

**LedgerX LLC – Exhibit L**

**Attach as Exhibit L, a narrative and any other form of documentation that may be provided under other Exhibits herein, that describes the manner in which the Applicant is able to comply with each core principle. Such documentation must include a regulatory compliance chart setting forth each core principle and providing citations to the Applicant’s relevant rules, policies, and procedures that address each core principle. To the extent that the application raises issues that are novel or for which compliance with a core principle is not self-evident, include an explanation of how that item and the application satisfy the core principles.**

Core Principle or Other Requirement	LedgerX LLC Rule, Policy or Procedure	Relevant Exhibit(s)
<b>Core Principle 1 – Designation as a Contract Market</b>		
<p>(a) <b><i>In general.</i></b> To be designated, and maintain a designation, as a contract market, a <a href="#">board of trade</a> shall comply with:</p> <p style="margin-left: 40px;">(1) Any core principle described in section 5(d) of the Act, and</p> <p style="margin-left: 40px;">(2) Any requirement that the <a href="#">Commission</a> may impose by rule or regulation pursuant to section 8a(5) of the Act.</p> <p>(b) <b><i>Reasonable discretion of the contract market.</i></b> Unless otherwise determined by the <a href="#">Commission</a> by rule or regulation, a <a href="#">board of trade</a> described in <a href="#">paragraph (a)</a> of this section shall have reasonable discretion in establishing the manner in which the <a href="#">board of trade</a> complies with the core principles described in this subsection.</p>	<p>LedgerX LLC (“LedgerX”) is applying for registration as a designated contract market (“DCM”) by submitting Form DCM (the “LedgerX Application”). Once registered, LedgerX will comply with the DCM Core Principles. As demonstrated in this Application, LedgerX has drafted its Rules, Compliance Manual, Business Continuity Plan, Enterprise Risk Management Plan and Operations Manual, and has designed LedgerX’s operations to be compliant with the DCM Core Principles and the Commodity Exchange Act, as amended (“CEA”) and other applicable Commodity Futures Trading Commission (“CFTC”) regulations promulgated thereunder.</p>	<p>LedgerX Application, including all attachments and Exhibits.</p>
<b>Core Principle 2 – Compliance with Rules</b>		

<p>(a) <b><i>In general.</i></b> The board of trade shall establish, monitor, and enforce compliance with the rules of the contract market, including:</p> <ul style="list-style-type: none"> <li>(1) Access requirements;</li> <li>(2) The terms and conditions of any contracts to be traded on the contract market; and</li> <li>(3) Rules prohibiting abusive trade practices on the contract market.</li> </ul> <p>(b) <b><i>Capacity of contract market.</i></b> The board of trade shall have the capacity to detect, investigate, and apply appropriate sanctions to any person that violates any rule of the contract market.</p> <p>(c) <b><i>Requirement of rules.</i></b> The rules of the contract market shall provide the board of trade with the ability and authority to obtain any necessary information to perform any function described in this section, including the capacity to carry out such international information-sharing agreements, as the Commission may require.</p>	<p>LedgerX has established rules and procedures reasonably designed to ensure compliance with section 5h of the CEA and the rules of the CFTC. LedgerX fulfills its compliance with the CEA, CFTC regulations and LedgerX Rules, through oversight by its Regulatory Oversight Committee ("ROC") and its Chief Compliance Officer ("CCO").</p> <p>The LedgerX Rules include rules for access requirements and impartial access, and rules prohibiting fraudulent and abusive trading practices. Rule 3.2.A sets forth Participant eligibility requirements and requires Participants to meet any other criteria upon request by the Exchange and provide the Exchange with any other information the Exchange may request regarding the Participant. Rules 8.3, 8.4, 8.9, 8.10, 8.11, 8.12 and 8.14 prohibit abusive trading practices.</p> <p>The Compliance Department conducts real-time surveillance, trade practice surveillance and market surveillance, as described in the LedgerX Compliance manual.</p> <p>The Compliance Department oversees investigations. The Compliance Department's investigations and disciplinary procedures are governed by Chapter 9 of the Rulebook. Pursuant to Rule 3.1, Participants agree to assist LedgerX in complying with LedgerX's legal and regulatory obligations, cooperate with the exchange, the CFTC and any regulatory agency with jurisdiction over LedgerX in any inquiry, investigation, audit, examination or proceeding.</p>	<p>Exhibit M – LedgerX Rulebook</p> <p>Exhibit O – LedgerX Compliance Manual</p> <p>Exhibit R – Trade Practice Violations</p>
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	<p>LedgerX has not entered into international information-sharing agreements but LedgerX's Rules foresee that doing so may be necessary in the future. For example, Rule 3.3 requires Participants to allow LedgerX to provide all information LedgerX has about the Participant, including the Participant's trading activity, to the CFTC or any other Regulatory Agency, law enforcement authority, or judicial tribunal, including (as may be required by information-sharing agreements or other arrangements or procedures or other contractual, regulatory, or legal provisions) foreign regulatory or self-regulatory bodies, law enforcement authorities, or judicial tribunals.</p> <p>The Compliance Manual sets forth internal procedures regarding asking Participants for additional information and periodic monitoring of Participants where additional information could be necessary.</p>	
<b>Core Principle 3 – Contracts Not Readily Susceptible to Manipulation</b>		
<p>The <a href="#">board of trade</a> shall list on the contract market only contracts that are not readily susceptible to manipulation.</p>	<p>LedgerX shall only permit trading in contracts that are not readily susceptible to manipulation. All LedgerX contracts shall be cleared through the LedgerX DCO.</p>	<p>Exhibit M – LedgerX Rulebook</p> <p>Exhibit O – LedgerX Compliance Manual</p>
<b>Core Principle 4 – Prevention of Market Disruption</b>		

<p>The <a href="#">board of trade</a> shall have the capacity and responsibility to prevent manipulation, price distortion, and disruptions of the delivery or cash-settlement process through market surveillance, compliance, and enforcement practices and procedures, including:</p> <ul style="list-style-type: none"> <li>(a) Methods for conducting real-time monitoring of trading; and</li> <li>(b) Comprehensive and accurate trade reconstructions.</li> </ul>	<p>The LedgerX Compliance Department is responsible for conducting trade practice surveillance for LedgerX. Trade practice surveillance includes reviewing bids, offers, trades and any other information submitted via the API or Participant Portal on an ongoing basis to determine if there are any potential violations of the LedgerX Rules.</p> <p>LedgerX has developed automated trade surveillance tools known as Exchange Surveillance Interface (“ESI”) that enable the Compliance Department to perform trade practice and market surveillance functions and to monitor settlement and physical delivery. The ESI is used by Staff to effectively and efficiently surveil the LedgerX market and its Participants and generate automated exception alerts.</p> <p>The ESI captures all of the data elements to recreate the audit trail of every actionable message on LedgerX.</p>	<p>Exhibit M – LedgerX Rulebook</p> <p>Exhibit O – LedgerX Compliance Manual</p>
<p><b>Core Principle 5 – Position Limits or Accountability</b></p>		

<p>To reduce the potential threat of market manipulation or congestion (especially during trading in the delivery month), the <a href="#">board of trade</a> shall adopt for each contract of the <a href="#">board of trade</a>, as is necessary and appropriate, position limitations or position accountability for speculators. For any contract that is subject to a position limitation established by the <a href="#">Commission</a>, pursuant to section 4a(a), the <a href="#">board of trade</a> shall set the position limitation of the <a href="#">board of trade</a> at a level not higher than the position limitation established by the <a href="#">Commission</a>.</p>	<p>Chapter 8 of the Rules sets forth rules regarding position limits, position accountability levels and aggregation requirements. LedgerX imposes position limits or position accountability levels, as is necessary and appropriate, for the contracts that LedgerX offers. Additional internal procedures related to position limits and position accountability levels, and any breaches thereof, are set forth in the LedgerX Compliance Manual.</p>	<p>Exhibit M – LedgerX Rulebook</p> <p>Exhibit O – LedgerX Compliance Manual</p>
<p><b>Core Principle 6 — Emergency Authority</b></p>		
<p>The <a href="#">board of trade</a>, in consultation or cooperation with the <a href="#">Commission</a>, shall adopt rules to provide for the exercise of emergency authority, as is necessary and appropriate, including the authority:</p> <ul style="list-style-type: none"> <li>(a) To liquidate or transfer open positions in any contract;</li> <li>(b) To suspend or curtail trading in any contract; and</li> <li>(c) To require market participants in any contract to meet special margin requirements.</li> </ul>	<p>Rule 1.1 defines the term “emergency” and Rule 2.12 sets forth the procedures LedgerX will follow when LedgerX declares that an emergency exists.</p>	<p>Exhibit M – LedgerX Rulebook</p>
<p><b>Core Principle 7 — Availability of General Information</b></p>		

<p>The <a href="#">board of trade</a> shall make available to market authorities, market participants, and the public accurate information concerning:</p> <p>(a) The terms and conditions of the contracts of the contract market; and</p> <p>(b)</p> <p>(1) The rules, regulations and mechanisms for executing transactions on or through the facilities of the contract market, and</p> <p>(2) The rules and specifications describing the operation of the contract market's:</p> <p>(i) Electronic matching platform, or</p> <p>(ii) Trade execution facility.</p>	<p>Rule 2.17 sets forth the information that LedgerX shall make public.</p>	<p>Exhibit M – LedgerX Rulebook</p>
<p><b>Core Principle 8 — Daily Publication of Trading Information</b></p>		
<p>The <a href="#">board of trade</a> shall make public daily information on settlement prices, volume, open interest, and opening and closing ranges for actively traded contracts on the contract market.</p>	<p>Rule 2.17B sets forth that LedgerX shall make public on a daily basis information on settlement prices, volume, open interest and opening and closing ranges for actively traded contracts.</p>	<p>Exhibit M – LedgerX Rulebook</p>
<p><b>Core Principle 9 — Execution of Transactions</b></p>		

<p>The <a href="#">board of trade</a> shall provide a competitive, open, and efficient market and mechanism for executing transactions that protects the price discovery process of trading in the centralized market of the <a href="#">board of trade</a>. The rules of the <a href="#">board of trade</a> may authorize, for bona fide business purposes:</p> <p>(a) Transfer trades or office trades;</p> <p>(b) An exchange of:</p> <ul style="list-style-type: none"> <li>(1) Futures in connection with a cash <a href="#">commodity</a> transaction;</li> <li>(2) Futures for cash commodities; or</li> <li>(3) Futures for swaps; or</li> </ul> <p>(c) A <a href="#">futures commission merchant</a>, acting as principal or agent, to enter into or confirm the execution of a contract for the purchase or sale of a <a href="#">commodity</a> for <a href="#">future delivery</a> if the contract is reported, recorded, or cleared in accordance with the rules of the contract market or a derivatives <a href="#">clearing organization</a>.</p>	<p>Chapter 5 of the Rulebook sets forth the method for trading exchange contracts and the mechanism by which transactions are executed on the platform.</p>	<p>Exhibit M – LedgerX Rulebook</p>
<p><b>Core Principle 10 — Trade Information</b></p>		

<p>The <a href="#">board of trade</a> shall maintain rules and procedures to provide for the recording and safe storage of all identifying trade information in a manner that enables the contract market to use the information:</p> <p>(a) To assist in the prevention of <a href="#">customer</a> and market abuses; and</p> <p>(b) To provide evidence of any violations of the rules of the contract market.</p>	<p>LedgerX Rule 2.14 sets forth LedgerX’s recordkeeping policy, which is compliant with CFTC Regulation 1.31. LedgerX’s internal policies for collecting trade information for the purposes of identifying market abuses or violations of rules are in the Compliance Manual. LedgerX’s internal policies for recording and safe storage of trade information are in the in the LedgerX Record Retention Policy.</p>	<p>Exhibit M – LedgerX Rulebook</p> <p>Exhibit O – LedgerX Compliance Manual</p> <p>Exhibit S – LedgerX Record Retention Policy</p>
<p><b>Core Principle 11 — Financial Integrity of Transactions</b></p>		
<p>The <a href="#">board of trade</a> shall establish and enforce:</p> <p>(a) Rules and procedures for ensuring the financial integrity of transactions entered into on or through the facilities of the contract market (including the clearance and settlement of the transactions with a derivatives clearing organization); and</p> <p>(b) Rules to ensure:</p> <p>(1) The financial integrity of any:</p> <p style="padding-left: 40px;">(i) <a href="#">Futures commission merchant</a>, and</p> <p style="padding-left: 40px;">(ii) <a href="#">Introducing broker</a>; and</p> <p>(2) The protection of <a href="#">customer funds</a>.</p>	<p>Each Participant must be in good standing and in compliance with the Participant eligibility standards set forth in Chapter 3.</p> <p>All contracts offered by LedgerX are cleared through LedgerX. LedgerX is a fully-collateralized DCO which is described in Chapters 6 and 7 of the Rulebook. Additional procedures for ensuring the financial integrity of transactions are in the LedgerX Operations Manual.</p>	<p>Exhibit M – LedgerX Rulebook</p> <p>Exhibit E and F – LedgerX Operations Manual</p>
<p><b>Core Principle 12: Protection of Markets and Market Participants</b></p>		



<p>The <a href="#">board of trade</a> shall establish and enforce rules:</p> <p>(a) To protect markets and market participants from abusive practices committed by any party, including abusive practices committed by a party acting as an agent for a participant; and</p> <p>(b) To promote fair and equitable trading on the contract market.</p>	<p>Chapter 8 of the LedgerX Rulebook sets forth rules for Business Conduct and Trading Practices.</p>	<p>Exhibit M – LedgerX Rulebook</p>
<p><b>Core Principle 13: Disciplinary Procedures</b></p>		
<p>The <a href="#">board of trade</a> shall establish and enforce disciplinary procedures that authorize the <a href="#">board of trade</a> to discipline, suspend, or expel <a href="#">members</a> or market participants that violate the rules of the <a href="#">board of trade</a>, or similar methods for performing the same functions, including <a href="#">delegation</a> of the functions to third parties.</p>	<p>Chapter 9 of the Rulebook sets forth rules related to Discipline and Enforcement. Rule 2.11 describes the composition of the Disciplinary Panel. Additional internal policies are in the Compliance Manual.</p>	<p>Exhibit M – LedgerX Rulebook</p> <p>Exhibit O – LedgerX Compliance Manual</p>
<p><b>Core Principle 14: Dispute Resolution</b></p>		
<p>The <a href="#">board of trade</a> shall establish and enforce rules regarding, and provide facilities for alternative dispute resolution as appropriate for, market participants and any market intermediaries.</p>	<p>Chapter 10 of the Rulebook sets forth rules related to alternative dispute resolution. Additional internal policies are in the Compliance Manual.</p>	<p>Exhibit M – LedgerX Rulebook</p> <p>Exhibit O – LedgerX Compliance Manual</p>

<b>Core Principle 15: Governance Fitness Standards</b>		
The <a href="#">board of trade</a> shall establish and enforce appropriate fitness standards for directors, <a href="#">members</a> of any disciplinary committee, <a href="#">members</a> of the contract market, and any other <a href="#">person</a> with direct access to the facility (including any party affiliated with any <a href="#">person</a> described in this paragraph).	Rules 2.4A-D. sets forth eligibility and fitness standards for directors. Rule 2.4E and 2.11A set forth eligibility and fitness standards for members of the Disciplinary Panel. Rule 3.2 sets forth eligibility standards for LedgerX Participants.	Exhibit M – LedgerX Rulebook
<b>Core Principle 16 – Conflicts of Interest</b>		
The <a href="#">board of trade</a> shall establish and enforce rules:  (a) To minimize conflicts of interest in the decision-making process of the contract market; and  (b) To establish a process for resolving conflicts of interest described in <a href="#">paragraph (a)</a> of this section.	Rule 2.13 of the LedgerX Rulebook outlines rules related to conflicts of interest. Additionally, the LedgerX Compliance Manual contains additional internal policies and procedures for minimizing and resolving conflicts of interest.	Exhibit M – LedgerX Rulebook  Exhibit O – LedgerX Compliance Manual
<b>Core Principle 17 – Composition of Governing Boards of Contract Markets</b>		
The governance arrangements of the <a href="#">board of trade</a> shall be designed to permit consideration of the views of market participants.	Rule 2.2D sets forth the requirement for market participants to serve on the LedgerX board.	Exhibit M – LedgerX Rulebook
<b>Core Principle 18 – Recordkeeping</b>		

<p>The <a href="#">board of trade</a> shall maintain records of all activities relating to the business of the contract market:</p> <p>(a) In a form and manner that is acceptable to the <a href="#">Commission</a>; and</p> <p>(b) For a period of at least 5 years.</p>	<p>Rule 2.14 sets forth LedgerX’s recordkeeping policy, which is compliant with CFTC Regulation 1.31. LedgerX’s internal recordkeeping policies are set forth in the Compliance Manual and in the LedgerX Record Retention Policy.</p>	<p>Exhibit M – LedgerX Rulebook</p> <p>Exhibit O – LedgerX Compliance Manual</p> <p>Exhibit S – LedgerX Record Retention Policy</p>
<b>Core Principle 19 — Antitrust Considerations</b>		
<p>Unless necessary or appropriate to achieve the purposes of this Act, the <a href="#">board of trade</a> shall not:</p> <p>(a) Adopt any rule or taking any action that results in any unreasonable restraint of trade; or</p> <p>(b) Impose any material anticompetitive burden on trading on the contract market.</p>	<p>LedgerX promotes a culture of compliance including compliance with antitrust laws and Core Principle 19. LedgerX imposes fees that are equal across classes, and such fees are designed to be nondiscriminatory. LedgerX makes public its Rules and Participant eligibility criteria, among other items, on its website.</p>	<p>Exhibit O – LedgerX Compliance Manual</p>
<b>Core Principle 20 —System Safeguards</b>		
<p>Each designated contract market shall:</p> <p>(a) Establish and maintain a program of risk analysis and oversight to identify and minimize sources of operational risk, through the development of appropriate <a href="#">controls</a> and procedures, and the development of automated systems, that are reliable, secure, and have adequate scalable capacity;</p>	<p>LedgerX has developed a program of risk oversight designed to identify wide range of risks, and involving a high degree of security to prevent system outages and cyber-attacks.</p> <p>LedgerX maintains an Enterprise Risk Management Plan, which is maintained by Senior Management and overseen by the Risk Management Committee.</p> <p>LedgerX also maintains a Business Continuity Plan that would be activated in the event of an</p>	<p>Exhibit V – Technology Questionnaire</p> <p>Exhibit V – LedgerX Enterprise Risk Management Plan</p> <p>Exhibit V – LedgerX Business Continuity Plan</p>

<p>(b) Establish and maintain emergency procedures, backup facilities, and a plan for disaster recovery that allow for the timely recovery and resumption of operations and the fulfillment of the responsibilities and obligations of the <a href="#">board of trade</a>; and</p> <p>(c) Periodically conduct tests to verify that backup resources are sufficient to ensure continued <a href="#">order</a> processing and trade matching, transmission of matched <a href="#">orders</a> to a designated <a href="#">clearing organization</a> for clearing, price reporting, market surveillance, and maintenance of a comprehensive and accurate audit trail.</p>	<p>emergency or other circumstances warranting activation of such plan. Rule 2.12 describes the procedures LedgerX will follow to declare an emergency.</p> <p>LedgerX conducts periodic audits, internal testing, and external testing to verify the integrity of LedgerX’s technology systems.</p>	
<p><b>Core Principle 21 — Financial Resources</b></p>		
<p>(a)<i>In General.</i> The <a href="#">board of trade</a> shall have adequate financial, operational, and managerial resources to discharge each responsibility of the <a href="#">board of trade</a>.</p> <p>(b)<i>Determination of adequacy.</i> The financial resources of the <a href="#">board of trade</a> shall be considered to be adequate if the value of the financial resources exceeds the total amount that would enable the contract market to cover the operating costs of the contract market for a 1-year period, as calculated on a rolling basis.</p>	<p>LedgerX maintains sufficient financial, operational and managerial resources to discharge each responsibility of a DCM. LedgerX’s CFO oversees compliance with Core Principle 21. LedgerX has also engaged with a public accounting firm that audits LedgerX’s financial statements. The Compliance Manual and Operations Manual set forth policies and procedures to ensure compliance with financial resources requirements for the DCM.</p>	<p>Exhibit O – LedgerX Compliance Manual</p> <p>Exhibit E and F – LedgerX Operations Manual</p> <p>Exhibit I</p>
<p><b>Core Principle 22 — Diversity of Board of Directors</b></p>		

<p>The <a href="#">board of trade</a>, if a publicly traded company, shall endeavor to recruit individuals to serve on the board of directors and the other decision-making bodies (as determined by the Commission) of the <a href="#">board of trade</a> from among, and to have the composition of the bodies reflect, a broad and culturally diverse pool of qualified candidates.</p>	<p>N/A</p>	<p>N/A</p>
<p><b>Core Principle 23 — Securities and Exchange Commission</b></p>		
<p>The <a href="#">board of trade</a> shall keep any such records relating to <a href="#">swaps</a> defined in section 1a(47)(A)(v) of the Act open to inspection and examination by the Securities and Exchange <a href="#">Commission</a>.</p>	<p>N/A</p>	<p>N/A</p>