

iSwap SEF Application

Exhibit P – Disciplinary Procedures

Market Appendix 4 to the Venue Rulebook – Disciplinary Procedures

1) Jurisdiction

- a) iSwap shall have the authority to initiate and conduct investigations, and prosecute Violations committed by Participant's staff, and to impose sanctions for such Violations as provided in these Rules.
- b) Each Participant, upon becoming a Participant and thereafter upon any change of address shall file with iSwap a written notice designating an address for receiving service of documents. If a Participant fails to designate such an address, service by mail to its address on file with iSwap shall be good service, and delivery thereof shall be deemed to have occurred as of the date of such mailing.

2) iSwap Venue Compliance Function Powers and Duties

- a) It shall be the duty of the Compliance Function to enforce these Rules, and shall have the authority to inspect the books and records of all Participants and the authority to require any Participants staff to appear before it to answer questions regarding matters being investigated. The Compliance Function may also delegate such authority to staff of iSwap, TP ICAP Group and such other Regulatory Services Providers iSwap may hire on a contract basis. The Compliance Function shall ensure that surveillance systems are established to monitor trading to prevent manipulation, price distortion and any other form of market abuse, identify system disruptions and otherwise ensure compliance with these Rules. Such monitoring shall include real-time monitoring and the ability to conduct comprehensive and accurate transaction reconstructions.
- b) The Compliance Function shall conduct investigations of possible Violations, prepare written reports respecting such investigations, furnish such reports to the Review Panel and conduct the prosecution of such Violations. An investigation must be commenced upon receipt of a request from any Regulatory Agency, its staff or receipt of information (such as data produced by automated surveillance systems) by iSwap that in the judgment of the Compliance Function indicates a reasonable basis for finding that a Violation may have occurred or will occur. Absent mitigating factors, each investigation will be completed no later than 12 months after the investigation is opened. Mitigating factors 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 analysed by the Compliance Function.
- c) If, in any case, the Compliance Function concludes that there is a reasonable basis for finding a Violation, he or she shall (i) present an investigation report concerning the matter to the Review Panel or (ii), in the case of Violations subject to summary suspension under section 14) or summary fines under section 16) proceed in accordance with section 14) or section 16), as applicable. The investigation report must include the reason the investigation was initiated; a summary of the complaint, if any; the relevant facts; analysis and conclusions; and a recommendation as to whether disciplinary action should be pursued. The report may also include the Participants staff's disciplinary history, including copies of any warning letters. The Compliance Function may issue a warning letter, including for minor transgressions. However, no more than one warning letter may be issued to the same person found to have committed the same Violation more than once in a rolling 12-month period.

- d) If, in any case, the Compliance Function concludes that no reasonable basis exists for finding a Violation, he or she must prepare a written investigation report including the reason the investigation was initiated; a summary of the complaint, if any; the relevant facts; and analysis and conclusions. The Compliance Function may issue a warning letter in any case where it is concluded that no reasonable basis exists for finding a Violation, without limitation on the number of warning letters issued to a person.
- e) Before presenting an investigation report to the Review Panel, the Compliance Function may, in its sole discretion, inform the Participant that it intends to submit the matter to the Review Panel, and at such time the Participant may submit an offer of settlement to the Hearing Panel, in accordance with the procedures section 9), prior to presentation of the investigation report to the Review Panel.
- f) iSwap or its Regulatory Services Provider shall have the right with such prior reasonable advance notice as is practicable under the circumstances, in connection with determining whether all Rules are being, will be, or have been complied with, to: (i) inspect systems, equipment and software of any kind operated by the Participant in connection with accessing and Trading, wherever located; (ii) access, either physically or electronically, the systems, equipment, software, and the premises on which the systems, equipment, and software are located, any data stored in any of the systems or equipment, during the regular business hours; and/or (iii) copy or reproduce any data to which iSwap has access under this Rule. Each Participant shall provide the Regulatory Services Provider with the same access to its books and records and offices as it is required to provide to iSwap under the Rules and Applicable Law.

3) The Review Panel

- a) The Review Panel shall have the power to direct that an investigation of any suspected Violation be conducted, and shall hear any matter referred to it regarding a suspected Violation.
- b) The Review Panel shall be appointed by the Board. The chairman of the Hearing Panel shall be appointed and in the discretion of the Board (the "**Review Panel Chairman**"). Three panel members shall constitute a quorum for any action, so long as they are in attendance at the time of the relevant action. The Review Panel may not include any members of the Compliance Function, any person involved in adjudicating any other stage of the same Proceeding, or any person with a history of disciplinary offenses that would be disqualifying under CFTC Regulation § 1.63(c). The Review Panel shall include at least one member that is not a Participant of the iSwap Venue when the suspected Violation involves manipulation (or attempted manipulation) of the price of a Contract or conduct which directly results in financial harm to a non-Participant of the iSwap Venue. The Review Panel shall include sufficient different membership interests so as to ensure fairness and to prevent special treatment or preference for any person.
- c) All information, records, and documents provided to the Review Panel, and all related records and documents shall be treated as confidential and shall not be disclosed, except as necessary to further a iSwap investigation or as required by Applicable Law.

- d) Upon receipt of an investigation report, the Review Panel shall promptly review the report and, within thirty (30) days of receipt, take one of the following actions:
- i. if the Review Panel determines that additional investigation or evidence is needed, it shall promptly direct the Compliance Function 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, it may direct that no further action be taken. Such determination must be in writing and must include a written statement setting forth the facts and analysis supporting the decision; 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 Facility Subject Person alleged to have committed the Violation be served with a notice of charges as set forth in section 4.
- e) If the Review Panel determines that there may have been a Violation but that no adjudication is warranted, the Review Panel may issue a warning letter informing that there may have been a Violation and that such continued activity may result in disciplinary sanctions. Where a Violation is determined to have occurred, no more than one warning letter for the same potential Violation may be issued to the same person during a rolling 12 month period.

4) Notice of Charges

- a) If the Review Panel determines that a reasonable basis exists for finding a Violation and adjudication is warranted, the Compliance Function shall serve a notice of charges (a "**Notice**") on the person alleged to have been responsible for the Violation (the "**Respondent**"). Such Notice shall state:
- i. the acts, practices or conduct with which the Respondent is charged;
 - ii. the Rules allegedly violated and how such acts, practices or conduct constitute a Violation of such Rules;
 - iii. that the Respondent is entitled, upon written request filed with iSwap, within thirty (30) days of service of the Notice, to a formal hearing on the charges;
 - iv. that the failure of the Respondent to request a hearing within thirty (30) days of service of the Notice, except for good cause shown, shall be deemed a waiver of its right to a hearing;
 - v. that the failure of the Respondent to file an Answer (as defined in section 5) with the Compliance Function within thirty (30) days of service of the Notice shall be deemed an admission of all of the acts, practices or conduct alleged in the Notice; and

- vi. that the failure of the Respondent to expressly deny a particular charge contained in the Notice shall be deemed an admission of such acts, practices or conduct.

- b) A Respondent shall have the right to be represented by legal counsel or any other representative of its choosing in all succeeding stages of the disciplinary process, except by any member of the Board, Review Panel or Hearing Panel, any employee of iSwap or any person substantially related to the underlying investigation, such as a material witness or Respondent.

5) Answer; Request for Hearing; Failure to Answer or Deny Charges

- a) The Respondent shall serve on the Compliance Function a written answer (an "**Answer**") to the Notice and a written request for a hearing on the charges within thirty (30) days of the date of service of the Notice. The Answer must include a statement that the Respondent admits, denies, or does not have and is unable to obtain sufficient information to deny each allegation. A statement of lack of sufficient information shall have the effect of a denial of the allegation.

- b) The Respondent's failure to file an Answer within such thirty (30) day period shall be deemed an admission of all allegations contained in the Notice.

- c) The Respondent's failure to expressly deny a particular charge contained in the Notice shall be deemed an admission of such acts, practices or conduct.

- d) The Respondent's failure to request a hearing within such thirty (30) day period, absent good cause shown, shall be deemed a waiver of Respondent's right to a hearing.

6) Selection of Hearing Panel

- a) Formal hearings on any Notice shall be conducted by the Hearing Panel selected by the Board. The chairman of the Hearing Panel shall be appointed by and in the discretion of the Board ("**Hearing Panel Chairman**"). The Hearing Panel Chairman, in his or her sole discretion, shall set a date for the hearing (the "**Hearing Date**"). The Hearing Panel may not include any members of the Compliance Function, any person involved in adjudicating any other stage of the same Proceeding, or any person with a history of disciplinary offenses that would be disqualifying under CFTC Regulation § 1.63(c). The Hearing Panel shall include at least one member that is not a Participant of the iSwap Venue when the suspected violation involves manipulation (or attempted manipulation) of the price of a Contract or conduct which directly results in financial harm to a non-Participant of the iSwap Venue. The Hearing Panel shall include sufficient different membership interests so as to ensure fairness and to prevent special treatment or preference for any person.

- b) The Hearing Panel Chairman shall notify the Compliance Function and the Respondent of the Hearing Date and the names of the members of the Hearing Panel at least fifteen (15) days prior to the Hearing Date.

- c) No member of the Hearing Panel shall hear a case in which that member has a direct financial, personal, or other interest in the matter under consideration.

7) Challenge to Members of the Hearing Panel

- a) Within ten (10) days after service on the Respondent of notice of the Hearing Date and names of the members of the Hearing Panel, the Respondent may challenge, in writing, the inclusion of any member of the Hearing Panel for cause, including without limitation, if the member has a direct financial, personal or other interest in the matter under consideration. The merits of such challenge shall be finally decided by the Regulatory Oversight Committee. If said written challenge is not received within such ten (10) day period, absent good cause shown, any such right to challenge is deemed waived.

8) Hearing on Sanctions in the Event of Failure to Deny Charges; Failure to Request Hearing Deemed Acceptance of Sanctions

- b) In the event the Respondent fails to file an Answer or admits or fails to deny the charge of a Violation contained in the Notice, the Hearing Panel shall find the Respondent guilty of each such Violation and may impose a sanction for each such Violation subject to the limitations set forth in section 11 b vii. The Hearing Panel shall promptly notify the Respondent of any such sanction and of the Respondent's right to a hearing on the sanction within the period of time which shall be stated in the Notice, after the imposition of such sanction. Failure to request a hearing on the sanction in a timely manner, absent good cause shown, shall be deemed to be acceptance of the sanction.

9) Settlement Prior to Commencement of Hearing

- a) Prior to the commencement of the hearing, the Hearing Panel may accept a written offer of settlement from the Respondent, whereby the Respondent, without either admitting or denying any Violations, may agree to:
 - i. a cease and desist order;
 - ii. a fine for each Violation plus the monetary value of any benefit received as a result of the Violation (provided that in no case shall any fine exceed €100,000 per Violation);
 - iii. restitution of any counterparty harm; and/or
 - iv. revocation or suspension of Trading Privileges or Participant firm status of the Respondent.
- b) If the Hearing Panel accepts an offer of settlement, it must issue a written decision specifying each Violation it has reason to believe was committed, including the basis for the Hearing Panel's conclusions. The sanctions must include full counterparty restitution where counterparty harm is demonstrated, except where the amount of restitution or to whom it should be provided cannot be reasonably determined. If an offer of settlement is accepted without the support of the Compliance Function, the decision must adequately support the Hearing Panel's acceptance of the settlement. Where applicable, the decision must include a statement that the Respondent has accepted the sanctions imposed without either admitting

or denying any Violations. Any sanctions imposed pursuant to an offer of settlement must take into account the Respondent's disciplinary history.

- c) The Respondent may withdraw an offer of settlement at any time before final acceptance by the Hearing Panel. If an offer is withdrawn after submission, or is rejected by the Hearing Panel, the Respondent may not be deemed to have made any admissions by reason of the offer of settlement and may not be otherwise prejudiced by having submitted the offer of settlement.

10) Hearing Procedures

- a) In every instance where a Respondent has requested a hearing on a charge that is denied, or on a sanction set by the Hearing Panel pursuant to section 8), the Respondent will have the opportunity for a hearing in accordance with the procedures of this Rule.
- b) The Hearing Panel shall determine the procedures to be followed in any hearing before it, except that the following shall apply in every case:
 - i. The hearing must be fair and must be promptly convened after reasonable notice to the Respondent.
 - ii. The prosecution shall be conducted by the Compliance Function.
 - iii. The Respondent shall be allowed to appear personally at the hearing, and to be represented by legal counsel or any other representative of its choosing and, either personally or through such representative, to present witnesses and documentary evidence and to cross-examine witnesses.
 - iv. The Compliance Function and the Respondent shall deliver to each other a statement listing the witnesses expected to be called and the documents expected to be introduced into evidence, together with copies of such documents, by ten (10) days' prior notice to the hearing or as the Hearing Panel may reasonably specify. Unless the Hearing Panel, in its discretion, waives compliance with this requirement, no witness may testify and no documentary evidence may be introduced into evidence unless listed in and, in the case of documents, furnished with such statement. On written request, the Compliance Function shall provide the Respondent with access to all books, documents or other tangible evidence in the possession or under the control of iSwap which are to be relied upon by the Compliance Function or which are relevant to the charges; provided, however, that protected attorney work product, attorney-client communications and investigative work product, including the investigation report, are neither discoverable by a Respondent nor subject to review by a Respondent as part of the investigation file.
 - v. iSwap shall require that persons within its jurisdiction who are called as witnesses participate in 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. Failure by a person to so

participate and produce evidence when requested by iSwap shall be a Violation.

- vi. No formal rules of evidence shall apply, and the Hearing Panel shall be free to accept or reject any and all evidence it considers proper, but the hearing may not be so informal as to deny a fair hearing.
- vii. Neither the Compliance Function, the Respondent, any witnesses testifying before the Hearing Panel nor any other person within the Facility's jurisdiction shall engage in conduct that may impede the progress of a hearing or the fair and just resolution of the subject matter thereof, and any such conduct may itself constitute a Violation.
- viii. Ex parte contacts by any of the parties with members of the Hearing Panel shall not be permitted.
- ix. A substantially verbatim record capable of being accurately transcribed shall be made of the Proceeding, provided, however, that such record need not be transcribed, unless the transcript is requested by the Respondent or an applicable regulator, or unless the decision is appealed to the Commission or reviewed by the Commission on its own motion. In all other instances, a summary record of the hearing is permitted.
- x. The cost of transcribing the record of the hearing must be borne by a Respondent who requests the transcript, or whose application for Commission review of the disciplinary action has been granted. In all other instances, the cost of transcribing the record will be borne by iSwap.
- xi. The Notice, the Answer, any stenographic transcript of the hearing, the documentary evidence and any other material presented to the Hearing Panel by either party with notice to the other shall constitute the record of the hearing (the "**Hearing Record**").
- xii. The burden of proof shall be on the prosecution to prove a Violation by a preponderance of the evidence. A finding of a Violation shall be made by majority vote based on the Hearing Panel's decision as to the weight of the evidence contained in the Hearing Record.
- xiii. All sanctions imposed by the Hearing Panel must be commensurate with the Violations committed and must be clearly sufficient to deter additional similar Violations by the Respondent and similar Violations by other persons. All sanctions must take into account the Respondent's disciplinary history. In the event of demonstrated counterparty harm, any sanctions must include full counterparty restitution, except where the amount of restitution or to whom it should be provided cannot be reasonably determined.

11) Written Decision of Hearing Panel

- a) Promptly following a hearing conducted in accordance with the Rules, the Hearing Panel shall render a written decision based upon the weight of evidence in the Hearing Record and must provide a copy to the Respondent within thirty (30) days of such decision.
- b) The written decision shall include:
 - i. the name of the Respondent;
 - ii. a summary of the charges alleged in the Notice;
 - iii. a summary of the Answer;
 - iv. a summary of the evidence produced at the hearing or, where appropriate, incorporation by reference of the investigation report;
 - v. a statement of the findings and conclusions of the Hearing Panel with respect to each charge, and a complete explanation of the evidentiary and other basis for such findings and conclusions with respect to each charge, or in the event of a settlement, a statement specifying the alleged Violations;
 - vi. an indication of the Contract involved, if any, and each specific Rule that the Respondent was found to have violated and whether the Violation resulted in any financial harm to any Participants or Customers;
 - vii. an order stating any sanctions imposed, including the basis for the sanctions, any terms of the sanctions, the date the determination to impose sanctions was made and the effective date of such sanctions; the sanctions that may be imposed on the Respondent shall be one or more of the following:
 1. a cease and desist order;
 2. a fine for each Violation plus the monetary value of any benefit received as a result of the Violation (provided that in no case shall any fine exceed €100,000 per Violation);
 3. restitution of counterparty harm, except where the amount of restitution or to whom it should be provided cannot be reasonably determined; and/or
 4. the issuance of a suspension or revocation of Trading Privileges or Participant firm status of the Respondent; and
 5. a statement informing the respondent that the imposition of sanctions may be appealed to the Commission pursuant to Part 9 of the Commission Regulations.
- c) The Hearing Panel shall take into consideration the Respondent's disciplinary history prior to imposing any disciplinary sanctions.

- d) If iSwap suspends or revokes the Trading Privileges Participant firm status of the Respondent, or otherwise disciplines the Respondent, it must publicly publish and maintain on its website the information contained in the written notice pursuant to section 11 b.

12) Liability for Expenses

- a) Any Respondent that, after notice and opportunity for hearing, has been found to have committed a Violation may, in the discretion of the Hearing Panel appointed in the matter, be required to pay to iSwap an amount equal to any and all reasonable and documented out-of-pocket expenses incurred by iSwap in connection with the prosecution of such Violations, in addition to any fine or other monetary sanction which may be imposed upon such Respondent by virtue of the Violations found by the Hearing Panel.

13) Effective Date of Sanctions

- a) If a Respondent submits an offer of a settlement to the Hearing Panel, any sanction included as a part of such settlement shall become final and effective on the date that the Hearing Panel approves such settlement, or on such other date as is specified in the decision.
- b) Subject to section 13 c) and d), any decision (including any sanctions) by a Hearing Panel pursuant to the Rules or the Participation Committee (or Board acting in such capacity) pursuant to section 13) shall be the final decision of iSwap and shall become effective fifteen (15) days, or such longer time as the Hearing Panel or Participation Committee (or Board acting in such capacity) may specify, after a copy of the written decision of the Hearing Panel or Participation Committee (or Board acting in such capacity) has been served on the Respondent, applicant, or Participant as applicable.
- c) In any case where a Respondent, applicant or Participant has consented to the action taken and to the timing of its effectiveness, the Hearing Panel or Participation Committee (or Board acting in such capacity) may cause the decision involving any disciplinary action (including any sanctions) to become effective prior to the fifteen (15) day period.
- d) Any decision (including any sanctions) by a Hearing Panel or the Participation Committee (or Board acting in such capacity) may become effective prior to the time set forth in section 13b) if:
 - i. iSwap reasonably believes, and so states in its written decision, that immediate action is necessary pursuant to section 14a);
 - ii. iSwap determines and so states in its written decision, that the actions of a person have impeded the progress of a disciplinary hearing; or
 - iii. iSwap determines a person has violated Rules relating to timely submission of accurate records required for clearing or verifying each day's transactions or other similar activities.
- e) If a decision is to become effective earlier than the time set forth in section 13 b) pursuant to section 13c) or d), iSwap shall notify the Respondent, applicant or Participant in writing stating

the reasons for the determination and shall notify the Commission in accordance with the requirements of Part 9 of the Commission Regulations.

- f) Any fine or other monetary sanction imposed by a Hearing Panel shall be due and payable on the effective date of the decision imposing such fine or sanction, or on such later date as the Hearing Panel may specify.

14) Summary Suspension

- a) A person (as identified by Compliance Function in an investigation or by a Trading Privilege Holder acting as an Intermediary for such person) may be summarily and immediately suspended from trading on the iSwap Venue, upon a written determination based on a reasonable belief, by the Chairman of the Regulatory Oversight Committee that such immediate action is necessary to protect the best interest of the market place.
- b) The person against whom such summary action is taken pursuant to paragraph (a) or (b) of this section 14) shall be served with a Notice of the action either before the action is taken or at the earliest possible opportunity thereafter. The Notice shall state the action taken, the reasons for the action, the effective date and time, and the duration of the action.
- c) The person may, upon written request, have a hearing as soon as practicable before the Hearing Panel pursuant to the procedures of section 10).
- d) Promptly following the hearing, the Hearing Panel shall render a written decision based upon the weight of the evidence in the record and shall provide a copy to the person. The decision shall include a description of the summary action taken, the reasons for the summary action, a summary of the evidence produced at the hearing, a statement of findings and conclusions, a determination that the summary action should be affirmed, modified or reversed, a declaration of any action to be taken pursuant to the determination, and the effective date and duration of the action.

15) Extension of Time Limits

- a) Any time limit provided for in the Rules may be extended by mutual consent of the Respondent and the Compliance Function, or by the Hearing Panel Chairman.

16) Summary Fines

- a) Notwithstanding any other provision of the Rules, the Compliance Function shall have the authority to impose summary fines on Participants without the need for any formal disciplinary procedures with respect to Violations of any Rule listed in this section. Investigations of possible Violations of such a Rule shall be conducted in accordance with section 2), but otherwise actions taken pursuant to this section shall be made in accordance with the procedures set forth in this section rather than the procedures set forth in the remainder of the Rules. The authority to impose a summary fine under this section does not prevent the Compliance Function from submitting a Violation of any rule listed in this section to the Review Panel in accordance with the formal disciplinary procedures of the Rules.

The following schedule lists the permissible actions that the Compliance Function may impose:

Rule Violation	Action Taken Per each Violation in a Rolling 12-month period			
	First Violation	Second Violation	Third Violation	Fourth Violation
Rulebook 17.7	Warning Letter	€2,000	€5,000	Referral to Review Panel for formal disciplinary procedures.

- b) For purposes of imposing fines pursuant to this section, the Compliance Function shall review all the facts and circumstances prior to determining whether a Violation occurred and may aggregate individual Violations and treat such Violations as a single offense.
- c) The Compliance Function shall set the amount of any fine imposed pursuant to this section, with the maximum aggregate fine for Violations of the same Rule, or subsection thereof, imposed by the Compliance Function not to exceed €7,000 in a rolling 12-month period. If, in any case, a member of the Compliance Function concludes that there is a reasonable basis for finding an additional Violation, he or she shall present an investigation report concerning the matter to the Review Panel in accordance with section 2), which shall proceed in accordance with section 3).

Notice and Hearings

- d) The person against whom such summary action is taken pursuant to this section shall be served with a Notice of the action before the action is taken. The Notice shall state the action taken, the reasons for the action, the amount of any fine imposed for each Violation, and the date by which the action becomes final (and any fine must be paid) or contested as provided below, which date shall be not less than 30 days after the date the notice of action was served.
- e) The person may as soon as practicable, upon written request to the Compliance Function, have a hearing before the Hearing Panel pursuant to the procedures of section 10) in order to contest the action taken. Any such notice of contest must be submitted to the Compliance Function on or before the date specified in the notice of action that the relevant action becomes final.
- f) Promptly following the hearing, the Hearing Panel shall render a written decision based upon the weight of the evidence in the record and shall provide a copy to the person. The decision shall include a description of the summary action taken, the reasons for the summary action, a summary of the evidence produced at the hearing, a statement of findings and conclusions, a determination that the summary action should be affirmed, modified or reversed, a declaration of any action to be taken pursuant to the determination, and the effective date and duration of the action.