

Description of Disciplinary and Enforcement Protocols, Tools, and Procedures, and Arrangements for Arbitration

General. Rule 801 describes Tera's general disciplinary policy. All Participants, Authorized Traders, Supervised Persons, Account Holders or Customers of Participants, Clearing Firms, Executing Firms, and any other Person using the Trader ID or login credentials linked to a Participant, shall be subject to Tera's jurisdiction. All Participants are subject to this Chapter 8 if they, or with respect to a Participant, any other Person using any Trader ID and/or login credentials linked to the Participant, are alleged to have violated, to have aided and abetted a violation, to be violating, or to be about to violate, any Tera Rule or any provision of Applicable Law for which Tera possesses disciplinary jurisdiction.

Tera, through the Compliance Department, the Disciplinary Panels and the Appeals Panel, will conduct inquiries, investigations, disciplinary proceedings, summary impositions of fines, summary suspensions or other summary actions in accordance with Chapter 8 of the Rulebook.

No Director will interfere with or attempt to influence the process or resolution of any inquiry, investigation, disciplinary proceeding and summary imposition of fines, summary suspension or other summary action, except to the extent provided under the Tera Rules with respect to a proceeding in which the Director is a member of the relevant panel.

Any Participant may be represented by counsel during any inquiry, investigation, disciplinary proceeding, summary imposition of fines, summary suspension or other summary actions pursuant to Chapter 8 of the Rulebook.

Pursuant to Chapter 8 of the Rulebook, Tera may hold a Participant liable for, and impose sanctions against him or her, for such Participant's own acts and omissions that constitute a violation as well as or for the acts and omissions of any other agent or representative of each Authorized Trader of such Participant, other Supervised Person of such Participant, other Person using the Trader ID or login credentials linked to the Participant, or other agent or representative of such Participant, that constitute a violation as if such violation were that of the Participant.

Pursuant to Chapter 8 of the Rulebook, Tera may review an appeal by any applicant of Tera's decision to deny or otherwise limit Trading Privileges of such applicant pursuant to the Tera Rules; provided, however, that any such decision by Tera to deny or otherwise limit applicant's Trading Privileges shall continue in effect during such review.

A Person subject to a disciplinary proceeding (and any counsel or representative of such Person) and the Compliance Department and/or the Review Panel (and any counsel or representative of the Compliance Department including any Regulatory Service Provider and Review Panel) shall not knowingly make or cause to be made an ex parte communication relevant to the merits of a disciplinary proceeding to any member of the Hearing Panel hearing such proceeding. Members of a Hearing Panel shall not knowingly make or cause to be made an ex parte communication relevant to the merits of a disciplinary proceeding to any Person subject to such proceeding (and any counsel or representative of such Person) and the Compliance Department (and any counsel or representative of the Compliance Department) or the Review Panel (and any counsel or representative of the Review Panel). Any Person who receives, makes or learns of any communication which is prohibited by this rule shall promptly give notice of such communication and any response thereto to the Compliance Department and all parties to the proceeding

to which the communication relates. A Person shall not be deemed to have violated this rule if the Person refuses an attempted communication concerning the merits of a proceeding as soon as it becomes apparent the communication concerns the merits.

Inquiries and Investigations. Rule 802 outlines policies for inquiries and investigations. The Compliance Department will investigate any matter within Tera's disciplinary jurisdiction of which it becomes aware. The Compliance Department will determine the nature and scope of its inquiries and investigations within its sole discretion and will function independently of any commercial interests of Tera. The Compliance Department's investigation must be completed within 12 months of the date when the Compliance Department commenced its investigation unless there are mitigating factors that may reasonably justify an investigation taking longer than 12 months, including without limitation the complexity of the investigation, the number of Participants 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 by the Compliance Department.

The Compliance Department has the authority to: (i) initiate and conduct inquiries and investigations; (ii) prepare investigative reports and make recommendations concerning initiating disciplinary proceedings; (iii) prosecute alleged violations within Tera's disciplinary jurisdiction; and (iv) represent Tera on summary imposition of fines, summary suspension or other summary action.

Each Person subject to Tera's jurisdiction is obligated, upon reasonable notice, to appear and testify and respond in Writing to interrogatories within the time period required by the Compliance Department in connection with any Tera Rule, inquiry or investigation, or any preparation by and presentation during a disciplinary proceeding, summary imposition of fines, summary suspension or other summary action by Tera.

Each Person subject to Tera's jurisdiction is obligated, upon reasonable notice, to produce books, records, papers, documents or other tangible evidence in its, his or her possession, custody or control within the time period required by the Compliance Department in connection with any Tera Rule, inquiry or investigation, or any preparation by and presentation during a disciplinary proceeding, summary imposition of fines, summary suspension or other summary action by Tera.

Each Person subject to Tera's jurisdiction may not impede or delay any inquiry, investigation, disciplinary proceeding, summary imposition of fines, summary suspension or other summary action.

Reports of Investigations. Rule 803 describes how Tera reports investigations. The Compliance Department will maintain a log of all investigations and their disposition. The Compliance Department will prepare a Written report of each investigation, regardless of whether the evidence gathered during any inquiry or investigation forms a reasonable basis to believe that a violation within Tera's jurisdiction has occurred or is about to occur or whether the evidence gathered results in closing the matter without further action or through summary action.

Any Written report of investigation will include the reasons for initiating the investigation (including a summary of the complaint, if any), all relevant facts and evidence gathered, staff analysis, conclusions and the recommendation of the Compliance Department. The report must also include the Participant's disciplinary history at Tera, including copies of the warning letters. For each potential respondent, the Compliance Department will recommend either: (i) closing the investigation without further action; (ii) summary action; (iii) resolving the investigation through an informal disposition, including the issuance of a warning letter; or (iv) initiating disciplinary proceedings.

An informal disposition (including the issuance of a warning letter) will not constitute a finding of a violation or a sanction.

Responding to Investigatory Reports. Participants may respond to an investigatory report pursuant to Rule 804. After completing its investigation report, the Compliance Department may, upon approval of the Chief Compliance Officer, notify each potential respondent that the Compliance Department has recommended formal disciplinary charges against the potential respondent.

The Compliance Department may allow a potential respondent to propose a settlement of the matter or to submit a Written statement explaining why a disciplinary proceeding should not be instituted or one or more of the potential charges should not be brought. The potential respondent shall submit such Written statement within the time limit established by the Compliance Department.

Review of Investigatory Reports. Rule 805 describes the procedure for reviewing investigative reports. The Review Panel will review promptly each completed investigation report to determine whether a reasonable basis exists for finding that a violation of Tera Rules within Tera's jurisdiction has occurred or is about to occur. Within 30 days of receipt of the investigation report, or as soon as commercially reasonable, the Review Panel must take subsequent action.

If the Review Panel determines that additional investigation or evidence is needed to decide whether a reasonable basis exists to find that a violation of Tera Rules within the Tera's jurisdiction has occurred or is about to occur, the Review Panel will promptly direct the Compliance Department to conduct further investigation.

The Review Panel shall authorize commencement of disciplinary proceedings if a reasonable basis exists to believe that a violation Tera Rules within the Tera's jurisdiction has occurred or is about to occur and adjudication is warranted.

The Review Panel shall authorize the informal disposition of the investigation (by issuing a warning letter as more fully discussed in Rule 806) if disciplinary proceedings are unwarranted, in which case the Review Panel shall provide a Written explanation which must set forth the facts and analysis supporting the decision

The Review Panel shall authorize the closing of the investigation without any action if no reasonable basis exists to believe that a violation of Tera Rules within the Tera's jurisdiction has occurred or is about to occur in which case the Review Panel shall provide a Written explanation including the facts and analysis supporting the decision to the Compliance Department.

Warning Letters. Rule 806 describes the procedure for issuing warning letters. Tera authorizes compliance staff to issue a warning letter to a person or entity under investigation or to recommend that a disciplinary committee take such an action. A warning letter issued in accordance with this Rule is not a penalty or an indication that a finding of a violation has been made. A copy of a warning letter issued by compliance staff must be included in the investigation report. No more than one warning letter for the same potential violation may be issued to the same person or entity during a rolling 12-month period.

Notice of Charges. Rule 807 describes the procedure for preparing a notice of charges. If the Review Panel authorizes disciplinary proceedings pursuant to Rule 805(c)(i), the Review Panel will prepare, and serve in accordance with Rule 808, a notice of charges.

A notice of charges will: (i) state the acts, practices or conduct that the respondent is alleged to have engaged in; (ii) state the Tera Rule or provision of Applicable Law alleged to have been violated or

about to be violated; (iii) state the proposed sanctions; (iv) advise the respondent of its right to a hearing; (v) 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; (vi) 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; (vii) advise the respondent that any allegation in the notice of charges that is not expressly denied will be deemed to be admitted; and (viii) advise the respondent of its right to be represented by legal counsel or any other representative of its choosing in all succeeding stages of the disciplinary process.

Service of Notice of Charges. Rule 808 describes the procedure for the service of notice of charges. Any notice of charges or other documents contemplated to be served pursuant to Chapter 8 of the Rulebook may be served (and service shall be deemed complete) upon the respondent either personally or by leaving the same at his or her place of business, or by tracked delivery via reputable overnight courier, or by deposit in the United States mail, postage prepaid, via registered or certified mail addressed to the respondent at the address as it appears on the books and records of Tera.

Answering Notice of Charges. Rule 809 describes how a respondent may answer to a notice of charges. If the respondent determines to answer a notice of charges, the respondent must file answers within 20 days after being served with such notice, or within such other time period determined appropriate by the Review Panel.

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 Review Panel.

Any failure by the respondent to timely serve an 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 one or more allegations in a notice of charges will be deemed to be an admission of that allegation or those allegations. Any allegation in a notice of charges that the respondent fails to expressly deny will be deemed to be admitted. A statement of a lack of sufficient information shall have the effect of a denial of an allegation. A general denial by the respondent, without more, will not satisfy the requirements of the preceding paragraph.

Admission or Failure to Deny Charges. Rule 810 describes procedures to be taken in the event a respondent admits to the charges against him or fails to deny charges. If respondent admits or fails to deny any of the charges, a Hearing Panel may find that the violations alleged in the notice of charges for which the respondent admitted or failed to deny any of the charges have been committed. The Hearing Panel must then either impose a sanction for each violation found to have been committed or notify the respondent in Writing of any sanction to be imposed and advise the respondent that it may request a hearing on such sanction within a specified period of time.

If a respondent fails to request a hearing within 20 days as specified in the notice, the respondent will be deemed to have accepted the sanction.

Denial of Charges and Right to a Hearing. Rule 811 describes procedures to be taken in the event a respondent denies charges. In such case, a respondent is entitled to a hearing on the charge that is denied. Except for good cause, the hearing must concern only those charges denied for which a hearing has been requested.

Settlements. Rule 812 describes settlement procedures. A respondent or potential respondent may at any time after the investigation report is complete propose in Writing an offer of settlement to anticipated or instituted disciplinary proceedings. Any offer of settlement should contain proposed findings and sanctions and be signed by the respondent or potential respondent and submitted to the Review Panel. 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 Tera over it and over the subject matter of the proceedings and consent to the entry of the findings and sanctions imposed.

If a respondent or potential respondent submits an offer of settlement in accordance with Rule 812(a), the Compliance Department will forward the offer to the Chief Compliance Officer with a recommendation on whether to accept or reject the offer. Any preliminary determination by the Chief Compliance Officer to accept the offer shall be submitted for review by the Review Panel. If the Review Panel agrees, then the Chief Compliance Officer shall conditionally accept an offer of settlement, without alteration unless the respondent agrees, and that the settlement will become final upon the expiration of 20 days after an order of the disciplinary proceedings consistent with the terms of the offer of settlement is served on the respondent.

If an offer of settlement is accepted, the Review Panel must issue a Written decision specifying the rule violations it has reason to believe were committed, including the basis or reasons for the panel's conclusions, and any sanction to be imposed, which must include full Participant restitution where Participant harm is demonstrated. If an offer of settlement is accepted without the agreement of the Compliance Department, the decision must adequately support the Review Panel's acceptance of the settlement. Where applicable, the decision must also include a statement that the respondent has accepted the sanctions imposed without either admitting or denying the rule violations. Further, if the settlement is accepted the related order of disciplinary proceedings becomes final, the respondent's submission of the offer will be deemed to constitute a waiver of the right to notice, opportunity for a hearing and review under the Tera Rules.

If the offer of settlement of a respondent or potential respondent is not accepted by agreement between the Chief Compliance Officer and the Review Panel, fails to become final or is withdrawn by the respondent or potential respondent, 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 a respondent or 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 disciplinary proceedings.

Hearing Panel. Rule 813 describes the formation and composition of the Hearing Panel. A Hearing Panel shall be formed to conduct hearings in connection with any disciplinary proceedings. Members shall be appointed by the Board upon the recommendation of the Chief Compliance Officer. No member of a Hearing Panel may have a Material Conflict of Interest in respect of the proceedings defined in Rule 208(b).

A respondent may seek to disqualify any individual on the Hearing Panel for the reasons identified in Tera Rules or for any other reasonable grounds, by serving Written notice on the Chief Compliance Officer within ten days of being notified of the appointment of a 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 President of Tera will decide the merits of any request for disqualification within his or her sole discretion. Any such decision will be final and not subject to appeal

Convening Hearings of Disciplinary Proceedings. Rule 814 describes procedures for convening hearings of disciplinary proceedings. All disciplinary proceedings (except for summary impositions of fines pursuant to Rule 821) will be conducted at a hearing before the Hearing Panel. A hearing will be conducted

privately and confidentially. Notwithstanding the confidentiality of hearings, the 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.

After reasonable notice to each respondent, the Hearing Panel will promptly convene a hearing to conduct the disciplinary proceedings with respect to such respondent. Parties to a disciplinary proceeding include each respondent and the Compliance Department.

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 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. Once admitted during the hearing, the Hearing Panel may consider, and attach the weight it believes appropriate to, evidence or other materials.

Except for procedural and evidentiary matters decided by the chairman of the Hearing Panel pursuant to Rule 814(c) and Rule 816, unless each respondent otherwise consents, the entire Hearing Panel must be present during the entire hearing and any related, deliberations.

Review of Evidence. Rule 815 describes a respondent's right to review evidence. 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 tangible evidence in the possession or under the control of Tera 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 the disciplinary proceedings. Notwithstanding the foregoing, no respondent will have the right to review, and Tera will have no obligation to disclose, any information protected by attorney-client privilege.

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.

Notwithstanding anything in the preceding paragraph above to the contrary, the Compliance Department 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. Additionally, the Compliance Department 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.

For purposes of Rule 815, information that could adversely affect competitive positions include positions in Instruments currently held, trading strategies employed in establishing or liquidating positions, the identity of any Participant or Authorized Trader and the personal finances of the Person providing the information.

Conducting Hearings of Disciplinary Proceedings Rule 816 describes the policies and procedures for conducting hearings of disciplinary proceedings. At a hearing conducted in connection with any disciplinary proceedings, the Compliance Department will present its case supporting the allegations and proposed sanctions in the notice of charges to the Hearing Panel. If a respondent has timely filed an answer to the notice of charges in accordance with Rule 809, the respondent is entitled to attend and participate in the hearing.

At a hearing conducted in connection with any disciplinary proceedings, the Hearing Panel or the Compliance Department and each respondent may present evidence and facts determined relevant and admissible by the chairman of the Hearing Panel, call and examine witnesses, and cross-examine witnesses called by other parties.

Any person within Tera's jurisdiction who is called as a witness must participate in the hearing and produce evidence. Tera will make reasonable efforts to secure the presence of all other persons called as witnesses whose testimony would be relevant.

If the respondent fails to file an answer, has filed a general denial, or if any or all of the allegations in the notice of charges are not expressly denied in the respondent's answer, the chairman of the Hearing Panel may limit evidence concerning any allegations not expressly denied in determining the sanctions to impose. If a respondent fails to file an answer but appears at the hearing, the respondent may not participate in the hearing (by calling or cross examining witnesses, testifying in defense, presenting evidence concerning the notice of charges, or otherwise) 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 809.

Any Person entitled, or required or called upon, to attend a hearing before a Hearing Panel pursuant to Rule 816(b)(ii) will be given reasonable notice, confirmed in Writing, specifying the date, time and place of the hearing, and the caption of the disciplinary proceedings. Tera will require all Participants that are called as witnesses to appear at the hearing and produce evidence. Tera will make reasonable efforts to secure the presence of all other Persons called as witnesses whose testimony would be relevant.

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 Tera Rule 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 809. In connection with considering apparent violations pursuant to this paragraph, the Hearing Panel may request that the Compliance Department provide the Hearing Panel with any additional information

The Hearing Panel may summarily impose sanctions on any Participant that impedes or delays the progress of a hearing.

Tera may arrange for any hearing conducted in connection with disciplinary proceedings to be recorded verbatim, or substantially verbatim, in a manner capable of accurate transcription. If the respondent requests a copy of all or portions of the recording of a hearing, the chairman of the Disciplinary Panel may within his or her sole discretion order the respondent to pay the costs for transcribing the recording of the hearing.

If the respondent has requested a hearing, a record of the hearing will be made and will become a part of the record of the proceeding. The record will be one that is capable of being accurately transcribed; however, it will not be transcribed unless the decision of the Hearing Panel is appealed pursuant to the Rules of Tera, the decision is reviewed by the CFTC pursuant to Section 8(c) of the CEA or Part 9 of the CFTC Regulations, or the transcript is requested by the CFTC or the respondent. The cost of transcribing the record of the hearing will be borne by the respondent who requests the transcript or whose application for the CFTC review of the disciplinary action has been granted. In all other instances, the cost of transcribing the record will be borne by Tera.

No interlocutory appeals of rulings of any Disciplinary Panel or chairman of the Disciplinary Panel are permitted.

Sanctions may be summarily imposed upon any person within Tera's jurisdiction whose actions impede the progress of a hearing.

Hearing Panel Decision. The Hearing Panel comes to a decision on charges in accordance with the procedures in Rule 817. As promptly as reasonable following a hearing, the Hearing Panel will issue an order rendering its 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.

Within thirty days of the final decision of the Hearing Panel Tera will serve a copy of the order of the disciplinary proceedings on the respondent and the Compliance Department and provide notice to the CFTC. The order will include: (i) the notice of charges or summary of the charges; (ii) the answer, if any, or a summary of the answer; (iii) a brief summary of the evidence introduced at the hearing; (iv) findings of fact and conclusions concerning each charge, including an explanation of the evidentiary and other basis for such findings and conclusions with respect to each charge; (v) the imposition of sanctions, if any, and the effective date of each sanction; and (vi) notice of the respondent's right to appeal pursuant to Rule 820.

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 and the CFTC.

Promptly following a hearing conducted in accordance with the Tera Rules, the Hearing Panel shall render a written decision based upon the weight of the evidence contained in the record of the proceeding and shall provide a copy to the respondent. The decision shall include: (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 produced 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 basis 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.

Sanctions. Rule 818 describes the potential sanctions Tera may impose. After notice and opportunity for hearing in accordance with the Tera Rules, Tera will impose sanctions if any Participant or Person is found to have violated or to have attempted to violate a Tera Rule or provision of Applicable Law for which Tera possesses disciplinary jurisdiction. All disciplinary sanctions imposed shall be commensurate with the violations committed and shall be clearly sufficient to deter recidivism or similar violations by other market participants. All disciplinary sanctions, including sanctions imposed pursuant to an accepted settlement offer, shall take into account the respondent's disciplinary history. In the event of demonstrated customer harm, any sanction must also include full customer restitution, except where the amount of restitution or to whom it should be provided cannot be reasonably determined. Tera may impose one or more of the following sanctions or remedies: (i) censure; (ii) limitation on Trading Privileges or other activities, functions or operations; (iii) suspension of Trading Privileges; (iv) fine (subject to the following paragraph below); (v) restitution or disgorgement; (vi) termination of Trading Privileges; or (vii) any other sanction or remedy deemed to be appropriate.

Tera may impose a fine of up to \$100,000, or such other amount Tera determines in its sole discretion to be equitable and just under the circumstances, for each violation of a Tera Rule. If a fine or

other amount is not paid within 30 days of the date that it becomes payable, then interest will accrue on the sum from the date that it became payable at the quoted prime rate plus three percent. Tera has sole discretion to select the bank on whose quotations to base the prime rate. Each Participant will be responsible for paying any fine or other amount imposed on, but not paid by, any of its Authorized Traders, Supervised Persons, or any Participant acting on its behalf.

Costs. Rule 819 describes the procedures for allocating the cost of disciplinary proceedings. Regardless of the outcome of any disciplinary proceeding, the Disciplinary Panel may order a respondent to pay some or all of the costs associated with the disciplinary proceedings that the Disciplinary 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 Disciplinary Panel.

The Disciplinary Panel may only award costs against Tera if the Panel concludes that Tera has behaved in a manifestly unreasonable manner in the commencement or conduct of the disciplinary proceedings in question. The Disciplinary Panel must limit any award of costs against Tera to an amount that the Panel concludes is reasonable and appropriate, but does not exceed the respondent's costs for external legal or other external professional assistance.

The Disciplinary Panel may determine the amounts and allocation of costs in any manner it may deem appropriate. Tera or the respondent will pay any costs ordered to be paid by it by the Disciplinary Panel within 30 Business Days of written notice of the amount imposed by the Disciplinary Panel.

Right to Appeal. Rule 820 sets forth the appeals process. Each respondent found by the Disciplinary Panel to have violated (or, in the case of a Participant, whose Authorized Trader, Supervised Person or other Person using its Participant ID was found to have violated) a Rule or who is subject to any summary fine imposed pursuant to Rule 821 or any summary action imposed pursuant to Rule 822 may appeal the decision within 20 days of receiving the order of the Disciplinary Panel or the notice of summary action, as the case may be, by filing a notice of appeal with the Chief Compliance Officer.

Tera may appeal all or any part of a decision of the Disciplinary Panel, including any sanctions that may or may not have been imposed by the Disciplinary Panel, within 20 days of receiving the order of the Disciplinary Panel, by filing a notice of appeal with the Chief Compliance Officer.

While an appeal is pending, the effect of the order of the Disciplinary Panel or the summary action (including any sanctions, remedies or costs imposed thereby) shall be suspended.

The notice of appeal 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 order of the Disciplinary Panel or any summary action on the grounds that: (i) the order or summary action was arbitrary, capricious, an abuse of discretion, or not in accordance with these Rules; (ii) the order or summary action exceeded the authority or jurisdiction of the Disciplinary Panel, the Chief Compliance Officer or Tera; (iii) the order or summary action failed to observe required procedures; (iv) the order or summary action was unsupported by the facts or evidence; or (v) the sanctions, remedies or costs which were imposed were inappropriate or unsupported by the record.

The Chief Compliance Officer will forward copies of any notice of appeal received by it to all parties to the disciplinary proceeding or summary action, as the case may be, 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 on Tera 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 serves its' supporting brief, the appellee must file and

serve its brief in opposition. On or before the 10th day after the date on which the appellee serves its brief in opposition, the appellant must file and serve on Tera a brief in reply.

In connection with any appeal, Tera will furnish to the Chief Compliance Officer and to the respondent/appellant a transcript of the hearing, any exhibits introduced at the hearing, the notice of appeal and briefs filed to support and oppose the appeal.

No later than 30 days after the last submission filed pursuant to Rule 820, the Chief Compliance Officer will appoint an Appeals Panel to consider and determine the appeal. An Appeals Panel shall be comprised of three individuals, none of whom shall be a member of the Compliance Department or have been a member of any Disciplinary Panel involved in the matters on appeal. No member of an Appeals Panel may have a material conflict of interest in respect to the proceedings defined in Rule 208(b).

Within 10 days of being notified of the appointment of the Appeals Panel, an appellant or appellee may seek to disqualify any individual named to the Appeals Panel for the reasons identified in these Rules, by serving written notice on the Chief Compliance Officer. By not timely filing a request for disqualification, the appellant or appellee will be deemed to have waived any objection to the composition of the Appeals Panel. The Chief Compliance Officer will decide the merits of any request for disqualification within his or her sole discretion. Any such decision will be final and not subject to appeal.

The Appeals Panel may hold a hearing to allow parties to present oral arguments. Any hearing will be conducted privately and confidentially. Notwithstanding the confidentiality of hearings, the Appeals Panel may appoint an expert to attend any hearing and assist in the deliberations if such individual(s) agree to be subject to appropriate confidentiality agreements. In determining procedural and evidentiary matters, the Appeals Panel will not be bound by evidentiary or procedural rules or law.

The Appeals Panel will only consider on appeal the record before the Disciplinary Panel or, in the case of a summary action, the record considered by the Chief Compliance Officer, the notice of appeal, the briefs filed in support and opposition of the appeal, and any oral arguments of the parties. The Appeals Panel may only consider new evidence when the Appeals Panel is satisfied that good cause exists for why the evidence was not introduced during the disciplinary proceeding or when imposing the summary action.

After completing its review, the Appeals Panel may affirm, modify or reverse any order of the Disciplinary Panel or summary action 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 these Rules, or remanding the matter to the same or a different Disciplinary Panel for further disciplinary proceedings or for reconsideration by the Chief Compliance Officer in the case of summary action. The Appeals Panel may order a new hearing for good cause or if the Appeals Panel deems it appropriate.

As promptly as reasonably possible following its review, the Appeals Panel will issue a written decision on appeal rendering its decision based on the preponderance of the evidence before the Appeals Panel. The decision of the Appeals Panel will include a statement of findings of fact and conclusions for each finding, sanction, remedy and cost reviewed on appeal, including each specific Rule and provision of Applicable Law that the respondent is found to have violated, if any, and the imposition of sanctions, remedies and costs, if any, and the effective date of each sanction, remedy or cost.

The Appeals Panel's written order on appeal (including findings of fact and conclusions and the imposition of sanctions, remedies and costs, and the effective date of any sanction, remedy cost) will be the final action of Tera and will not be subject to appeal within Tera.

Summary Imposition of Fines Rule 821 describes the procedure for the summary imposition of fines. The Chief Compliance Officer may summarily impose a fine against a Participant for failing to make

timely payments of original or variation margin, fees, cost, charges or fines to Tera, failing to make timely and accurate submissions to Tera of notices, reports or other information required by the Tera Rules, or failing to keep any books and records required by the Tera Rules.

The Compliance Department, within thirty days of a decision to summarily impose a fine against a Participant and acting on behalf of the Chief Compliance Officer, will provide Written notice of any fine imposed pursuant to Rule 821 to each Participant subject thereto. The notice will specify the violations of the Tera Rules for which the fine is being imposed, the date of the violation for which the fine is being imposed, and the amount of the fine.

Within 20 days of serving the notice of fine, the Participant must either pay or cause the payment of the fine. The fine will become final upon the expiration of 20 days after the notice of fine is served on the Participant.

Tera will set the amount of any fines imposed pursuant to this Rule 821, with the maximum fine for each violation not to exceed \$5,000. Summary imposition of fines pursuant to this Rule 821 will not preclude Tera from bringing any other action against the Participant.

Summary Suspension and Other Summary Actions. Rule 822 describes the procedure for summary suspensions and other summary actions. Notwithstanding anything in the Tera Rules to the contrary, the Chief Compliance Officer may, after consultation with the Regulatory Oversight Committee, if practicable, summarily suspend, revoke, limit, condition, restrict or qualify the Trading Privileges of a Participant, and may take other summary action against any Participant in accordance with the Tera Rules; provided, however, that the Chief Compliance Officer must reasonably believe that the business, conduct or activities of the Participant in question is not in the best interests of Tera or the marketplace, including based on any of the following: (i) statutory disqualification from registration as provided in CEA Section 8a(2) or (3); (ii) non-payment of fees, costs, charges, fines or arbitration awards; or (iii) the reasonable belief that immediate action is necessary to protect the public or the best interests of Tera.

Whenever practicable, the Compliance Department, acting on behalf of the Chief Compliance Officer, shall provide prior Written notice to the party against whom any action in accordance with the preceding paragraph shall be taken. If prior notice is not practicable, Tera will give notice at the earliest possible opportunity to the respondent against whom the action is brought. The Compliance Department, acting on behalf of the Chief Compliance Officer, will prepare a notice of summary action (which will state the action, the reasons for the action, and the effective time, date and duration of the action) and serve the notice on such party.

The summary action will become final upon the expiration of 20 days after the notice of action is served on the respondent.

At the request of Tera, a respondent against whom a summary action is brought pursuant to Rule 822 must provide books and records over which the respondent has access or control and must furnish information to, or appear or testify before, Tera or the in connection with the enforcement of any Tera Rule.

Rights and Responsibilities after Suspension or Termination. Rule 823 describes the rights and responsibilities after suspension or termination. When the Trading Privileges of a Participant are suspended, any such suspension will not affect the rights of creditors under the Tera Rules or relieve the Participant in question of its Obligations under the Tera Rules incurred before the suspension, or to pay any SEF fees, costs, or charges incurred during the suspension. Tera may discipline a suspended Participant under Chapter 8 of its Rulebook for any violation of a Tera Rule or provision of Applicable Law committed by the Participant before, during or after the suspension.

When the Trading Privileges of a Participant are terminated, all of its rights and Trading Privileges will terminate, except for the right of the Participant in question to assert claims against others, as provided in the Tera Rules. Any such termination will not affect the rights of creditors under the Tera Rules. A terminated Participant may only seek to reinstate its Trading Privileges by applying for Trading Privileges pursuant to Rule 302. Tera will not consider the application of a terminated Participant if such Participant continues to fail to appear at disciplinary proceedings without good cause or continues to impede the progress of disciplinary proceedings.

A suspended or terminated Participant remains subject to the Tera Rules and the jurisdiction of Tera for acts and omissions prior to the suspension or termination, and must cooperate in any inquiry, investigation, disciplinary proceeding, summary suspension or other summary action as if the suspended or terminated Participant still had Trading Privileges.

In the event of the suspension or revocation of the Trading Privileges of a Participant, Tera shall seek to facilitate the transfer of any Accounts held by such Participant to other Participants with Trading Privileges.

Notice to the Public. Rule 824 describes the procedures for notifying the public of disciplinary proceedings. Tera will provide Written notice of disciplinary proceedings to the parties consistent with applicable CFTC Regulations. Whenever Tera suspends, expels, fines or otherwise disciplines, or denies any Person access, to Tera, Tera will make the disclosures required by CFTC Regulations, including the public posting, for five consecutive business days, of a notice containing the identity of the party against whom action was taken; a statement of the reasons for taking the action and the Rules which have been violated; a statement of the conclusions and findings made with regard to each Rule violation; the terms of the disciplinary action; and, the effective date of the actions taken. Thereafter, Tera will maintain and make available for public inspection a record of the information contained in the disciplinary action notice.

Arbitration. Rule 908 describes the alternate dispute resolution policies and procedures. Any dispute between Tera and a Participant arising from or in connection with the Tera Rules or use of Tera must be brought to arbitration pursuant to subsection (c) of Rule 908 within one (1) year from the occurrence of the event giving rise to the dispute. Rule 908 shall in no way create a cause of action nor authorize an action that would otherwise be prohibited by the Tera Rules.

Any dispute between Tera and a Participant arising from or in connection with the Tera Rules will be settled through arbitration conducted by JAMS in the JAMS office located in New York, New York, and pursuant to the JAMS Commercial Arbitration Rules.

Any failure on the Part of the Participant to arbitrate a case subject to arbitration, or the commencement by any such Participant of a suit in any court prior to arbitrating a case subject to arbitration, violates Tera's Rules and subjects such Participant to disciplinary proceedings pursuant to Chapter 8.

In the event that Rule 908 is held to be unenforceable in connection with any dispute or a claim is deemed by a court of competent jurisdiction to be not arbitrable: (i) exclusive jurisdiction for any such dispute will reside in any state or federal court sitting in New York County, New York, (ii) Tera and the Participant involved in the dispute will be presumed to have submitted to the personal jurisdiction of any such court; (iii) an action to enforce any judgment or decision of such court may be brought in the same court or in any other court with jurisdiction or venue; and (iv) all Participants unconditionally and irrevocably waive any and all right to trial by jury in connection with any such dispute.