiding panel.

(e) If the offer of settlement of a respondent or potential respondent is not accepted, fails to become final or is withdrawn before final acceptance by the presiding panel, the matter will proceed as if the offer had not been made and the offer (and all documents relating to it) will not become part of the record. Neither the respondent, the potential respondent, nor the Compliance Department may use an unaccepted offer of settlement as an admission or in any other manner at a hearing of, or appeal from, any disciplinary proceedings.

(f) Any accepted settlement agreement shall include a waiver by the respondent of all rights to appeal or otherwise challenge or contest the validity of the settlement offer.

509. Hearing Panel

(a) The Chief Compliance Officer will appoint a Hearing Panel to conduct hearings in connection with any disciplinary proceedings authorized by a Review Panel, to make findings and impose sanctions pursuant to this Chapter 5.

(b) The Hearing Panel shall be comprised of three individuals, at least one of whom would qualify to serve as a Public Director in accordance with Rule 201(d). The chairman of the Hearing Panel shall be appointed by the Chief Compliance Officer. No group or class of participants may dominate or exercise disproportionate influence on a Hearing Panel, and no member of the Hearing Panel may participate in deliberations or voting on any matter in which he or she has a financial, personal or other direct interest. A Hearing Panel may not include any person involved in adjudicating any other stage of the same proceeding. If a vacancy shall occur on a Hearing Panel after it has begun its proceedings, the remaining members shall complete consideration and disposition of the matter. Once a Hearing Panel has determined the matter for which it was appointed and has notified the Chief Compliance Officer in writing of its decision, it shall be dissolved automatically. The Chief Compliance Officer may, at any time remove any member of a Hearing Panel for cause.

(c) Within ten days of being notified of the appointment of a Hearing Panel, a respondent may seek to disqualify any individual named to the Hearing Panel for the reasons identified in Rule 207(a)(i) or for any other reasonable grounds, by serving written notice on the Chief Compliance Officer and providing a copy thereof to the Hearing Panel. By not timely filing a request for disqualification, the respondent will be deemed to have waived any objection to the composition of a Hearing Panel. The Chief Compliance Officer will decide the merits of any request for disqualification within their sole discretion. Any such decision will be final and not subject to appeal.

510. Convening Hearings of Disciplinary Proceedings

(a) All disciplinary proceedings (except for summary impositions of fines pursuant to Rule 517) will be conducted at a hearing before a Hearing Panel. A hearing will be conducted

privately and confidentially unless the Hearing Panel decides that the hearing, or any part of it, should be held in public after giving each respondent the opportunity to present its, their views on holding a public hearing. Notwithstanding the confidentiality of hearings, a Hearing Panel may appoint an expert to attend any hearing and assist in deliberations if such expert agrees to be subject to an appropriate confidentiality agreement.

(b) After reasonable notice to each respondent, the Hearing Panel will promptly convene a hearing to conduct disciplinary proceedings with respect to such respondent. Parties to a disciplinary proceeding include each respondent and the Compliance Department. The hearing shall be conducted before members of the Hearing Panel.

(c) The chairman of the Hearing Panel may continue, adjourn or otherwise conduct the hearing as he or she may deem appropriate. The chairman of the Hearing Panel will determine all procedural and evidentiary matters, including any pre-hearing motions and the admissibility and relevance of any evidence proffered. In determining procedural and evidentiary matters, the chairman of the Hearing Panel will not be bound by any evidentiary or procedural rules or law; nevertheless, the procedures for the hearing may not be so informal as to deny a fair hearing. Once admitted during the hearing, the Hearing Panel may consider, and attach the weight it believes appropriate to, evidence or other materials. The Clearinghouse will provide guidance to the chairman of the Hearing Panel on the conduct of the hearing.

(d) Except for procedural and evidentiary matters decided by the chairman of the Hearing Panel pursuant to paragraph (c) above and Rule 511, unless each respondent otherwise consents, the entire Hearing Panel must be present (either in person or by telephone) during the entire hearing and any related deliberations.

511. Respondent's Review of Evidence

(a) Prior to the commencement of a hearing, each respondent will be given the opportunity to review all books, records, documents, papers, transcripts of testimony and other evidence in the possession or under the control of the Clearinghouse that the Compliance Department will use to support the allegations and proposed sanctions in the notice of charges or which the chairman of the Hearing Panel deems relevant to those charges. Notwithstanding the foregoing, no respondent will have the right to review, and the Clearinghouse will have no obligation to disclose, any information that (i) is protected by attorney-client privilege or the work-product doctrine; (ii) was prepared by the Compliance Department or an employee of the Clearinghouse but will not be offered in evidence in the disciplinary proceedings; (iii) may disclose a technique or guideline used in examinations, investigations or enforcement proceedings; or (iv) discloses the identity of a confidential source.

(b) If any books, records, documents, papers, transcripts of testimony or other tangible evidence contain information that could adversely affect the competitive position of the Person providing the information or if such information might compromise other investigations being conducted by the Compliance Department, the Compliance Department may redact, edit or code such information before furnishing it to the respondent.

(c) Notwithstanding anything in paragraph (b) above to the contrary, the Compliance Department:

(i) will not redact, edit or code competitive or investigative information contained in documents in a manner that would impair the respondent's ability to defend against the allegations or proposed sanctions in the notices of charges, and

(ii) will provide the respondent with access to the information and portions of the documents that the Compliance Department intends to rely on to support the allegations or proposed sanctions in the notice of charges or that are relevant to those charges.

(d) For purposes of this Rule 511, information that could adversely affect competitive positions includes positions in Contracts currently held, trading strategies employed in establishing or liquidating positions, the identity of Customers, and the personal finances of the Person providing the information.

(e) Unless indicated otherwise by the chairman of the Hearing Panel, all such requests for access to information identified in Rule 511(a) must be made not less than ten days prior to the scheduled hearing date.

512. Conducting Hearings of Disciplinary Proceedings

(a) At a hearing conducted with a Hearing Panel, the Compliance Department will present its case supporting the allegations and proposed sanctions in the notice of charges to the Hearing Panel. The respondent is entitled to appear personally and participate in the hearing.

(b) At a hearing conducted with a Hearing Panel, the Compliance Department and each respondent may:

(i) present evidence and facts deemed relevant and admissible by the chairman of the Hearing Panel;

(ii) call and examine witnesses (including, but not limited to, employees or agents of the Clearinghouse that form part of the Compliance Department); and

(iii) cross-examine witnesses called by other parties.

(c) If a respondent has failed to timely file a written answer to a notice of charges but appears at the hearing, the respondent may not participate in the hearing (except for a hearing pursuant to Rule 506(e)) unless the Hearing Panel determines that the respondent had a compelling reason for failing to timely file an answer. If the Hearing Panel determines that the respondent had a compelling reason for failing to timely file an answer, the Hearing Panel will adjourn the hearing and direct the respondent to promptly file a written answer in accordance with Rule 506.

(d) Any person entitled, required, or called upon to attend a hearing before a Hearing Panel pursuant to paragraph (b)(ii) above will be given reasonable notice, confirmed in writing, specifying the date, time, and place of the hearing, and the caption of the disciplinary

proceedings. The Clearinghouse will require persons within its jurisdiction that are called as witnesses to appear at the hearing and produce evidence, and will make reasonable efforts to secure the presence of all other persons called as witnesses whose testimony would be relevant.

(e) If, during any disciplinary proceedings, the Hearing Panel determines that a reasonable basis exists to believe that the respondent violated, or is about to violate, a Rule of the Clearinghouse or a provision of Applicable Law other than the violations alleged in the notice of charges, the Hearing Panel may consider those apparent violations after providing the respondent with an opportunity to answer the additional allegations in accordance with Rule 506. In connection with considering apparent violations pursuant to this paragraph (e), the Hearing Panel may request that the Compliance Department provide the Hearing Panel with any additional information.

(f) The Hearing Panel may summarily impose sanctions on any Clearing Member, Authorized User or other Person within the Clearinghouse's jurisdiction whose actions impede the progress of a hearing.

(g) The Clearinghouse will arrange for any hearing conducted in connection with disciplinary proceedings to be recorded verbatim, or substantially verbatim, in a manner capable of accurate transcription, and a copy of such recordings shall become a part of the record of such proceedings. If the respondent requests a copy of all or portions of the recording of a hearing, the chairman of the Hearing Panel may, within their sole discretion, order the respondent to pay the costs for transcribing the recording of the hearing.

(h) No interlocutory appeals of rulings of any Hearing Panel, or chairman of the Hearing Panel, are permitted.

513. Decision of Hearing Panel

(a) Promptly following a hearing, the Hearing Panel will render a written decision based on the weight of the evidence contained in the record of the disciplinary proceedings. A decision by a majority of the Hearing Panel will constitute the decision of the Hearing Panel.

(b) The Clearinghouse will serve a copy of the written decision on the respondent and the Compliance Department. The written decision will include the following information:

- (i) the notice of charges or a summary of the charges;
- (ii) the answer, if any, or a summary of the answer;
- (iii) a summary of the evidence introduced at the hearing or, where appropriate, incorporation by reference of the investigation report;
- (iv) a statement of findings and conclusions with respect to each charge, and a complete explanation of the evidentiary and other bases for such findings and conclusions with respect to each charge;

(v) an indication of each specific Rule that the respondent was found to have violated; and

(vi) a declaration of all sanctions imposed against the respondent, including the basis for such sanctions and the effective date of such sanctions.

(c) The Clearinghouse will provide the respondent with the right to request an Appeal Panel be convened pursuant to this Chapter 5 with respect to any sanction imposed by the Hearing Panel imposed under Rule 514. Unless a timely notice of appeal is filed pursuant to Rule 516, the order of the disciplinary proceedings will become final upon the expiration of 20 days after the order is served on the respondent and a copy thereof is provided to the Compliance Department.

514. Sanctions

(a) After notice and opportunity for hearing in accordance with these Rules, the Clearinghouse will impose sanctions if a Person subject to the Clearinghouse's jurisdiction is found to have violated any Applicable Law. Disciplinary sanctions imposed by the Clearinghouse shall be commensurate with the violations committed, and shall be clearly sufficient to deter recidivism or similar violations by other market participants. In addition, the respondent's disciplinary history will be taken into account in determining the appropriate sanction.

(b) The Clearinghouse may impose one or more of the following sanctions or remedies:

(i) censure;

(ii) limitation on the Clearing Member's right to access all or part of the Clearinghouse;

(iii) suspension of the Clearing Member's right to access all or part of the Clearinghouse for a period not to exceed 12 months;

(iv) a fine in an amount not less than \$1,000 nor more than \$100,000 for each violation of the Rules;

(v) restitution or disgorgement;

(vi) expulsion or termination of a Person subject to the Clearinghouse's jurisdiction; or

(vii) any other sanction or remedy deemed to be appropriate.

(c) In the event of demonstrated harm to Customers, the sanction shall include full restitution to affected Customers except where the amount of restitution, or to whom it should be provided, cannot be reasonably determined.

515. Costs

(a) Regardless of the outcome of any disciplinary proceeding, a Hearing Panel may order a respondent to pay some or all of the costs associated with the disciplinary proceedings, including costs that the Hearing Panel believes were unnecessarily caused by the respondent. Costs may include costs associated with the inquiry or investigation, the prosecution by the Compliance Department, legal and professional assistance, the hearing, and administrative and other expenses incurred by the Hearing Panel.

516. Appeal from Hearing Panel Decision

(a) Parties to a disciplinary proceeding may appeal the decision of the Hearing Panel (or the summary imposition of a fine pursuant to Rule 517) within 20 days of receiving the order of the disciplinary proceedings (or the summary imposition of a fine) by filing a notice of appeal with the Chief Compliance Officer of the Clearinghouse. While an appeal is pending, the effect of the written decision issued by the Hearing Panel (including any sanctions, remedies, or costs imposed thereby) is suspended.

(b) In a notice of appeal, the appellant must state in writing the grounds for appeal, including the findings of fact, conclusions, or sanctions to which the appellant objects. An appellant may appeal the written decision of a Hearing Panel on the following grounds that (i) the decision was arbitrary, capricious, an abuse of discretion, or not in accordance with the Rules, or (ii) the decision exceeded the authority or jurisdiction of the Hearing Panel or the Clearinghouse.

(c) The Chief Compliance Officer will forward copies of any notice of appeals received by it to all parties to the disciplinary proceedings in question, except the appellant. On or before the 20th day after filing a notice of appeal, the appellant must file with the Chief Compliance Officer and serve the Compliance Department a brief supporting the notice of appeal and documents supporting the brief. On or before the 20th day after the date on which the appellant served its brief, the appellee may file and serve its brief in opposition.

(d) Within 20 days after the last submission filed pursuant to paragraph (c) above, the Chief Compliance Officer will appoint an Appeal Panel to consider and determine the appeal. The Appeal Panel shall be comprised of three individuals, one of whom shall be appointed by the Chief Compliance Officer as chairman of the Appeal Panel. The Appeal Panel must include at least one person who is qualified to serve as a Public Director in accordance with Rule 201(d). No group or class of participants may dominate or exercise disproportionate influence on an Appeal Panel. An individual may not serve on an Appeal Panel if the individual has a relationship of a type described in Rule 207(a)(i). An Appeal Panel may not include any person involved in adjudicating any other stage of the same proceeding. The appeals proceeding shall be conducted before all members of the Appeal Panel.

(e) Within ten days of being notified of the appointment of an Appeal Panel, either party may seek to disqualify any individual named to the Appeal Panel for the reasons listed in Rule 207(a)(i) or for any other reasonable grounds, by serving written notice on the Chief Compliance Officer of the Clearinghouse. By not timely filing a request for disqualification,

the parties will be deemed to have waived any objection to the composition of the Appeal Panel. The Chief Compliance Officer will decide the merits of any such objection in their sole discretion. Any such decision will be final and not subject to appeal.

(f) An Appeal Panel may hold a hearing to allow parties to present oral arguments. Any hearing will be conducted privately and confidentially unless the chairman of the Appeal Panel decides that the hearing, or any part of it, should be held in public after giving each appellant the opportunity to present their views on holding a public hearing. Notwithstanding the confidentiality of hearings, an Appeal Panel may appoint individuals to attend any hearing and assist in the deliberations if such individuals agree to be subject to appropriate confidentiality agreements. In determining procedural and evidentiary matters, the Appeal Panel will not be bound by any evidentiary or procedural rules or law.

(g) Except for good cause, the Appeal Panel will only consider on appeal the record before the Hearing Panel, the written exceptions filed by the parties, and the oral or written arguments of the parties. The Appeal Panel may only consider new evidence when it is satisfied that good cause exists as to why the evidence was not introduced during a prior stage of the disciplinary proceeding. In connection with any appeal, the Compliance Department will furnish to the Appeal Panel a transcript of the hearing, any exhibits introduced at the hearing, the notice of appeal, and briefs filed to support and oppose the appeal.

(h) After completing its review, the Appeal Panel may affirm, modify, or reverse any order of disciplinary proceedings under appeal in whole or in part, including increasing, decreasing, or eliminating any sanction or remedy imposed; imposing any other sanction or remedy authorized by the Rules of the Clearinghouse; or remanding the matter to the same or a different Hearing Panel for further disciplinary proceedings. The Appeal Panel may order a new hearing for good cause, or if the Appeal Panel deems it appropriate.

(i) Promptly following the appeal proceeding, the Appeal Panel will issue a written decision and provide a copy to the parties. The written decision issued by the Appeal Panel must adhere to all the requirements of Rule 513(b), to the extent that a different conclusion is reached from that issued by the Hearing Panel. A decision by a majority of the Appeal Panel will constitute the decision of the Appeal Panel.

(j) An Appeal Panel's written decision on appeal (including findings of fact and conclusions and the imposition of sanctions, remedies, and costs, and the effective date of any sanction, remedy, or cost) will be the final action of the Clearinghouse, and will not be subject to appeal within the Clearinghouse. Disciplinary sanctions imposed by the Clearinghouse shall be commensurate with the violations committed, and shall be clearly sufficient to deter recidivism or similar violations by other market participants. In addition, the respondent's disciplinary history will be taken into account in determining the appropriate sanction.

517. Summary Imposition of Fines

(a) The Clearinghouse may fine a Clearing Member or Authorized User for a violation of the Rules as described in this Rule 517.

(b) A warning letter may be issued for first-time violations or violators, provided that no more than one warning letter may be issued per any rolling 12-month period for the same violation. The fine imposed will increase for recurring violations.

(c) The Chief Compliance Officer may summarily impose a fine against a Clearing Member (on behalf of itself or any of its Authorized Users or other Persons using any of its User IDs) for failing:

(i) to make timely payments of Margin, Guaranty Fund deposits, fees, costs, charges or fines to the Clearinghouse;

(ii) to make timely and accurate submissions to the Clearinghouse of notices, reports or other information required by the Clearinghouse Rules; and

(iii) to keep any books and records required by the Clearinghouse Rules.

(d) The Compliance Department, acting on behalf of the Chief Compliance Officer, will give notice of any fine imposed pursuant to this Rule to each Clearing Member or Authorized User subject thereto. The notice will specify:

(i) the violations of the Clearinghouse Rules for which the fine is being imposed;

(ii) the date of the violation for which the fine is being imposed; and

(iii) the amount of the fine.

(e) Within twenty (20) days of serving the notice of fine, the Clearing Member or Authorized User, as the case may be, must either pay or cause the payment of the fine or file notice of an appeal pursuant to Rule 516. Unless timely notice of appeal is filed pursuant to Rule 516, the fine will become final upon the expiration of twenty (20) days after the notice of fine is served on the Clearing Member or Authorized User, as the case may be.

(f) The Clearinghouse will set the amount of any fines imposed pursuant to this Rule, with the maximum fine for each violation not to exceed \$5,000. Summary imposition of fines pursuant to this Rule will not preclude the Clearinghouse from bringing any other action against the Clearing Member or Authorized User, as the case may be.

518. Summary Suspensions

(a) Notwithstanding anything in the Rules of the Clearinghouse to the contrary, the Chief Compliance Officer, or their designee, may summarily suspend a Clearing Member's right to access the Clearinghouse or the association of an Authorized User with a Clearing Member, or suspend access to the Clearinghouse to any other person subject to the Clearinghouse's jurisdiction, if the Clearinghouse reasonably believes such immediate action is necessary to protect the best interest of the marketplace.

(b) Whenever summary action pursuant to paragraph (a) above is proposed, the Clearinghouse will, if practicable, serve the party against whom the action is contemplated with written notice. If prior notice is not practicable, the Clearinghouse will give notice at the earliest possible opportunity to the respondent against whom the action was taken. The notice will be prepared by the Compliance Department, and such notice will state the action, briefly state the reasons for the action, and state the effective time, date, and duration of the action taken. The notice shall be served on the respondent in accordance with Rule 507.

(c) The respondent shall be advised of its right to a hearing before a Hearing Panel, pursuant to Rules 509-513, by filing a notice of intent with the Compliance Department within 10 Business Days of service of notice. Filing of a notice of intent pursuant to this Rule shall not stay the Chief Compliance Officer's decision to deny access. The respondent shall have the right to be represented by legal counsel, or any other representative of its choosing and at its own expense.

(d) Promptly, but no later than 20 days after the summary suspension of a Clearing Member or Authorized User, a Hearing Panel will conduct a hearing concerning the summary suspension. Promptly after such hearing, the Hearing Panel will render a written decision based on the weight of the evidence contained in the record of the proceeding. The decision of a majority of the Hearing Panel will be the decision of the Hearing Panel. The Clearinghouse will serve copies of the written decision of the Hearing Panel on the respondent and the Compliance Department. The written decision will include the following information:

- (i) a description of, and reasons for, the summary action taken;
- (ii) a summary of the evidence produced at the hearing;
- (iii) a statement of findings of fact and conclusions;
- (iv) a determination that the summary action should be affirmed, modified, or reversed; and
- (v) a declaration of any action to be taken pursuant to the determination, and the effective date and duration of such action.

(e) Any decision of a Hearing Panel pursuant to this Rule 518 will be the final action of the Clearinghouse, and not subject to appeal within the Clearinghouse upon serving the respondent with a copy of the decision.

(f) At the request of the Clearinghouse, a respondent who is summarily suspended pursuant to this Rule 518 must provide access to or copies of books and records over which the respondent has access or control, and must furnish information to, or appear or testify before, the Clearinghouse in connection with the enforcement of any Rule of the Clearinghouse.

519. Rights and Responsibilities After Suspension or Termination

(a) When a Clearing Member's right to access the Clearinghouse is suspended, none of its rights (including the right to hold oneself out to the public as a Clearing Member) shall

apply, except for the right of the Clearing Member to assert claims against others as provided in the Rules. Any such suspension will not affect the rights of creditors under the Rules or relieve the Clearing Member in question of its obligations under the Rules, or for any fees, costs or charges incurred during the suspension.

(b) When a Clearing Member's right to access the Clearinghouse is terminated, all of its rights will terminate except for the right of the Clearing Member to assert claims against others as provided in the Rules. Any such termination will not affect the rights of creditors under the Rules. A terminated Clearing Member may only seek to reinstate its right to access the Clearinghouse by filing an application in accordance with Rule 303. The Clearinghouse will consider the application of a terminated Clearing Member at its sole discretion.

(c) A suspended or terminated Clearing Member or Authorized User remains subject to the Rules and the jurisdiction of Clearinghouse for acts and omissions prior to the suspension of termination, and must cooperate with requests by the Clearinghouse as if the suspended or terminated Clearing Member or Authorized User still had the right to access the Clearinghouse or was still associated with a Clearing Member.

520. Notice to the Parties, the CFTC and the Public

The Clearinghouse will provide written notice of Disciplinary Actions to the parties and the CFTC consistent with CFTC Regulations. Whenever the Clearinghouse suspends, expels, fines, or otherwise disciplines, or denies any Person access to the Clearinghouse, Clearinghouse will make public disclosures as required by CFTC Regulations.

CHAPTER 6 MISCELLANEOUS

601. Trading by Clearinghouse Officials Prohibited; Misuse of Material, Non-Public Information

(a) No Clearinghouse Official (for the avoidance of doubt, the term “Clearinghouse Official” for purposes of this Chapter 6 includes employees of the Exchange) may trade, directly or indirectly, (i) any Exchange Contract or any Related Commodity Interest, or (ii) any Exchange Contract or Related Commodity Interest where such Clearinghouse Official has access to material non-public information concerning such Exchange Contract or Related Commodity Interest.

(b) The Chief Compliance Officer (or, in the case of the Chief Compliance Officer, the Board) may grant exemptions from the provisions of paragraph (a) to Clearinghouse Officials on a case-by-case basis under circumstances which are not contrary to the purposes of this Rule. Such circumstances may include, but are not necessarily limited to:

(i) participation in pooled investment vehicles where such Clearinghouse Official has no direct or indirect control over transactions effected by or for the account of the pool;

(ii) service by such Clearinghouse Official as an executor or administrator of an estate;

(iii) service by such Clearinghouse Official in any other fiduciary capacity, such as an officer of a charitable organization, in which such Clearinghouse Official receives no pecuniary benefit from the trading of Contracts or other Related Commodity Interests;

(iv) trading in Exchange Contracts or Related Commodity Interests under circumstances in which such Clearinghouse Official’s access to material non-public information in respect of such Exchange Contracts or Related Commodity Interests is sufficiently minimal or attenuated so as to be insignificant; and

(v) such other circumstances as the Chief Compliance Officer (or, in the case of the Chief Compliance Officer, the Board) may determine.

For the avoidance of doubt, participation by an Clearinghouse Official in a retirement plan sponsored by the Exchange shall not be deemed to constitute trading directly or indirectly in a Contract or a Related Commodity Interest, notwithstanding such plan’s trading of Exchange Contracts or Related Commodity Interests.

(c) Any Clearinghouse Official that has received an exemption under paragraph (b) must:

(i) furnish to the Clearinghouse (or, in the case of the Chief Risk Officer or Chief Compliance Officer, to the Board) account statements and other documents relevant to the trading activities that are so exempted; and

(ii) inform the Chief Compliance Officer (or, in the case of the Chief Compliance Officer, the Board) within one Business Day of any material change of information that may affect such Clearinghouse Official's qualification for such exemption.

(d) Clearinghouse Officials, agents and independent contractors of the Exchange are prohibited from disclosing material non-public information obtained as a result of their employment, agency relationship or engagement with the Exchange where the Clearinghouse Official, agent or independent contractor expected or should have reasonably expected that the information disclosed may assist a Person in trading any Contract, any Contract traded on another designated contract market or other market, or any related underlying commodity or security.

(i) Terms used in this Rule 601 and not otherwise defined in the Rules shall have the meaning set forth in CFTC Regulations 1.3 and 1.59.

602. Market Data

Each Clearing Member, on behalf of itself and each of its Affiliates, Authorized Users and other Persons affiliated with any of the foregoing, hereby acknowledges and agrees that the Clearinghouse owns and shall retain all right, title and interest in and to the Clearing System, 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 Clearinghouse and all other related proprietary rights of the Clearinghouse 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 transmitted by means of any of the foregoing, including, without limitation, the market data of the Clearinghouse, the "**Proprietary Information**"). Each Clearing Member, on behalf of itself and each of its Affiliates, Authorized Users and other Persons affiliated with any of the foregoing, further acknowledges and agrees that the Proprietary Information is the exclusive, valuable and confidential property of the Clearinghouse. Each Clearing Member 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 Clearinghouse or the Proprietary Information. Each Clearing Member further agrees that it will and will 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, loan, sell or distribute, directly or indirectly, all or any portion of the Clearing System or any Proprietary Information.

603. Recording of Communications

The Clearinghouse may record conversations and retain copies of electronic communications between Clearinghouse Officials and Clearing Members, their Authorized Users or other agents. Any such recordings may be retained by the Clearinghouse in such manner and for such periods of time as the Clearinghouse may deem necessary or appropriate, including as may be required by Applicable Law. The Clearinghouse may use such recordings as evidence in any Disciplinary Action or legal proceeding.

604. Force Majeure

Notwithstanding any other provision of the Rules, the Clearinghouse shall not be obligated to perform its obligations under the Rules or any agreement with a Clearing Member, or to compensate any Person for losses occasioned by any delay or failure of performance, to the extent a delay or failure of performance is the result of circumstances that the Clearinghouse determines, in its sole discretion, may have an adverse effect upon the functions and facilities of the Clearinghouse, including, but not limited to, acts of God, fire or other natural disasters, bomb threats, acts of terrorism or war, cyber-related events, including malicious code attacks, unauthorized access, distributed denial of service attacks, security breaches, ransomware, or other cybersecurity incidents, or severely inclement weather.

605. Extension or Waiver of Rules

The performance of any act required by the Rules or the time fixed by the Rules for the performance thereof may be waived or extended by the Clearinghouse if such waiver or extension is necessary or in the best interest of the Clearinghouse. A written report of any such waiver or extension, stating the pertinent facts and the reason such waiver or extension was deemed necessary or expedient, shall be presented to the Board at its next regular meeting.

606. Notice and Effect of Amendment, Repeal or New Rule

(a) The Clearinghouse may, in compliance with the CEA and CFTC Regulations, amend or repeal any Rule or adopt new Rules. The Clearinghouse will publish a notice with respect to each amendment or repeal of any Rule or adoption of any new Rule at the time the Clearinghouse files such Rules with the CFTC. The Clearinghouse also will publish notice of any action taken to implement any Rule, in a form and manner that is reasonably designed to enable Clearing Members to become aware of and familiar with, and to implement any necessary preparatory measures to be taken with respect to, such addition or modification, prior to the effective date thereof. For purposes of this Rule 606, it will be sufficient (without limiting the discretion of the Clearinghouse as to any other reasonable means of communication) if notice is published on the Clearinghouse's website.

(b) Any amendment or repeal of a Rule or 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 Clearinghouse (regardless of when any such Person became subject to Clearinghouse's jurisdiction) and all Exchange Contracts (regardless of whether any such Exchange Contract was entered into before, on or after such effective date).

607. Signatures

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

608. Governing Law; Legal Proceedings

(a) The Rules, and the rights and obligations of the Clearinghouse and Clearing Members under the Rules, shall be governed by, and construed in accordance with, the laws of the State of Illinois applicable to contracts executed and performed wholly within the State of Illinois without regard to any provisions of Illinois law that would apply the substantive law of a different jurisdiction.

(b) Any action, suit or proceeding against the Clearinghouse, its limited liability company members, Clearinghouse Officials, agents, or any member of any committee must be brought pursuant to Rule 614 and each Clearing Member, for itself and its Authorized Users, expressly waives any right it may have to a trial by jury.

609. LIMITATION OF LIABILITY; NO WARRANTIES

(a) EXCEPT AS OTHERWISE PROVIDED IN THIS RULE 609, AND EXCEPT IN INSTANCES IN WHICH THE DISCLAIMING PARTY (DEFINED BELOW) HAS BEEN FINALLY ADJUDICATED TO HAVE BEEN GROSSLY NEGLIGENT OR TO HAVE ENGAGED IN FRAUD OR WILLFUL OR WANTON MISCONDUCT, IN WHICH CASE THE DISCLAIMING PARTY FOUND TO HAVE ENGAGED IN SUCH CONDUCT CANNOT AVAIL ITSELF OF THE PROTECTIONS IN THIS RULE 609, NEITHER THE CLEARINGHOUSE, NOR ANY AFFILIATE OF THE CLEARINGHOUSE, NOR ANY OF THEIR RESPECTIVE MANAGERS, OFFICERS, DIRECTORS, EMPLOYEES, EQUITYHOLDERS, AGENTS, CONSULTANTS OR SERVICE PROVIDERS, NOR ANY MEMBER OF ANY COMMITTEE OR OTHER GOVERNING BODY OF ANY AFFILIATE OF THE CLEARINGHOUSE (EACH OF THE FOREGOING, AS APPLICABLE, THE “**DISCLAIMING PARTY**” AND, COLLECTIVELY, “**DISCLAIMING PARTIES**”), SHALL BE LIABLE TO ANY PERSON FOR ANY LOSSES ARISING OUT OF OR IN CONNECTION WITH:

(i) ANY FAILURE, MALFUNCTION, FAULT IN DELIVERY, DELAY, OMISSION, SUSPENSION, INACCURACY, INTERRUPTION, TERMINATION, OR ANY OTHER EVENT, IN CONNECTION WITH THE FURNISHING, PERFORMANCE, OPERATION, MAINTENANCE, USE OF OR INABILITY TO USE ALL OR ANY PART OF ANY OF THE SYSTEMS AND SERVICES OF THE CLEARINGHOUSE, OR SERVICES, EQUIPMENT OR FACILITIES USED TO SUPPORT SUCH SYSTEMS AND SERVICES, AND ANY AND ALL TERMINALS, COMMUNICATIONS NETWORKS, CENTRAL COMPUTERS, SOFTWARE, HARDWARE AND FIRMWARE RELATING THERETO; OR

(ii) ANY FAILURE OR MALFUNCTION, FAULT IN DELIVERY, DELAY, OMISSION, SUSPENSION, INACCURACY, INTERRUPTION OR TERMINATION, OR ANY OTHER EVENT, OF ANY SYSTEM OR SERVICE OF THE CLEARINGHOUSE, OR SERVICES, EQUIPMENT OR FACILITIES USED TO SUPPORT SUCH SYSTEMS OR SERVICES, CAUSED BY ANY THIRD PARTIES INCLUDING, BUT NOT LIMITED TO, INDEPENDENT SOFTWARE VENDORS AND NETWORK PROVIDERS; OR

(iii) ANY ERRORS OR INACCURACIES IN INFORMATION PROVIDED BY THE CLEARINGHOUSE OR ANY OF THE CLEARINGHOUSE'S SYSTEMS, SERVICES OR FACILITIES; OR

(iv) ANY UNAUTHORIZED ACCESS TO OR UNAUTHORIZED USE OF ANY OF THE CLEARINGHOUSE'S SYSTEMS, SERVICES, EQUIPMENT OR FACILITIES BY ANY PERSON; OR

(v) IN CONNECTION WITH THE PERFORMANCE OR NON-PERFORMANCE OF ANY REGISTRY, REGISTRY OPERATOR, OR EMTS.

THE FOREGOING LIMITATIONS OF LIABILITY SHALL APPLY WHETHER A CLAIM IS BASED ON BREACH OF CONTRACT, TORT, INCLUDING, WITHOUT LIMITATION, NEGLIGENCE (OTHER THAN GROSS NEGLIGENCE), STRICT LIABILITY, NEGLIGENT MISREPRESENTATION, RESTITUTION, BREACH OF STATUTORY DUTY, BREACH OF WARRANTY OR OTHERWISE AND WHETHER THE CLAIM IS BROUGHT DIRECTLY OR AS A THIRD-PARTY CLAIM.

(b) THERE ARE NO EXPRESS OR IMPLIED WARRANTIES OR REPRESENTATIONS PROVIDED BY THE CLEARINGHOUSE OR ANY OTHER DISCLAIMING PARTY RELATING TO ANY SYSTEMS OR SERVICES OF THE CLEARINGHOUSE OR SERVICES, EQUIPMENT OR FACILITIES USED TO SUPPORT SUCH SYSTEMS OR SERVICES, AND THE CLEARINGHOUSE HEREBY SPECIFICALLY DISCLAIMS, OVERRIDES AND EXCLUDES, TO THE FULLEST EXTENT PERMITTED BY LAW, ALL IMPLIED WARRANTIES OF MERCHANTABILITY, SATISFACTORY QUALITY, FITNESS FOR A PARTICULAR PURPOSE AND ALL OTHER WARRANTIES, CONDITIONS, OTHER CONTRACTUAL TERMS, REPRESENTATIONS, INDEMNITIES AND GUARANTEES WITH RESPECT TO THE SERVICES, WHETHER EXPRESS, IMPLIED OR STATUTORY, ARISING BY LAW, CUSTOM, PRIOR ORAL OR WRITTEN STATEMENTS BY THE CLEARINGHOUSE OR ANY OTHER DISCLAIMING PARTY OR OTHERWISE (INCLUDING BUT NOT LIMITED TO, AS TO TITLE, SATISFACTORY QUALITY, ACCURACY, COMPLETENESS, UNINTERRUPTED USE, NON-INFRINGEMENT, TIMELINESS, TRUTHFULNESS, SEQUENCE AND ANY IMPLIED WARRANTIES, CONDITIONS AND OTHER CONTRACTUAL TERMS ARISING FROM TRANSACTION USAGE, COURSE OF DEALING OR COURSE OF PERFORMANCE) RELATING TO ANY SYSTEMS OR SERVICES OF THE CLEARINGHOUSE OR SERVICES, EQUIPMENT OR FACILITIES USED TO SUPPORT SUCH SYSTEMS OR SERVICES.

(c) NOTWITHSTANDING ANY OTHER PROVISION OF THESE RULES, IN NO EVENT SHALL ANY PERSON BRING ANY LEGAL ACTION, REGARDLESS OF WHETHER LIABILITY IS BASED ON BREACH OF CONTRACT, TORT (INCLUDING, WITHOUT LIMITATION, NEGLIGENCE, STRICT LIABILITY, NEGLIGENT MISREPRESENTATION), RESTITUTION, BREACH OF STATUTORY DUTY, BREACH OF WARRANTY OR OTHERWISE AND REGARDLESS OF WHETHER THE CLAIM IS BROUGHT DIRECTLY OR AS A THIRD-PARTY CLAIM, FOR INDIRECT, SPECIAL, INCIDENTAL, CONSEQUENTIAL, EXEMPLARY, OR PUNITIVE DAMAGES OF ANY KIND (INCLUDING, WITHOUT LIMITATION, ANY LOSS OF REVENUE, LOSS OF ACTUAL OR ANTICIPATED PROFITS, LOSS OF CONTRACTS, LOSS OF THE USE OF MONEY, LOSS OF ANTICIPATED SAVINGS, LOSS OF BUSINESS, LOSS OF OPPORTUNITY, LOSS OF MARKET SHARE, LOSS OF GOODWILL, LOSS OF REPUTATION OR LOSS OF, DAMAGE TO OR CORRUPTION OF DATA), HOWEVER SUFFERED OR INCURRED, AND REGARDLESS OF WHETHER THE PARTY FROM WHOM SUCH DAMAGES WOULD BE SOUGHT HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES OR WHETHER SUCH DAMAGES OTHERWISE COULD HAVE BEEN FORESEEN OR PREVENTED. THE PROVISIONS OF THIS RULE 609(c) SHALL NOT APPLY TO THE EXTENT THAT THE PERSON FROM WHICH DAMAGES ARE SOUGHT HAS BEEN FINALLY ADJUDICATED TO HAVE ENGAGED IN FRAUD OR WILLFUL OR WANTON MISCONDUCT.

(d) EXCEPT IN ANY CASE WHERE A DISCLAIMING PARTY HAS BEEN FINALLY ADJUDICATED TO HAVE ENGAGED IN FRAUD OR WILLFUL OR WANTON MISCONDUCT, IN NO EVENT SHALL THE DISCLAIMING PARTIES' TOTAL COMBINED AGGREGATE LIABILITY FOR ALL CLAIMS EXCEED \$100,000 FOR ALL LOSSES SUFFERED FROM ALL CAUSES ON A SINGLE CALENDAR DAY; \$200,000 FOR ALL LOSSES SUFFERED FROM ALL CAUSES IN A SINGLE CALENDAR MONTH; AND \$1,000,000 FOR ALL LOSSES SUFFERED FROM ALL CAUSES IN A SINGLE CALENDAR YEAR. IF THE NUMBER OF ALLOWED CLAIMS ARISING OUT OF ANY FAILURES OR MALFUNCTIONS ON A SINGLE DAY, SINGLE MONTH OR SINGLE YEAR CANNOT BE FULLY SATISFIED BECAUSE OF THE ABOVE DOLLAR LIMITATIONS, ALL SUCH CLAIMS SHALL BE LIMITED TO A PRO RATA SHARE OF THE MAXIMUM AMOUNT FOR THE RESPECTIVE PERIOD.

610. Indemnification Obligations of Clearing Members

A Clearing Member or former Clearing Member shall indemnify and hold harmless the Clearinghouse and its Affiliates, and its and their equity holders, officers, directors, employees, and agents (collectively, the “**Indemnified Parties**”), for any and all losses, damages, costs and expenses (including attorneys’ fees) incurred by the Indemnified Parties as a result (direct or indirect) of such Clearing Member’s violation or alleged violation of the Rules or Applicable Law.

611. Large Trader Reports

The Clearinghouse will obtain copies of all reports that are required to be filed by Clearing Members pursuant to Part 17 and Part 20 of the CFTC Regulations from Clearing Members or the

Exchange. A Clearing Member shall provide such reports to the Clearinghouse as directed by the Clearinghouse.

612. Public Information

The Clearinghouse shall make public the terms and conditions of each Exchange Contract, all fees charged by the Clearinghouse, the Margin-setting methodology used by the Clearinghouse, the size and composition of the Guaranty Fund, and Settlement Prices, volume and open interest for each Exchange Contract. The Clearinghouse will also make its Rulebook, list of Clearing Members and daily trading information available on the Clearinghouse website. The Clearinghouse will provide public notice of a Default on the Clearinghouse website.

613. Confidential Information

Any and all non-public information, in any form, obtained by Clearing Members or the Clearinghouse arising out of or related to the provision or use of the Clearing System, services of the Clearinghouse, or other property of the Clearinghouse shall be deemed to be “**Confidential Information**.” Without limiting the generality of the foregoing, the Clearinghouse’s Confidential Information shall specifically include all source code of the Clearing System, and all trade secrets, processes, computer software and other proprietary data, research, information or documentation related thereto. Notwithstanding the foregoing, “Confidential Information” does not include any information that: (i) is in or becomes part of the public domain (other than by disclosure by the recipient or its directors, officers, employees, agents or contractors (“**Representatives**”) in violation of the Rules); (ii) was previously known to the recipient free of restriction; (iii) is independently developed by the recipient, without reference to the Confidential Information of the disclosing party; or (iv) is lawfully obtained by the recipient from a third party having the right to furnish such information.

The Clearinghouse and the Clearing Member (each, a “**Party**” and, collectively, the “**Parties**”) shall hold in strict confidence the Confidential Information of the other Party, shall use the same degree of care in protecting the confidentiality of the Confidential Information as it uses in protecting its own information of a similar type, and shall not disclose Confidential Information of the other Party to any third party or use Confidential Information of the other Party for any purpose not expressly permitted in the Rules; except that a Party may disclose Confidential Information of the other Party solely to those of its Representatives who have a need to know such Confidential Information to facilitate compliance with the Rules. The receiving Party will inform its Representatives of the confidential nature of the Confidential Information, will be responsible for protecting the confidentiality of the Confidential Information as to its Representatives, and will take such action, legal or otherwise, as may be reasonably necessary to cause them to protect the confidentiality of the Confidential Information. Notwithstanding the foregoing, Confidential Information may be disclosed: (i) by the Clearinghouse in accordance with the Rules relating to the use of Confidential Information; (ii) to the extent required by Applicable Law or the rules of a Self-Regulatory Organization of competent jurisdiction; (iii) by the Clearinghouse upon request by the CFTC, the Federal Energy Regulatory Commission, Governmental Authority, any regulatory or self-regulatory body, or any other organization, in each case having competent jurisdiction over the Clearinghouse; (iv) by the Clearing Member upon request from any federal or state agency, any regulatory or self-regulatory body, or any other organization, in each case

having competent jurisdiction over such Clearing Member; and (v) pursuant to a subpoena or order of a court or legislative, regulatory or self-regulatory body of competent jurisdiction, provided that, in the case of clauses (iv) and (v) above, to the extent the disclosure is not in connection with a Routine Request, the disclosing Party shall, to the fullest extent permitted by law, immediately notify the other Party of such disclosure and cooperate with such Party to obtain appropriate confidential treatment of any Confidential Information to be so disclosed.

614. Arbitration

(a) Clearing Members shall arbitrate through the NFA arbitration program all disputes, controversies or claims between or among themselves that relate to or arise out of any Contract subject to the Rules of the Clearinghouse and that are based upon facts and circumstances that occurred at a time when the parties were Clearing Members.

(b) Clearing Members shall arbitrate through the NFA arbitration program all disputes, controversies or claims between themselves and the Clearinghouse that relate to or arise out of any Contract subject to the Rules of the Clearinghouse and that are based upon facts and circumstances that occurred at a time when the Clearing Member was subject to the Clearinghouse's jurisdiction.

(c) Notwithstanding the foregoing, this Rule 614 does not apply to disputes between Clearing Members that such Clearing Members have, by valid and binding agreement, committed to arbitrate or litigate in a forum other than NFA. In addition, this Rule 614 does not require an employee of a Clearing Member to submit to arbitration any claim that includes allegations of a violation of federal, state or local employment discrimination, sexual harassment, wage payment or benefits laws.

(d) NFA will conduct arbitrations described in Rule 614(a) and (b) pursuant to NFA's Member Arbitration Rules, as if each party to such arbitration were an "NFA Member," and references in such member arbitration rules to the "Associates" of an "NFA Member" shall mean and include any Clearing Member and any individual who is employed by or is an agent of a Clearing Member and who has been authorized to access the Clearinghouse under the Rules. NFA's Member Arbitration Rules and Code of Arbitration are available at www.nfa.futures.org.

(e) A Clearing Member initiates arbitration or litigation relating to or arising out of any Contract shall submit notice thereof to the Clearinghouse.

(f) Any failure on the part of a Clearing Member to arbitrate a dispute subject to this Rule 614, or the commencement by any such person of a suit in any court prior to arbitrating a case this required to arbitrated pursuant to this Rule 614, violates the Rules and shall subject such Person to disciplinary proceedings pursuant to Chapter 5. A Clearing Member that does not arbitrate a dispute through the NFA arbitration program pursuant to Rule 614(d) shall not be deemed to have violated these Rules.

(g) The Clearinghouse will summarily suspend, pursuant to Rule 518, a Participant that fails to timely satisfy an arbitration award rendered in any arbitration pursuant to this Rule 614. A Clearing Member making payment must submit proof of payment to the Compliance

Department no later than the Business Day following payment. Any Clearing Member that fails to timely satisfy an arbitration award may be sanctioned by the Clearinghouse