

November 18, 2015

**Via E-Mail: submissions@cftc.gov**

Christopher J. Kirkpatrick  
 Secretary of the Commission  
 Commodity Futures Trading Commission  
 Three Lafayette Centre  
 1155 21st Street, N.W.  
 Washington, D.C. 20581

**RE: trueEX LLC Self-Certification of Rule Amendments (trueEX LLC submission #2015-08D)**

Dear Mr. Kirkpatrick:

Pursuant to Section 5c(c)(1) of the Commodity Exchange Act, as amended, (the “Act”) and Commission Regulation 40.6(a), trueEX LLC (“trueEX” or the “Exchange”) hereby submits to the U.S. Commodity Futures Trading Commission (the “Commission”) certain amendments to the trueEX Rulebook summarized below.

Summary of Amendments

trueEX Rule	Nature of Amendment
<p>Rule 101. Definitions</p> <ul style="list-style-type: none"> <li>• Amended the following definitions:               <ul style="list-style-type: none"> <li>○ “Block Trade”</li> <li>○ “Chief Compliance Officer”</li> <li>○ “Chief Regulatory Officer”</li> <li>○ “Core RFQ”</li> <li>○ “Independent Software Vendor”</li> <li>○ “Permitted Transaction”</li> <li>○ “Portfolio Terminations and Compactions”</li> <li>○ “Required Transaction”</li> <li>○ “SEF Trading System”</li> <li>○ “Trading Access”</li> <li>○ “Trading Privilege”</li> <li>○ “Transaction”</li> </ul> </li> <li>• Added the following definitions:               <ul style="list-style-type: none"> <li>○ “Control”</li> </ul> </li> <li>• Deleted the following definitions:               <ul style="list-style-type: none"> <li>○ “Market Price”</li> <li>○ “No Bust Range”</li> </ul> </li> </ul>	<p>Drafting clarifications, corrections, additions and/or deletions of language, as noted.</p>

<ul style="list-style-type: none"> <li>• Rule 202 – added language regarding Board composition</li> </ul>	CFTC Regulation 1.64
<ul style="list-style-type: none"> <li>• Rule 204 – added language regarding Board and Committee Member qualifications</li> </ul>	CFTC Regulation 1.63
<ul style="list-style-type: none"> <li>• Rule 306 – added rule to indicate that the Exchange does not restrict access to ISVs.</li> </ul>	DCM Core Principle 2 and CFTC Regulation 38.151  SEF Core Principle 2 and CFTC Regulation 37.202
<ul style="list-style-type: none"> <li>• Rule 403(b) – Amended language to indicate it applies to market participants, not just Participants.</li> </ul>	DCM Core Principle 4 and CFTC Regulation 38.255  SEF Core Principle 4 and CFTC Regulation 37.404
<ul style="list-style-type: none"> <li>• Rule 529 and 530 – Amended language regarding the setting of position limits and position accountability levels for swaps.</li> </ul>	DCM Core Principle 5 and CFTC Regulation 38.300  SEF Core Principle 6 and CFTC Regulation 37.600  See Note 1 below this table for further explanation of the proposed rule amendments.
<ul style="list-style-type: none"> <li>• Rule 539(a)– added clarification language regarding trading mechanisms on the DCM Trading System</li> </ul>	DCM Core Principle 7 and CFTC Regulations 38.400 and 38.401
<ul style="list-style-type: none"> <li>• Rule 539(b) – Added language clarifying execution methods and trading procedures on the SEF Trading System.</li> </ul>	SEF Core Principle 2 and CFTC Regulation 37.200 and 37.201.  CFTC Regulation 37.9  CFTC No-Action Letter 15-55
<ul style="list-style-type: none"> <li>• Rule 541 – Amended rule to address acceptable procedures for resubmission of rejected trades and cancellation and correction of trade errors.</li> </ul>	CFTC No-Action Letter 15-24
<ul style="list-style-type: none"> <li>• Rule 542 – Amended rule to conform to the requirement of CFTC No-Action Letter 15-60 and other clarifying amendments.</li> </ul>	CFTC No-Action Letter 15-60  SEF Core Principle 9 and CFTC Regulations 37.901 and 43.4(f)  CFTC Regulation 38.10
<ul style="list-style-type: none"> <li>• Rule 610(h) – Added language regarding Disciplinary Panel qualifications.</li> </ul>	CFTC Regulation 1.64

<ul style="list-style-type: none"> <li>• Rule 615 – added clarifying language regarding the sufficiency of sanctions, and removed reference to maximum fine amount.</li> <li>• Rule 617 – added minimum fine amount.</li> </ul>	<p>DCM Core Principle 2 and CFTC Regulation 38.553</p> <p>DCM Core Principle 13 and 38.710</p> <p>SEF Core Principle 2 and CFTC Regulations 37.205 and 37.206</p>
<ul style="list-style-type: none"> <li>• Rule 801(g) and (h) – amended language to expand on risk based controls available on the Platform.</li> </ul>	<p>DCM Core Principle 11 and CFTC Regulation 38.607</p> <p>SEF Core Principle 7 and CFTC Regulation 37.702(b)</p>
<ul style="list-style-type: none"> <li>• Rule 1001(e)(ii)(F) - Corrected typographical error in the SGD Float Index</li> </ul>	<p>Correction of typographical error.</p>

Note 1 with respect to the amendments to Rules 529 and 530:

Through discussion with Commission Staff and the CCOs from twenty two temporarily registered SEFs, it was determined that each SEF would establish rules consistently regarding the setting of position limits and accountability levels. Twenty one of the twenty two SEFs submitted an explanatory discussion as to why the proposed language suffices to address the relevant core principle. The document submitted by the SEFs to the Commission identified a number of inherent limitations for a SEF to adopt position limits or accountability levels at this time for swaps, including the following:

- Position limits or accountability levels apply market-wide to an entity's/trader's overall position in a given swap, commodity or instrument subject to limits, and ownership and control provisions. To monitor an entity's/trader's positions and take action to enforce such a market-wide requirement, a SEF must have access to information about an entity's/trader's overall positions in the swap and underlying instrument or commodity, which it does not have.
- There are fundamental differences between futures and options on futures trading relative to swaps trading that seriously undermine the ability of SEFs to monitor and enforce position limits or accountability levels in a meaningful way:
- A SEF only has information about swap transactions that take place on its execution venue and has no way of knowing whether a particular trade on its facility adds to an existing position or whether it offsets all or part of an existing position in that swap. Trades do not equate to positions.
- A SEF does not know the size of the entity's/trader's overall position in that swap after the trade is executed and thus cannot ascertain whether the trader's position is large relative to any position limit.
- There is no exclusivity of trading of swaps on SEFs. Unlike futures contracts, swaps can be fungible. A swap that is listed on one SEF can be (and currently is) listed and traded on other SEFs and DCMs. Such swaps also may be (and currently are) traded bilaterally off-facility between counterparties away from any SEF or DCM. As a result, SEFs and DCMs listing swaps do not possess complete information about a trader's position in any given swap.

- Position information would need to be supplied by non-SEF sources; market participants, SDRs, clearing houses and/or clearing firms.
- The position data delivery and collection process would be burdensome and costly as the aforementioned sources would be required to provide position information to multiple SEFs simultaneously to avoid information discrepancy, incurring a cost to produce the information, risk of incorrect management of “industry wide limits” and risking disclosure of confidential proprietary information.
- Certain market participants trade on multiple SEFs. As such, without a centralized reporting system, they would be overly burdened by requests from numerous SEFs (assuming consistent application of the Core Principle) for the same positions. Enforcement between the SEFs would prove difficult.
- The CFTC has not yet determined any position limits or accountability levels for swaps. Absent such guidance from the CFTC, a SEF’s limited access to overall market activity and entity positions, as described above, leaves it unable to perform the necessary analysis to set meaningful position limits or accountability levels.

Each rule amendment summarized above is detailed in the redlined excerpts of the Exchange’s Rulebook attached as Exhibit A-1, with the final wording attached as Exhibit A-2 to this letter.

trueEX certifies that these rules amendments comply with the Act and the Commission’s regulations thereunder. trueEX’s analysis of the operation, purpose and effect of the proposed rule changes and their compliance with the Act, core principles and Commission’s regulations thereunder is included in the table above. There were no substantive opposing views expressed by the trueEX governing board or market participants to the rule amendments.

trueEX certifies that this certification has been concurrently posted on the Exchange’s Web Site at <http://www.trueex.com/rules-and-notices>. These amendments will be effective on December 3, 2015.

If you have questions regarding this notice, please contact me at (646) 787-8705 or by email at [fran@trueex.com](mailto:fran@trueex.com).

Sincerely,



Fran Kenck  
Chief Compliance Officer/Chief Regulatory Officer

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### **RULE 101. Definitions**

“Block Trade” means a “publicly reportable swap transaction”, as that term is defined in CFTC Regulation- § 43.2, involving a Contract or Package Transaction that is a swap which:

- (i) is not executed using the order book functionality of either the DCM or SEF Trading System, but is executed pursuant to the rules and procedures of the Exchange, including on the SEF Trading System as provided for in CFTC No-Action Letter ~~14-118~~15-60 expiring at ~~11:59 p.m. EST on November 15, 2016;~~December 15, 2015;
- (ii) has a notional or principal amount at or above the minimum threshold applicable to the Contract as set forth in Chapter 10. For Package Transactions, each line item included in the Package Transaction must meet the appropriate minimum block size in order for the Package Transaction to be executed as a Block Trade as an RFQ to one; and
- (iii) is reported to the Exchange pursuant to Rule 542.

“Chief Compliance Officer” or “CCO” means the individual appointed by the Board as the Exchange’s chief compliance officer for the SEF Trading System.

“Chief Regulatory Officer” or “CRO” means the individual appointed by the Board as the Exchange’s chief regulatory officer for the DCM Trading System.

“Control” as used in the context of Rule 539 regarding RFQ for Required Transactions means an account for which a Client has granted trading discretion to another person via power of attorney or other written agreement to effect transactions without their consent.

“Core RFQ” is an application on the SEF Trading System that supports RFQ as a method of execution for certain Contracts and Package Transactions. Such Contracts and Package Transactions are identified in the Schedules to Chapter 10.

“Independent Software Vendor” or “ISV” means ~~independent software vendor~~ a person that provides a Participants or Sponsored Access Customers technology other than that of the Exchange that provides order routing, front-end trading applications, aggregator functionality or a combination thereof. An ISV is not a Participant and does not execute or intermediate Transactions on the Exchange.

“Market Price” has the meaning set forth in Rule 541(e)(ii).

“No Bust Range” means the price range specified with respect to each Contract traded on the Platform, as such range is published by the Exchange from time to time, within which trades that are reviewed pursuant to Rule 541 will not be busted or adjusted, except as set forth in the Rules.

“Permitted Transaction” means any transaction involving a Contract that is not a Required Transaction. Each line item of a Package Transaction must not be subject to the trade execution requirement in § 2(h)(8) of the CEA in order for the Package Transaction to be deemed a Permitted Transaction.

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“Portfolio Terminations and Compactions” or “PTC” is an application on the SEF Trading System that supports RFQ as a method of execution for certain Contracts and Package Transactions. Such Contracts and Package Transactions are identified in the Schedules to Chapter 10. PTC offers flexibility to execute multiple line items in a single Package Transaction, quoting flexibility, multiple clearable currencies and customization of swap terms.

“Required Transaction” means any Transaction involving a swap, either as a single Contract or a Package Transaction, that is subject to the trade execution requirement in § 2(h)(8) of the CEA and that is not a Block Trade or an End-User Transaction. A Package Transaction is a Required Transaction if one or more line items is subject to the trade execution requirement in § 2(h)(8) of the CEA.

“SEF Trading System” means the electronic trading system of the SEF established and operated by the Exchange for the purpose of executing Transactions in Contracts listed by the Exchange as identified in Schedules 1001(a), 1001(b), and (c) and 1002 to this Rulebook. The SEF Trading System consists of two different applications, Core RFQ and ~~List RFQ~~ PTC for the purpose of executing Transactions using RFQ as a method of execution, and has a custom order book available for ~~Required~~ Transactions that are not listed on the DCM Trading System.

“Trading Access” shall mean the ability of (a) a Direct Access Customer to transmit Orders, ~~RFQs and respond to RFQs~~, and execute Transactions electronically on the Exchange via access to a system provided by a Participant and (b) a Sponsored Access Customer to access the Platform directly by means of the Trading Privileges of a Sponsoring Participant, including the ability to ~~enter~~ transmit Orders, ~~RFQs and respond to RFQs~~, and execute Transactions.

“Trading Privilege” means any right granted to a Participant to transmit Orders, ~~RFQs and respond to RFQs~~, and execute Transactions ~~for Contracts~~ on or through the Platform.

“Transaction” means any purchase or sale of any Contract ~~or Package Transaction~~ made on the Exchange.

### **Rule 202. Board**

(a) The Board shall manage the day to day business operations of the Exchange. The Board has the power and authority to call for review, and to affirm, modify, suspend or overrule, any and all decisions and actions of standing committees or special committees of the Board or any panel of the Officers related to the day to day business operations of the Exchange.

(b) The Board may act only by the decision of an absolute majority in number of the Directors by vote at a meeting, by unanimous written consent without a meeting, or as otherwise set forth in the Operating Agreement.

(c) At all times, at least 35% of the Directors shall be Public Directors. Each Director (including Public Directors) shall be appointed in accordance with the Operating Agreement, and shall serve until his or her successor is duly appointed, or until his or her earlier resignation or removal, with or without cause.

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(d) Each Director is entitled to indemnification pursuant to the Operating Agreement with respect to matters relating to the Exchange.

(e) To qualify as a Public Director, an individual must be found, by action of the Board, to have no Material Relationship with the Exchange. The Board must make such finding upon the nomination or appointment of the Public Director and as often as necessary in light of all circumstances relevant to such Public Director, but in no case less than annually.

(f) The members of the Board, including the Public Directors, shall be of good repute and, where applicable, have sufficient expertise in financial services and risk management. The Board membership shall fairly and demonstrably represent the diversity of the interests of Participants and Sponsored Access Customers.

(g) Each Director shall satisfy all fitness standards and otherwise meet all the requirements under the CEA and CFTC Regulations for serving as a director of a DCM and SEF.

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

(i) The Board shall review its performance and that of its individual members annually and shall consider periodically using external facilitators for such review.

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

(k) Twenty percent or more of the regular voting members of the Board shall:

(i) be knowledgeable of futures trading or financial regulation or shall be otherwise capable of contributing to governing board deliberations;

(ii) not be Participants or Sponsored Access Customers;

(iii) not be employed by the Exchange;

(iv) not primarily perform services for the Exchange in a capacity other than as a member of the Board; or

(v) not be officers, principals or employees of a firm that is a Participant either in its own name or through an employee on behalf of such firm.

### **RULE 204. Qualifications of Directors, Disciplinary Panel Members, Appeal Panel Members, Committee Members, Owners and Office**

(a) A Director or Officer must meet the qualifications set forth in the Operating Agreement.

(b) An individual may not serve as a Director, or serve on a committee established by the Board, a Disciplinary Panel or an Appeal Panel, if the individual has committed any Serious Disciplinary Offense in the preceding three years.

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(c) An individual may not serve as a Director or an Officer, or serve on a committee established by the Board, a Disciplinary Panel or an Appeal Panel, or, directly or indirectly, own greater than 10% of any one class of equity interest in the Exchange if a De-registration Basis exists with respect to such individual.

(d) Any Director, Officer, member of a committee established by the Board, any member of a Disciplinary Panel, or Appeal Panel, any individual nominated to serve in any such role, any individual who, directly or indirectly, owns greater than 10% of any one class of equity interest in the Exchange and any individual authorized by the Exchange Regulation Department to take summary action shall immediately notify the Chief Executive Officer if such individual meets one or more applicable criteria in Rule 204(b) or Rule 204(c).

(e) An individual may not serve as a Director, or serve on a committee established by the Board, a Disciplinary Panel or an Appeal Panel, if the individual has entered into a settlement agreement within the prior three years in which any of the findings or, in the absence of such findings, any of the acts charged included a disciplinary offense.

(f) An individual may not serve as a Director, or serve on a committee established by the Board, a Disciplinary Panel or an Appeal Panel, if the individual is currently suspended from trading on any contract market, is suspended or expelled from membership with any self-regulatory organization, is serving any sentence of probation or owes any portion of a fine imposed pursuant to either:

(i) A finding by a self-regulatory organization, an administrative law judge, a court of competent jurisdiction or the CFTC that such individual committed a disciplinary offense; or,

(ii) A settlement agreement in which any of the findings or, in the absence of such findings, any of the acts charged included a disciplinary offense.

(g) An individual may not serve as a Director, or serve on a committee established by the Board, a Disciplinary Panel or an Appeal Panel, if the individual is currently subject to an agreement with the CFTC or any self-regulatory organization not to apply for registration with the CFTC or membership in any self-regulatory organization;

(h) An individual may not serve as a Director, or serve on a committee established by the Board, a Disciplinary Panel or an Appeal Panel, if the individual is currently subject to or has had imposed on him within the prior three years a CFTC registration revocation or suspension in any capacity for any reason, or has been convicted within the prior three years of any of the felonies listed in § 8a(2) of the CEA;

(i) An individual may not serve as a Director, or serve on a committee established by the Board, a Disciplinary Panel or an Appeal Panel, if the individual is currently subject to a denial, suspension or disqualification from serving on the disciplinary committee, arbitration panel or governing board of any self-regulatory organization.

### **RULE 306. ~~RESERVED~~ ISV ACCESS**

The Exchange does not restrict access to the Platform for any Participant or Sponsored Access Customer seeking access through an ISV. Any ISV that may provide access to the Exchange Platform must satisfy the Exchanges conformance, security and other technological integrity requirements before such access is allowed.

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### **RULE 403. Ability to Obtain Information**

(a) The Exchange, acting directly or through authorized representatives, shall have the right, as is necessary to detect and investigate an actual or alleged violation of any Rule by a Participant or Person that is the subject of an investigation by the Exchange, with such prior reasonable advance notice as is practicable under the circumstances, unless otherwise required by Applicable Law, to:

(i) inspect systems, equipment and software operated by such Participant in connection with any activity on or through the Exchange, wherever located;

(ii) access the systems, equipment, software referenced in (i) above, and the premises on which such systems, equipment, and software are located, any data in connection with any activity on or through the Exchange stored in any of the systems or equipment, during the regular business hours and the Trading Hours of the Exchange; and

(iii) copy or reproduce any data to which the Exchange has access under this Rule.

(b) All Persons subject to the jurisdiction of the Exchange must maintain records pertaining to their activity on the Exchange, including records required by CFTC Regulation 37.404(b). The Exchange Regulation Department may require ~~a Participant such Person~~ to ~~furnish~~ provide to the Exchange (periodically or upon request) information that is necessary to perform the enforcement obligations of the Exchange under the Rules or Applicable Law.

### **Rule 529. Position Limits and Exemptions**

(a) To reduce the potential threat of market manipulation or congestion, the Exchange shall adopt for each of the Contracts of the facility, as is necessary and appropriate, position limitations for speculators. ~~The Exchange may establish position limits for any Contract.~~

(b) Except as otherwise provided by the Exchange Rules, no Person, including a Participant, may hold or control a position in excess of such position limits and a Participant may not maintain a position in excess of such position limits for a Customer or Client if such Participant knows, or with reasonable care should know, that such position will cause such Customer or Client to exceed the applicable position limits.

(c) Position limits shall apply to (i) all positions in accounts for which any Person, by power of attorney or otherwise, directly or indirectly holds positions or controls trading, and (ii) positions held by two or more Persons acting pursuant to an expressed or implied agreement or understanding, as if the positions were held by, or the trading of the positions were done by, a single Person.

(d) Any Person seeking an exemption from the position limits referred to above must file an application with the Exchange. The Exchange shall notify the applicant whether the exemption has been approved and whether the Exchange has imposed any limitations or conditions on the exemption. The decision of the Exchange shall be final.

### **Rule 530. Position Accountability**

(a) To reduce the potential threat of market manipulation or congestion, the Exchange shall adopt for each of the Contracts of the facility, as is necessary and appropriate, position accountability levels for speculators. ~~The Exchange may establish a position accountability level for any Contract. Any Person, including a Participant, who owns or controls Contracts in excess of the applicable~~

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~~position accountability level shall provide to the Exchange at its request any information regarding the nature of the position, trading strategy or hedging activities, if applicable, and if ordered by the Exchange, shall not increase the size of any such position.~~

(b) For purposes of this Rule, all positions in accounts for which a Person, by power of attorney or otherwise, directly or indirectly controls trading shall be included with the positions held by such Person. The provisions of this Rule shall apply to positions held by two or more Persons acting pursuant to an expressed or implied agreement or understanding, as if the positions were held by a single Person.

### **RULE 539. Execution Methods**

(a) Transactions on the DCM Trading System: This Rule 539(a) applies to the DCM Trading System.

(i) Orders to buy or sell any Contract are subject to the minimum trading requirements specified in the relevant Contract rules. All Orders entered by Authorized Traders and Direct Access Traders are firm and executable. For each trade matched on the DCM Trading System (including those matched in TRADEON), the DCM Trading System ~~shall promptly immediately~~ notifies the Authorized Trader or Direct Access Trader via a message on the trading screen that each Participant party to such trade that the Transaction trade has been executed. Transaction information is also available in real-time in the trade blotter.

Except as expressly provided for by the Rules, all Orders are matched with each other and executed electronically through the order book of the DCM Trading System in accordance with an algorithm that gives first priority to Orders at the best price and priority among Orders entered at the same price based on the length of time such Order has been resting. All activity that takes place on the order book is anonymous. At no time are the names of the parties disclosed to the counterparties or to the market as a whole. Without limiting the generality of the foregoing, the algorithm to match Orders entered in the order book of the DCM Trading System is based upon the following principles:

(ii) An Order at a better price will always have priority over Orders at inferior prices, except as provided in Rule 539(a)(vii).

(iii) A Limit Order will be executed when entered to the extent that there are resting contra-Orders, with any balance of such Limit Order to remain as a resting Order until such Limit Order is executed or is cancelled. Limit Orders must be entered with a user-defined limit price. All Limit Orders shall be cancelled by the DCM Trading System at the conclusion of Trading Hours on each Business Day.

(iv) “Immediate or Cancel”, in reference to an Order, means that such Order is executed against all resting contra-Orders at the stated price or better, up to the volume designated by the Order. Any residual volume of the Order is cancelled by the DCM Trading System.

(v) Except as provided in Rule 539(a)(vii), as among resting Orders at the same price, the algorithm will identify the resting Order to be matched against by length of time such Order has been resting. Until further notice by the Exchange, any decrease or increase to the size of a resting Order will not affect the priority of such Order.

(vi) An Iceberg Order will not be treated as a resting Order eligible to be matched, except to the extent of its displayable portion. Only the displayed portion of an Iceberg Order shall be visible. When a displayed portion is fully matched, any remaining reserve portion shall be re-

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divided into a displayed portion and reserve portion. The reserve portion of an Iceberg Order shall not be displayed nor will any indicator be contained in the market data stream to expose its presence.

(vii) **TRADEON Sessions:** A TRADEON Session will start for a Contract if an Order and a contra-Order are matched for that Contract (a “Matched Session”). Each Matched Session shall, if any Order for the relevant Contract remains unmatched at the end of such session, be followed by a new session (a “Continuing Session” and together with a Matched Session, a “TRADEON Session”). Each TRADEON Session lasts for typically ten seconds. Orders in the Contract subject to a TRADEON Session will only be matched at the “Market Equilibrium Price”, which is the price at which a trade was executed in the Matched Session. In the event that a trade executed in the Matched Session is a sweep of the order book in which a trade is executed at multiple prices, the Market Equilibrium Price shall be the worst price from the perspective of the aggressor.

(A) **Initial Session:** At the start of a Matched Session, a TRADEON window appears on the platform screen, indicating that a TRADEON session has begun. The initial session is a limited time window (typically 10 seconds) during which any participant on the DCM Trading System may submit an order to buy or sell specified sizes of the product at the indicated Market Equilibrium Price. Orders placed during this time window are not visible to the market. Users can submit their Orders beginning immediately at the start of a TRADEON Session and for the duration of the session, and any Orders submitted for a TRADEON Session will be queued in priority order. During an initial TRADEON Session, priorities are as follows:

(I) In a Matched Session, any unfilled portion of the original Orders that initiated the trade is moved into the TRADEON Session, and the original parties may add to their Orders during the session and retain top priority.

(II) Users with resting Orders in the DCM Trading System order book at the Market Equilibrium Price will automatically be moved into the TRADEON Session and have the same priority in the initial session as they do in the order book.

(III) For all other users, any Orders entered during the initial session are lower priority than any of the Orders described in paragraphs (B) and (C) of this Rule 539(a)(vii). Such Orders are prioritized among themselves by the time of submission. For Iceberg Orders, the notional visibility (i.e., the displayed notional amount of an Iceberg Order) has priority over the reserve portion of an Iceberg Order.

(IV) Orders in the initial TRADEON session are matched at the end of the session and based on the priority order set forth above. If both of the original parties to the trade (for trade-initiated TRADEON Session) enter an Order, the Orders will match immediately as they have the highest priority and are guaranteed to match.

(B) **Continuing Session:** If any Orders remain unmatched at the end of a TRADEON Session and a trade occurred during such TRADEON Session, a Continuing Session will begin. Additional Orders may be submitted at any time during the Continuing Session. During a Continuing Session, Orders are prioritized solely by notional visibility and time. All Orders are matched at the Market Equilibrium Price and are matched immediately if there is a contra Order in the Continuing Session. If, at the end of the Continuing Session, a trade has occurred, and there are unmatched TRADEON Orders remaining, another Continuing Session will begin.

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(C) Termination: At the conclusion of a TRADEON Session, if no Continuing Session will follow pursuant to Rule 539(a)(viii) above, the session shall terminate and any Orders that have not matched during such session shall be placed in the order book based on their price.

(D) For the avoidance of doubt, any trade executed in a TRADEON session is not a Block Trade.

(b) Transactions on the SEF Trading System: This Rule 539(b) applies to the SEF Trading System.

(i) Request for Quote Functionality. The SEF Trading System provides RFQ functionality as a method of execution through two different applications: Core RFQ and List RFQ/PTC. RFQ allows a Requester to send an RFQ to buy or sell a Contract or Package to other Persons specifically selected by the Requester (“Respondents”). The identity of the Requester is disclosed to all Respondents to whom an RFQ is sent. The names of the Respondents are not disclosed to each other; however Respondents know how many other Respondents have received the RFQ. trueEX has no restrictions on who is eligible to be a Requester or Respondent and provides all Participants and Direct Access Customers with equal priority in receiving RFQs and responding to such RFQs. The protocols for executing a Transaction using Core RFQ and List RFQ can be found in Table 539 below.

(A) RFQ for Required Transactions. An RFQ for a Contract or Package Transaction that is a Required Transaction must be sent to no fewer than three Respondents. Respondents that are Affiliates of or Controlled by the Requester shall not be counted toward the three Respondents, and the Respondents that are Affiliates of or Controlled by each other shall be counted only as one.

(B) RFQ for Permitted Transactions. An RFQ for a Contract or Package Transaction that is a Permitted Transaction must be sent to at least one other Participant.

(ii) Order Book. The SEF Trading System shall make an order book available as an execution method for all Required Transactions in accordance with the following.

(A) The Exchange will list for trading certain Required Transactions on the order book of the DCM Trading System as determined by the Exchange in its sole discretion. The order book of the DCM Trading System shall serve as the minimum trading functionality for the SEF Trading System pursuant to CFTC Regulation § 37.3 with respect to those Required Transactions listed by the Exchange on the DCM Trading System, and operates as described in Rule 539(a). Upon submission of an RFQ by a Requesting Participant, the SEF Trading System shall communicate to the Requesting Participant any bid or offer for the relevant Required Transaction which is resting on the order book of the DCM Trading System.

(B) The Exchange shall also offer a customized order book on the SEF Trading System for Required Transactions that are not listed for trading on the order book of the DCM Trading System. The customized order book on the SEF Trading System is a disclosed aggressor model whereby the Persons entering bids and offers for Contracts or Packages on such order book are disclosed, and Orders are matched only if aggressed.

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(C) Bids and offers from the DCM Trading System and the SEF Trading System for identical Contracts or Package Transactions that are transmitted via RFQ are displayed to the Requester on the same trading screen where the RFQ is in session. Requesters may execute against the bid or offer, as applicable, communicated to them from the order book of the DCM Trading System or the customized order book of the SEF Trading System, as applicable, by entering the respective order book screen. Alternatively, Requester can attempt to execute by ~~or completing the RFQ session.~~ ~~any responsive quotes to the RFQ of Requester.~~

(D) All Orders entered by Authorized Traders and Direct Access Traders are firm and executable. Trades are executed on the Order Book of the SEF Trading System when aggressed. Execution happens instantaneously and Authorized Traders and Direct Access Traders that are parties to the trade are notified of the execution via a message on the trading screen. Transaction information is also available in real-time in “executed trades” quadrant of the trading screen and in the trade blotter.

(c) Execution on the Platform of Required and Permitted Transactions,

(i) Execution of a Required Transaction, other than a Block Trade executed pursuant to Rule 542 or certain Package Transactions specifically identified in 539(c)(iii), shall occur through one of the methods in Rule 539(b)(i)(A) or (ii) above.

(ii) Execution of a Permitted Transaction shall occur through one of the methods in Rule 539(b)(i)(B) or (ii) above, or through any other method of execution permitted by Applicable Law and offered by the Exchange.

(iii) Exceptions for Required Transactions. Package Transactions that are deemed to be Required Transactions because at least one component includes a swap that is subject to the trade execution requirement in §2(h)(8) of the CEA eligible for relief from CFTC Regulation 37.9 under CFTC No-Action Letter 14-137. The swap components of these Package Transactions must be executed on the SEF Trading System but the counterparties may execute the swap components of these Package Transactions through any method of execution offered by the Exchange, provided that such swaps are executed at or before 11:59 pm on the expiration dates below and all other terms of No-Action Letter 14-137 are satisfied:

- (A) A new issue bond (expires February 12, 2016)
- (B) A futures contract (expires November 14, 2015)
- (C) A swap that is not subject to the clearing requirement under §2(h)(1)(A) of the CEA and CFTC Regulation 50.4 (expires February 12, 2016)
- (D) A non-swap instrument (as defined in §1a(47) of the CEA) other than an instrument listed in subsections A or B above, or a U.S. Treasury bond (expires February 12, 2016); or
- (E) A security-based swap (as defined in §1a(42) of the CEA) or a mixed swap (as defined in §1a(47)(D) of the CEA) (expires February 12, 2016).

If a Required Transaction is executed on the SEF Trading System in reliance of the relief granted in No-Action Letter 14-137, both counterparties to the transactions must submit to trueEX, upon request, information to demonstrate that the transaction has met the requirements of No-Action Letter 14-137.

### Table 539 – PTC and Core RFQ Protocols

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### General

- Transaction on PTC can be from 1 to 400 line items, Core RFQ can be 1 (outright), 2 (switch) or 3 (butterfly) line items
- Pricing on Package Transactions (2 or more line items) is all or none.
- Single currency per Transaction (PTC accommodates up to 18 different clearable currencies, Core RFQ USD only).
- Validation of line items to ensure RFQ is sent to required number of Respondents (including Block Trade size to allow RFQ to 1).
- Respondent knows how many other Respondents there are but names and their actions are not disclosed to each other, only to Requester
- There is no requirement for Requester to select best price or wait for all Respondents to provide a price
- If a Respondent changes or cancels a price, the original price is no longer actionable by the Requester.
- Requester can send target level or request to refresh price to all active Respondents in RFQ session.

### RFQ Workflow

1. Requester transmits an RFQ to required number of Respondents.
  - For Core RFQ, the session will automatically be cancelled if execution has not occurred by the earlier of 30 minutes from the time RFQ is sent, or market close.
  - For PTC, the session will automatically be cancelled if execution has not executed by market close.
2. Respondent(s) receive notification of RFQ and can take the following actions:
  - Pass (Respondent is not interested and will not receive any further updates on that specific RFQ session)
  - Submit a price to the Requester (and subsequently may update or cancel a price that has already been sent).
  - All prices sent by the Respondent are subject to Requester's acceptance and final affirmation by Respondent before execution occurs.
3. Requester can take the following actions:
  - Cancel the RFQ session
  - Ask for prices to be refreshed
  - Accept one of the Respondent's prices which starts an Affirmation Session
    - For Core RFQ, the Affirmation Session is 30 seconds long
    - For PTC, the Affirmation Session is 60 seconds long
4. When an Affirmation Session starts, the selected Respondent can take the following actions:
  - Execute.
    - For Core RFQ, execution must take place no later than 30 minutes after the initial RFQ was sent by Requester.
    - For PTC, execution must take place by market close
  - Update the price that was accepted. RFQ session returns to step 3 for action by Requester (including acceptance of price from other Respondent).
  - Cancel the price that was accepted
  - Do nothing. Session expires
5. For PTC, upon execution, package breakdown must occur by Requester or Respondent as agreed by the parties.

## **RULE 541. Trade Errors, Corrections and Cancellations ~~and Price Adjustments~~**

- (a) Authority Over Trade ~~Cancellations~~ Corrections and Cancellations ~~and Price Adjustments.~~

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(i) The CCO, CRO or Chief Operating Officer of the Exchange is authorized by the Board (“Authorized Person”) to approve the cancellation of and/or the correction of Transactions if rejected for clearing by the applicable Clearing House (“Rejected Trades”) or if an error is reported to the Exchange after a trade has cleared (“Error Trades”). As provided in CFTC No-Action Letter 15-24 expiring on June 15, 2016, the Authorized Person may approve the cancellation and/or correction for Rejected Trades and Error Trades for certain clerical or operational errors made by a Participant or Direct Access Customer, or by the Exchange, including Platform malfunction or defects.

~~(i) The Board or a designee of the Board has authority to adjust trade prices or cancel (“bust”) trades when such action is necessary to mitigate market disrupting events caused by the improper or erroneous use of the Platform, by system defects, or for any reason deemed necessary by the Exchange in order to comply with Applicable Law.~~

(ii) The Exchange must make an affirmative finding that a clerical or operational error of the type described in CFTC No-Action Letter 15-24 occurred in order for the Transaction to be eligible for cancellation and/or correction pursuant to the terms of CFTC No-Action Letter 15-24.

~~(ii)(iii) Notwithstanding any other provisions of this Rule 541, the Board or a designee of the Board may adjust trade prices or bust any trade of any Error Trade or elect not to cancel an Error Trade if it determines such action is necessary to mitigate market disrupting events that allowing the trade to stand as executed or otherwise has may have a material, adverse effect on the integrity of the market or the Exchange.~~

(iv) All decisions of the Board or a designee of the Board Authorized Person under this Rule 541 shall be final.

(b) Rejected Trades. All Rejected Trades will be void ab initio and will be canceled by the Exchange. However, pursuant to the terms of No-Action Letter 15-24, any Rejected Trade that fails to clear due to certain clerical or operational errors made by a Participant or Direct Access Customer or by the Exchange, including Platform malfunction or defects; or is part a Package Transaction in which individual legs fail to clear for insufficient credit due to the sequencing of the submission of the legs for clearing, is eligible for correction. Rejected Trades may be corrected by executing a pre-arranged trade with the terms and conditions that match the original trade, corrected for the error that caused the rejection (“New Trade”), provided the following conditions are met:

(i) If the Exchange is able to determine how to correct the error, it will do so without obtaining consent from the counterparties.

(ii) If the Exchange is unable to determine how to correct an error, it will seek guidance from the counterparties and implement such guidance with the consent of both counterparties, or elect not to fix the error.

(iii) The New Trade must be executed and submitted for clearing as soon as technologically practicable after receipt of notice of the Rejected Trade, but in any event no later than one hour from receipt of the rejection notice. The Exchange will facilitate the execution of the New Trade on the DCM Trading System to preserve the anonymity of the parties. Execution of the New Trade on the SEF Trading System will be either by the counterparties or the Exchange, as agreed.

(iv) If the New Trade is also rejected for clearing, it is void ab initio and the parties will not be provided a second opportunity to correct the error.

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(v) The Exchange will submit to the SDR as soon as technologically practicable upon cancellation of the Rejected Trade a cancellation and termination indicating that the Rejected Trade is void ab initio, and the New Trade as required under Parts 43 and 45 of the CFTC Regulations.

(c) Error Trades. Pursuant to CFTC No-Action Letter 15-24, an Error Trade is eligible to be corrected by executing a pre-arranged trade between the original parties to the Error Trade that reverses the Error Trade (“Offset Trade”) and executing a New Trade.

(i) Error Types. For the purposes of this Rule, Error Trades consist of three types:

(A) Clerical or operational error (non-economic) caused by one of the counterparties.

(B) Clerical or operational error (economic) caused by one of the counterparties.

(C) Clerical or operational error, including Platform malfunction caused by the Exchange.

(ii) Cancellation/Correction Eligibility.

(A) An Error Trade that contains a clerical or operational error made by one of the counterparties that does not impact the economic terms of the Transaction, including incorrect account identification or incorrect Clearing Firm, may be corrected by executing an Offset Trade and a New Trade. The Exchange does not require consent of both parties in order to correct the Error Trade.

(B) An Error Trade that contains a clerical or operational error made by one of the counterparties to the Transaction that impacts the economic terms of the Transaction will not be cancelled. For the purposes of this rule, errors that impact the economic terms of the Transaction are deemed to be notional amount, tenor, and price/rate on the DCM Trading System, and all terms that are identified in Chapter 10 of this Rulebook for the applicable Contract on the SEF Trading System. Provided, however, that if the counterparty that is not responsible for the error consents to cancellation of the Error Trade, an Offset Trade may be executed to reverse the transaction. A New Trade with corrected terms may be executed only if mutually agreed by both parties.

(C) A Transaction that is executed as a result of Platform malfunction or any clerical or operational error caused by the Exchange is deemed to be an Error Trade and may be canceled by means of an Offset Trade. If the error has no economic impact and the Exchange is able to determine how to correct the error, the Exchange may correct the error without consent from the counterparties by executing a New Trade. If the error has an economic impact, both counterparties must consent if they wish the Transaction to stand as executed or if they wish to execute a New Trade to correct the error.

Notwithstanding the foregoing provisions of (A), (B), and (C) above, an Error Trade may also be canceled and/or corrected directly by the Clearing House if permitted by the relevant Clearing House.

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(iii) Any action to cancel and/or to correct an Error Trade shall be made no later than three business days after the Error Trade was executed.

(iv) The Exchange will submit to the SDR as soon as technologically practicable upon execution the Offset Trade and the New Trade as required under Parts 43 and 45 of the CFTC Regulations.

(d) Notification and Review

(i) Rejected Trades. Immediately upon receipt of notification of rejection directly from the Clearing House, the Exchange will notify both counterparties to the trade immediately upon receipt of the rejection. If eligible for correction and resubmission, the process described in 541(b) above will be followed.

(ii) Error Trades.

(A) Errors due to Platform malfunction or other error caused by the Exchange, the Exchange will notify the counterparties immediately upon the discovery of such error.

(B) DCM Trading System. If an Error Trade is due to an error by one of the counterparties to the Transaction and is related to an error in notional amount, tenor or price/rate of a Transaction executed on the DCM Trading System, the Exchange must be notified within 30 minutes of the time of execution. Notification can be made by either of the counterparties or by their respective Clearing Firms.

(C) Any other error discovered by the counterparties must be communicated to the Exchange within a reasonable time after discovery of such error, but in any event must be made timely to allow for cancellation and/or correction of the Error Trade within the three business day timeframe allowed by CFTC No-Action Letter 15-24.

(e) Execution Methods. As provided for in CFTC No-Action Letter 15-24, an Offset Trade or New Trade that that is executed to cancel and/or correct a Rejected Trader or Error Trade, are allowed to be executed without being executed pursuant to the methods set forth in Commission Regulations 37.9(a)(2) and 38.500.

(f) Liability For Cancelled or Corrected Trades

(i) The Exchange shall not be liable for any costs, loss, damage, expense or fees related to Rejected Trades, Offset Trades and New Trades executed pursuant to this Rule 541 that result from errors not caused by the Exchange.

(ii) The Exchange does not require breakage agreements as a condition of trading on its Platform and expressly prohibits all Persons from requiring breakage agreements with other Persons as a condition of trading with each other on the Platform.

~~(b) Review of Trades.~~

~~(i) The Board or a designee of the Board may determine to review a trade based on its independent analysis of market activity or upon request for review by an Authorized Trader. A request for review must be made within 15 minutes of the execution of the trade.~~

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~~(ii) — The Board or a designee of the Board shall determine whether or not a trade will be subject to review. In the absence of a timely request for review, during volatile market conditions, upon the release of significant news, or in any other circumstance in which the Board or a designee of the Board deems it to be appropriate, the Board or a designee of the Board may determine, in its sole discretion, that a trade shall not be subject to review.~~

~~(c) — Price Adjustments and Cancellations:~~

~~(i) — In reviewing a trade, the Board or a designee of the Board will first determine whether the trade price is within the No Bust Range for the Contract.~~

~~(ii) — In applying the No Bust Range, the Board or a designee of the Board shall determine the fair value market price for that Contract at the time the trade under review occurred (the “Market Price”). The Board or a designee of the Board may consider any relevant information, including, but not limited to, the last trade price in the contract or a better bid or offer price on the Platform, a more recent price for a different maturity date, the price of the same or related contract established in another venue or another market and the market conditions at the time of the trade.~~

~~(iii) — Trade Price Inside the No Bust Range. If the Board or a designee of the Board determines that the price of the trade is inside the No Bust Range, then it will issue an alert indicating that the trade shall stand.~~

~~(iv) — Trade Price Outside the No Bust Range:~~

~~(A) — If the Board or a designee of the Board determines that a trade price is outside the No Bust Range for a swap, the trade price shall be adjusted to the Market Price, plus or minus the No Bust Range. In the event there are multiple parties, prices or contracts involved in the transactions at issue, the Board or a designee of the Board has the authority, but not the obligation, to bust rather than price adjust such transactions. The Board or a designee of the Board will issue an alert regarding its decision.~~

~~(B) — Busted trade prices and any prices that have been adjusted shall be cancelled in the Exchange’s official record of time and sales. Trades that are price adjusted shall be inserted in the time and sales record at the adjusted trade price.~~

~~(d) — Alternative Resolution by Agreement of Parties:~~

~~(i) — With the approval of the Board or a designee of the Board, parties to a trade that is price adjusted may instead mutually agree to cancel the trade.~~

~~(ii) — With the approval of the Board or a designee of the Board, parties to a trade that is busted may instead mutually agree to price adjust the trade to a price consistent with the adjustment provisions of Rule 541(e).~~

~~(iii) — Subject to Rule 541(d)(i) and Rule 541(d)(ii), parties to a trade that is cancelled or price adjusted may mutually agree to a cash adjustment provided that such adjustments are reported to the Board or a designee of the Board and the parties maintain a record of the adjustment.~~

~~(iv) — An executed trade may not be reversed via transfer except where such trade is determined by the Board or a designee of the Board to be outside of the No Bust Range but not reported timely, subject to agreement of the parties and approval of the Board or a designee of the Board. Any such transfer must occur at the original trade price and quantity, however, the parties may mutually agree to a cash adjustment.~~

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### ~~(e) — Liability for Losses Resulting from Price Adjustments or Cancellations.~~

~~(i) — A party entering an order that results in a price adjustment or trade bust shall be responsible for demonstrated claims of realized losses incurred by persons whose trade prices were adjusted or busted; provided, however, that a claimant shall not be entitled to compensation for losses incurred as a result of the claimant's failure to take reasonable actions to mitigate the loss.~~

~~(ii) — A claim for a loss pursuant to this section must be submitted to the Exchange on an Exchange claim form within one business day of the event giving rise to the claim. The Exchange will reject any claim that is not filed in a timely manner and such decisions shall be final. Eligible claims shall be forwarded by the Exchange to the party responsible for the order(s) that resulted in a trade bust or a price adjustment and to the Participant through which the trade was submitted for clearing. Such party shall, within ten business days of receipt of the claim, admit or deny responsibility in whole or in part. Failure to respond to the claim within ten business days shall be considered a denial of liability.~~

~~(iii) — To the extent that liability is admitted, payment shall be made within ten business days. Unless otherwise agreed upon in writing by the parties, failure to make the payment within ten business days shall be considered a denial of liability for purposes of this Rule 541. A copy of any such written agreement must be provided to the Exchange.~~

~~(iv) — To the extent that liability is denied, the party making the claim may submit the claim for arbitration pursuant to Chapter 7 of the Rules. Such claims must be submitted to the Board or a designee of the Board within ten business days of the date the party was issued notification that liability was denied.~~

~~(f) — Schedule of Administrative Fees. When the Board or a designee of the Board busts or price adjusts a trade, the party responsible for entering the order into the Platform that gave rise to the trade bust or price adjustment shall pay an administrative fee to the Exchange in the amount of \$500 for each such occurrence.~~

### ~~(g) — Exchange No Bust Ranges.~~

<b>Contract</b>	<b>No Bust Range</b>
Interest Rate Swap, USD Semi Bond	The price equivalent of one (1) basis point from the determination of fair market value by the Board or a designee of the Board.
Interest Rate Swap, USD MAC (Market Agreed Coupon)	The price equivalent of one (1) point (percent of par) to be equivalent with 1 basis point for USD Semi Bond

~~(h) — Transfer Trades. Positions that result from a trade determined by the Board or a designee of the Board to be outside the No Bust Range that cannot be busted because the trade was not reported within five minutes of the execution of the trade may be transferred between the parties using a transfer trade upon agreement of the parties (a "Transfer Trade"). Such Transfer Trades must comply with the trading requirements in these Rules. The Transfer Trade must use the original trade price and quantity. Any party may, but is not required to, include a cash adjustment to another party to the trade. Trades determined by the Board or a designee of the Board to be inside the No Bust Range may not be reversed using a Transfer Trade.~~

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~~(i) Voluntary Adjustment of Trade Price. When a trade outside of the No Bust Range is busted in accordance with this Rule 541, the parties to the trade may agree voluntarily to reestablish the trade but to adjust its price and make a cash adjustment provided that all of the following conditions are met:~~

~~(i) The Board or a designee of the Board approves the adjustment.~~

~~(ii) The quantity of the position being reestablished is the same as the quantity of the trade that was busted.~~

~~(iii) In the case of a trade below the Market Price, the adjusted price must be the lowest price that traded at or about the time of the trade without being busted. In the case of a trade above the Market Price, the adjusted price must be the highest price that traded at or about the time of the trade without being busted.~~

~~(iv) The parties to the adjusted trade must report it to the Exchange using a Transfer Trade not later than the close of business on the Business Day after the trade occurred.~~

~~(j) Busting Trades After System Malfunction. In the event that the matching engine malfunctions with live Orders in the queue waiting to be matched, such Orders may be matched when the system is restored before the Board or a designee of the Board halts the matching engine. The Board or a designee of the Board is authorized to bust trades resulting from such matches if the price of such trades is outside of the No Bust Range at the time that a confirmation of the trades was sent.~~

~~(k) Trades That Have Not Been Accepted for Clearing. The Exchange's policies and procedures on clearing certainty shall govern resolution of all issues involving trades that have not been accepted for clearing by either the relevant Clearing Firm or Clearing House.~~

### **RULE 542. Block Trades**

(a) The Exchange shall designate the Contracts that are eligible for treatment as a Block Trade and whether the details of a Block Trade may be submitted to the DCM Trading System or, pursuant to the CFTC No-Action Letter [15-6044-118](#), expiring [at 11:59 p.m. on November 15, 2016](#), ~~on December 15, 2015~~, executed on the non-order book functionality of the SEF Trading System using the RFQ Functionality as an RFQ to one.

(b) Each Person that is a party to a Block Trade must be an Eligible Contract Participant.

(c) A Participant or Direct Access Customer shall not execute any order on behalf of its Customer or Client by means of a Block Trade unless such ~~Participant~~ it has received prior written instruction or consent from its Customer or Client to execute Block Trades, on behalf of that Customer or Client. Such instruction or consent may be provided in the power of attorney or similar document by which the Client provides the Participant or Direct Access Customer with discretionary trading authority or the authority to direct the trading in its account. A Participant or Direct Access Customer shall not aggregate the orders of different Clients to satisfy the minimum threshold size unless such Participant or Direct Access Customer is one of the persons for which aggregation is permissible pursuant to CFTC Regulation § 43.6(h).

(d) The price at which a Block Trade is executed must be fair and reasonable in light of (i) the size of the Block Trade, (ii) the prices and sizes of other transactions in the same Contract at the relevant time, (iii) the prices and sizes of transactions in other relevant markets, including the related swap markets,

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at the relevant time, and (iv) the circumstances of the markets or the principal counterparties to the Block Trade.

(e) Participants and Direct Access Customers are not permitted to make a block election on a recurring basis through one-time notification to the Exchange.

(f) Block Trades may only be executed and reported on the same day to the DCM Trading System during Trading Hours of the relevant Contract. Parties to a Block Trade must ensure that its details are reported to and affirmed on the DCM Trading System as soon as technologically practicable after execution but in no event more than 10 minutes after the parties have agreed to the terms of such Block Trade. For the purposes of this Rule, a Block Trade is reported to the Exchange upon: (1) the entry of the trade details of the Block Trade by one party into the DCM Trading System; and (2) an affirmation of the terms of the Block Trade by the other party through the DCM Trading System. The trade details reported to the DCM Trading System must include the execution time, which is the time at which the parties agreed to the terms of the Block Trade prior to entry of the trade details into the DCM Trading System.

(g) Pursuant to CFTC No Action Letter 15-6014-118 expiring on December 15, 2015 at 12:00 a.m. EST, a Block Trade, which is intended to be cleared, may be executed using the non-order book functionality of the SEF Trading System during Trading Hours of the relevant Contract(s). A Block Trade executed using the non-order book functionality of the SEF Trading System is not subject to the minimum participant requirements set forth in Rule 539(b)(ii) and, therefore, may be sent to only one Respondent. Electing to execute a transaction as an RFQ to one, provided the transaction meets the requirements listed in (i) through (v) below, serves as notification to the Exchange that the parties to the Transaction have elected treatment as a Block Trade and as such, the Transaction will be reported to the SDR as such. For the purposes of this Rule, a Block Trade executed on the SEF Trading System must:

(i) involve a swap that is listed by the Exchange on the SEF Trading System;

(ii) be executed pursuant the Exchange's Rules and procedures;

(iii) meet the notional or principal amount at or above the appropriate minimum block size applicable to the swap as indicted in Chapter 10. For Package Transactions, each line item included in the Package Transaction must meet the appropriate minimum block size in order for the Package Transaction to be executed as a Block Trade as an RFQ to one;

(iv) be reported to a SDR pursuant to the Exchange's Rules and procedures and Applicable Law;

(v) have completed the pre-execution credit check pursuant to CFTC Regulation 1.73 at the time the order for the Block Trade is entered on the non-order book functionality of the SEF Trading System;

(vi) be deemed void ab initio if the Block Trade is rejected on the basis of credit.

~~A Block Trade executed using the non-order book functionality of the SEF Trading System is not subject to the minimum participant requirements set forth in Rule 539(b)(ii) and, therefore, may be sent to only one Respondent.~~

(h) Block Trades will not set off conditional orders (e.g., Limit Orders) or otherwise affect orders on the DCM Trading System or SEF Trading System.

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(i) All details of the Block Trade, including actual or notional or principal amount must be reported by the parties to a Block Trade to the Exchange. The Platform will transmit Real-Time Data and Required Swap Creation Data of all Block Trades reported to or executed on the Exchange in accordance with this Rule 542 and Rule 545(a) to the SDR as soon as technologically practicable after their details are submitted to the DCM Trading System pursuant to Rule 542(f) or the SEF Trading System pursuant to Rule 542(g). The SDR will be responsible for delaying the public dissemination of swap transaction and pricing data relating to any Block Trade, and for disseminated of rounded notional or principal amounts in accordance with the timeframe and requirements set forth in Part 43 of the CFTC Regulations and Applicable Law.

(j) All Persons involved in the execution of Block Trades must maintain a record of the transaction as required by Applicable Law.

### **Rule 610. Disciplinary Panels**

(a) Review Panel. The Review Panel shall review completed Investigative Reports in order to determine whether a reasonable basis exists for finding of a violation by the respondent and for authorizing the issuance of a Notice of Charges against such respondent.

(b) Hearing Panel. The Hearing Panel shall conduct hearings in connection with any disciplinary proceedings (except for summary impositions of fines pursuant to Rule 617), to make findings, render decisions, and impose sanctions pursuant to this Chapter 6.

(c) Panel Members. The Board shall appoint individuals at the recommendation of the Chief Compliance Officer or the Chief Regulatory Officer, each to serve for a term of one-year, subject to reappointment by the Board, as potential participants on the Disciplinary Panels. The Chief Compliance Officer or the Chief Regulatory Officer shall recommend at least three individuals who would satisfy the conditions for being deemed a Public Director and at least three individuals who represent the views of the applicable market participants). The term of an individual that has been selected as a member of a Disciplinary Panel will not expire until the related proceedings are completed.

(d) Chairperson. The chairperson of any Review Panel or Hearing Panel shall be a Public Participant.

(e) Disciplinary Panel Selection. The Chief Compliance Officer or the Chief Regulatory Officer shall randomly select a Review Panel and Hearing Panel prior to the commencement of any investigative or disciplinary matter from the potential members of Disciplinary Panels appointed by the Board pursuant to Rule 610(c). Each Disciplinary Panel shall be selected by randomly choosing at least one Public Participant and the remaining individuals from those representing the views of the applicable market participants, with the latter being chosen in a manner that prevents any group or class of industry participants from dominating or exercising disproportionate influence on the Disciplinary Panel being formed.

(f) If an individual selected is an Interested Person or if a member of the Disciplinary Panel later becomes an Interested Person, a replacement for such individual shall be randomly selected by the Chief Compliance Officer or the Chief Regulatory Officer.

(g) Within 10 days of being notified of the appointment of the Disciplinary Panel, a respondent may seek to disqualify any individual named to the Disciplinary Panel for the reasons identified in Rule 215 or for any other reasonable grounds, including that such individual has a financial interest in the matter, by serving written notice on the Chief Compliance Officer or the Chief Regulatory Officer. By not timely filing a request for disqualification, the respondent will be deemed to have waived any objection to the composition

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of a Disciplinary Panel. The general counsel of the Exchange 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.

(h) No person shall serve on a Disciplinary Panel unless such person has agreed in writing that he or she will not publish, divulge, or make known in any manner, any facts or information regarding the business of any person or any other information which may come to his attention in his official capacity as a member of the Disciplinary Panel, except when reporting to the Board or to a committee concerned with such information or to the Exchange Regulation Department, when requested by any Government Agency or Self-Regulatory Organization, or when compelled to testify in any judicial or administrative proceeding.

(i) At least one member of each Disciplinary Panel must be a person who is not a member of the Exchange whenever such Disciplinary Panel is acting with respect to a disciplinary action in which:

(i) The subject of the action is a member of the Exchange's Board or a disciplinary committee of the Board; or

(ii) Any of the charged, alleged or adjudicated violations involve:

(A) Manipulation or attempted manipulation of the price of a commodity, a futures contract or an option on a futures contract, or

(B) Conduct which directly results in financial harm to a non-member of the Exchange.

(j) In the case in which the subject action occurs with respect to activity on the DCM Trading System, that more than 50% of each Disciplinary Panel include persons representing membership interests other than that of the subject of the disciplinary proceeding; and.

(k) That each Disciplinary Panel include sufficient different membership interests so as to ensure fairness and to prevent special treatment or preference for any person in the conduct of the Disciplinary Panel's responsibilities.

(l) All information, records, materials and documents provided to the Disciplinary Panel and all deliberations, testimony, information, records, materials and documents related thereto shall be treated as non-public and confidential and shall not be disclosed, except as necessary to further an Investigation or as required by law.

### **RULE 615. Sanctions**

(a) After notice and opportunity to be heard in accordance with the Rules, the Exchange shall impose sanctions on the respondent if the respondent is found to have violated or to have attempted to violate any Rule or provision of Applicable Law for which the Exchange possesses disciplinary jurisdiction. All sanctions must take into account the respondent's disciplinary history, ~~and~~ shall be commensurate with the violations committed, and shall be sufficient to deter recidivism or similar violations. In the event of demonstrated customer harm, any sanction must also include full customer restitution, except where the amount of restitution, or to whom restitution should be provided, cannot be reasonably determined.

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The Exchange may impose one or more of the following sanctions or remedies:

- (i) a warning letter, provided that no more than one warning letter may be issued to the same Person found to have committed the same rule violation within a rolling twelve month period;
- (ii) censure;
- (iii) termination, suspension or restriction of Trading Privileges, ability to otherwise access the Platform, or the imposition of other limitations on any activity on or through the Exchange;
- (iv) subject to Rule 615(b), a fine;
- (v) restitution;
- (vi) disgorgement; or
- (vii) any other sanction or remedy deemed to be appropriate.

(b) ~~The Exchange may impose a fine of up to \$25,000 for each Rule violation.~~ 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. The Exchange has sole discretion to select the bank on whose quotations to base the prime rate.

### **RULE 617. Summary Imposition of Fines**

(a) The Chief Compliance Officer or the Chief Regulatory Officer may summarily impose a fine against a Subject Person on account of conduct by such Subject Person, any Person, Customer or Client of such Subject Person, or any Person using any Firm ID, User ID or Admin ID assigned to such Subject Person, for failing:

- (i) to make timely payments of original or variation margin, fees, cost, charges or fines to the Exchange or any Clearing House;
- (ii) to make timely and accurate submissions to the Exchange of notices, reports or other information required by the Rules; and
- (iii) to keep any books and records required by the Rules.

(b) The Exchange Regulation Department, acting on behalf of the Chief Compliance Officer or the Chief Regulatory Officer, will give notice of any fine imposed pursuant to this Rule 617 to each Person subject thereto. The notice will specify:

- (i) the violations of the Rules for which the fine is being imposed;
- (ii) the date of the violation for which the fine is being imposed; and
- (iii) the amount of the fine.

Within 20 days of serving the notice of fine, the relevant Person must either pay or cause the payment of the fine or file notice of an appeal pursuant to Rule 616. Unless timely notice of appeal is filed pursuant to Rule 616, the fine will become final upon the expiration of 20 days after the notice of fine is served on the Person.

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(c) The Exchange will set the amount of any fines imposed pursuant to this Rule 617, with ~~the~~ a minimum fine of at least \$1,000 and a maximum fine ~~for each violation~~ not to exceed \$5,000. Summary imposition of fines pursuant to this Rule 617 will not preclude the Exchange from bringing any other action against such Person.

### **RULE 801. Clearing Firms**

(a) To become, and continue to be, a Clearing Firm for Transactions executed on or through the Exchange, Clearing Firm must:

(i) demonstrate to the satisfaction of the Exchange that it meets the requirements of, and is approved for, clearing membership at one or more Clearing House and is authorized pursuant to the applicable Clearing House Rules to clear trades in any or all of the Contracts;

(ii) submit to the Exchange a complete application form in the manner prescribed by the Exchange, including, providing such information and documentation, as may be reasonably requested by the Exchange, and follow the procedures established by the Exchange;

(iii) agree to be subject to the jurisdiction of the Exchange;

(iv) comply with the Rules of the Exchange and Applicable Law;

(v) comply with all applicable Clearing House Rules and act in a manner consistent with such Clearing House Rules;

(vi) fulfill its clearing obligations in accordance with Rule 809;

(vii) assist the Exchange in any investigation into potential violations of the Rules or Applicable Law which occur through or with respect to any Transaction cleared by such Clearing Firm; provided that such assistance must be timely and may include the Clearing Firm being required to produce documents, to answer questions from the Exchange, or to appear in connection with an investigation;

(viii) maintain all required and necessary regulatory approvals or licenses to operate as a Clearing Firm;

(ix) employ practices to monitor and enforce compliance with risk limits for Participants, Sponsored Access Customers, Direct Access Customers, Customers and Clients;

(x) notify the Exchange upon becoming aware of any material changes to the information or documentation provided to the Exchange; and

(xi) for any Clearing Firm organized or located outside of the United States shall enter into a written agreement acceptable to the Exchange appointing a third party as its U.S. agent for service of process for purposes of CFTC Regulation § 15.05, and shall provide the Exchange with a copy of the agreement and any change to such appointment.

(b) A Clearing Firm shall be solely responsible for controlling and monitoring the use of all Admin IDs issued to its Authorized Users by the Exchange. Clearing Firm shall notify the Exchange promptly upon becoming aware of any unauthorized access to the Platform or any unauthorized disclosure or use of any Admin ID assigned to any of its Authorized Users and of any other reason for terminating an Authorized User's access or deactivating an Admin ID. Clearing Firm shall be bound by any actions taken by its Authorized Users (other than any such actions resulting from the fault or negligence of the Exchange), whether or not such actions were taken or authorized by such Clearing Firm.

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(c) A Clearing Firm that seeks to execute Transactions on or through the Exchange for its own account or the account of any Customer or Client must be a Participant.

(d) All Contracts executed on the DCM Trading System must be cleared. All Contracts executed on the SEF Trading System for which a determination has been made by the CFTC pursuant to § 2(h) of the CEA that the clearing requirement applies to such Transaction and for which no clearing exemption may be claimed shall be cleared. Any other Contracts executed on the SEF Trading System may be cleared at the discretion of the parties to such Transaction, provided such Contract is offered for clearing by the relevant Clearing House. All Transactions executed on or through the DCM Trading System or the SEF Trading System and intended to be cleared shall be transmitted for clearing by the Exchange to the relevant Clearing House, as soon as technologically practicable. Transactions that are required to be cleared or voluntarily cleared by the parties shall be cleared through a Clearing House in accordance with applicable Clearing House Rules and in conformity with the Rules specifically provided in this Chapter 8.

(e) The Exchange may share information with any Clearing House that would assist such Clearing House in evaluating and monitoring a Clearing Firm's compliance with these Rules. By becoming a Clearing Firm, a Clearing Firm and its Authorized Users, agents and employees agree to cooperate with the Exchange and each relevant Clearing House in any such monitoring.

(f) Clearing Firms shall have the right to clear Contracts in accordance with all applicable Rules and Clearing House Rules.

(g) A Clearing Firm that is an FCM which has agreed to accept for clearing Transactions that are executed on the DCM Trading System by a Participant, ~~or~~ Sponsored Access Customer or Direct Access Customer ~~trading on the DCM Trading System for~~ (i) its own account, or (ii) on behalf of Customers or Clients, must use the risk controls provided by the Exchange (each a "Credit Check Tool" as described in Rule 801(i) to establish set risk-based limits for the account(s) each such Participant, Sponsored Access Customer, Customer or Client for which it clears Transactions, as applicable. A Clearing Firm shall not be required to use the Exchange's Credit Check Tools ~~risk controls provided by the Exchange~~ to set risk limits on the DCM Trading System if Orders are screened on a pre-trade basis provided by the FCM or through a third-party credit limit screening service that provides pre-trade credit checks for the FCM.

(h) A Clearing Firm that has agreed to accept for clearing Transactions that are executed on the SEF Trading System by a Participant, Sponsored Access Customer or Direct Access Customer: (i) for its own account, or (ii) on behalf of ~~or a~~ Customers or Clients of Participant, as applicable, shall ~~of Participant, as applicable, shall~~ must establish risk-based limits for the account(s) ~~of such Participant or Customer or Client of Participant~~ for which it clears Transactions, as applicable, and use automated means to screen Orders ~~of such Participant or Customer or Client of Participant~~ using such risk-based limits in accordance with Applicable Law. The Exchange shall provide Clearing Firm means to facilitate such screenings via its Credit Check Tools, as described in Rule 801(i).

(i) Credit Check Tools. The Exchange facilitates risk-based controls by offering Clearing Firms the following Credit Check Tools.

(A) Push Tools. Clearing Firms have the option of the Exchange's push tool and one offered through Traiana, a third-party credit limit screening service. Both push tools allow each Clearing Firm to pre-establish or "push" a credit limit to the Exchange, which is decremented throughout a trading day as applicable Transactions are executed. Each Clearing Firm's pre-established credit limits are reset to the last-designated limits at the start of each trading day. Clearing Firms may adjust their pre-set limits intra-day with immediate effect.

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(B) Ping Tools. Upon the submission of an Order, RFQ request or RFQ response, the Exchange contacts or “pings” the Clearing Firm (in the case of the trueEX ping tool) or Traiana (in the case of the Traiana ping tool), to confirm sufficient credit is available. If there is sufficient credit, the submission is accepted; however a Clearing Firm may revoke its approval at any time prior to execution of the Transaction. If there is insufficient credit or the credit check request expires before approved, that submission is canceled. The party submitting the canceled Order, RFQ request or RFQ response may resubmit such submission to the same or different Clearing Firm.

(ii) Credit Check Tools Available on the Platform for Each Execution Method. The following table sets forth each of the Credit Check Tools available on the DCM Trading System and the SEF Trading System. Clearing Firms must use one of the available Credit Check Tools when executing Transactions on the DCM Trading System and may use one of the available Credit Check Tools when executing Transactions on the SEF Trading System.

<u>Credit Check Tool</u>	<u>Exchange Execution Method*</u>			
	<u>DCM Trading System</u>	<u>SEF Trading System</u>		
	<u>Order Book and Block Trades</u>	<u>Order Book</u>	<u>Core RFQ and Block Trades**</u>	<u>PTC</u>
<u>Push Tools</u>	<u>trueEX Push</u> <u>Traiana Push</u>	<u>None</u>	<u>trueEX Push</u>	<u>None</u>
<u>Ping Tools</u>	<u>None</u>	<u>trueEX Ping</u> <u>Traiana Ping</u>	<u>Traiana Ping</u>	<u>trueEX Ping</u> <u>Traiana Ping</u>

\*In instances where the Clearing Firm is also a Participant to the same Transaction and acts as its own Clearing Firm (i.e., self-clearing), the Exchange offers an “auto-approve” option for such Participant’s credit submissions, upon its request.

\*\*Until the expiration of NAL 15-60, Block Trades on the SEF Trading System can be executed using PTC or Core RFQ as an RFQ to 1.

**RULE 1001. Fixed for Floating Interest Rate Swap Contracts**

(e) Swap Leg Conventions .....

(ii) Floating Leg .....

(F) SGD-~~D~~SOR-REUTERS, SGD-SOR-VWAP

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### **RULE 101. Definitions**

“Block Trade” means a “publicly reportable swap transaction”, as that term is defined in CFTC Regulation § 43.2, involving a Contract or Package Transaction that is a swap which:

- (i) is not executed using the order book functionality of either the DCM or SEF Trading System, but is executed pursuant to the rules and procedures of the Exchange, including on the SEF Trading System as provided for in CFTC No-Action Letter 15-60 expiring at 11:59 p.m. EST on November 15, 2016;
- (ii) has a notional or principal amount at or above the minimum threshold applicable to the Contract as set forth in Chapter 10. For Package Transactions, each line item included in the Package Transaction must meet the appropriate minimum block size in order for the Package Transaction to be executed as a Block Trade as an RFQ to one; and
- (iii) is reported to the Exchange pursuant to Rule 542.

“Chief Compliance Officer” or “CCO” means the individual appointed by the Board as the Exchange’s chief compliance officer for the SEF Trading System.

“Chief Regulatory Officer” or “CRO” means the individual appointed by the Board as the Exchange’s chief regulatory officer for the DCM Trading System.

“Control” as used in the context of Rule 539 regarding RFQ for Required Transactions means an account for which a Client has granted trading discretion to another person via power of attorney or other written agreement to effect transactions without their consent.

“Core RFQ” is an application on the SEF Trading System that supports RFQ as a method of execution for certain Contracts and Package Transactions. Such Contracts and Package Transactions are identified in the Schedules to Chapter 10.

“Independent Software Vendor” or “ISV” means a person that provides a Participants or Sponsored Access Customers technology other than that of the Exchange that provides order routing, front-end trading applications, aggregator functionality or a combination thereof. An ISV is not a Participant and does not execute or intermediate Transactions on the Exchange.

“Permitted Transaction” means any transaction involving a Contract that is not a Required Transaction. Each line item of a Package Transaction must not be subject to the trade execution requirement in § 2(h)(8) of the CEA in order for the Package Transaction to be deemed a Permitted Transaction.

“Portfolio Terminations and Compactions” or “PTC” is an application on the SEF Trading System that supports RFQ as a method of execution for certain Contracts and Package Transactions. Such Contracts and Package Transactions are identified in the Schedules to Chapter 10. PTC offers flexibility to execute multiple line items in a single Package Transaction, quoting flexibility, multiple clearable currencies and customization of swap terms.

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“Required Transaction” means any Transaction involving a swap, either as a single Contract or a Package Transaction, that is subject to the trade execution requirement in § 2(h)(8) of the CEA and that is not a Block Trade or an End-User Transaction. A Package Transaction is a Required Transaction if one or more line items is subject to the trade execution requirement in § 2(h)(8) of the CEA.

“SEF Trading System” means the electronic trading system of the SEF established and operated by the Exchange for the purpose of executing Transactions in Contracts listed by the Exchange as identified in Schedules 1001(a), 1001(b), and (c) and 1002 to this Rulebook. The SEF Trading System consists of two different applications, Core RFQ and PTC for the purpose of executing Transactions using RFQ as a method of execution, and has a custom order book available for Required Transactions that are not listed on the DCM Trading System.

“Trading Access” shall mean the ability of (a) a Direct Access Customer to transmit Orders, RFQs and respond to RFQs, and execute Transactions electronically on the Exchange via access to a system provided by a Participant and (b) a Sponsored Access Customer to access the Platform directly by means of the Trading Privileges of a Sponsoring Participant, including the ability to transmit Orders, RFQs and respond to RFQs, and execute Transactions.

“Trading Privilege” means any right granted to a Participant to transmit Orders, RFQs and respond to RFQs, and execute Transactions on or through the Platform.

“Transaction” means any purchase or sale of any Contract or Package Transaction made on the Exchange.

### **Rule 202. Board**

(a) The Board shall manage the day to day business operations of the Exchange. The Board has the power and authority to call for review, and to affirm, modify, suspend or overrule, any and all decisions and actions of standing committees or special committees of the Board or any panel of the Officers related to the day to day business operations of the Exchange.

(b) The Board may act only by the decision of an absolute majority in number of the Directors by vote at a meeting, by unanimous written consent without a meeting, or as otherwise set forth in the Operating Agreement.

(c) At all times, at least 35% of the Directors shall be Public Directors. Each Director (including Public Directors) shall be appointed in accordance with the Operating Agreement, and shall serve until his or her successor is duly appointed, or until his or her earlier resignation or removal, with or without cause.

(d) Each Director is entitled to indemnification pursuant to the Operating Agreement with respect to matters relating to the Exchange.

(e) To qualify as a Public Director, an individual must be found, by action of the Board, to have no Material Relationship with the Exchange. The Board must make such finding upon the nomination or appointment of the Public Director and as often as necessary in light of all circumstances relevant to such Public Director, but in no case less than annually.

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(f) The members of the Board, including the Public Directors, shall be of good repute and, where applicable, have sufficient expertise in financial services and risk management. The Board membership shall fairly and demonstrably represent the diversity of the interests of Participants and Sponsored Access Customers.

(g) Each Director shall satisfy all fitness standards and otherwise meet all the requirements under the CEA and CFTC Regulations for serving as a director of a DCM and SEF.

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

(i) The Board shall review its performance and that of its individual members annually and shall consider periodically using external facilitators for such review.

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

(k) Twenty percent or more of the regular voting members of the Board shall:

(i) be knowledgeable of futures trading or financial regulation or shall be otherwise capable of contributing to governing board deliberations;

(ii) not be Participants or Sponsored Access Customers;

(iii) not be employed by the Exchange;

(iv) not primarily perform services for the Exchange in a capacity other than as a member of the Board; or

(v) not be officers, principals or employees of a firm that is a Participant either in its own name or through an employee on behalf of such firm.

### **RULE 204. Qualifications of Directors, Disciplinary Panel Members, Appeal Panel Members, Committee Members, Owners and Office**

(a) A Director or Officer must meet the qualifications set forth in the Operating Agreement.

(b) An individual may not serve as a Director, or serve on a committee established by the Board, a Disciplinary Panel or an Appeal Panel, if the individual has committed any Serious Disciplinary Offense in the preceding three years.

(c) An individual may not serve as a Director or an Officer, or serve on a committee established by the Board, a Disciplinary Panel or an Appeal Panel, or, directly or indirectly, own greater than 10% of any one class of equity interest in the Exchange if a De-registration Basis exists with respect to such individual.

(d) Any Director, Officer, member of a committee established by the Board, any member of a Disciplinary Panel, or Appeal Panel, any individual nominated to serve in any such role, any individual who, directly or indirectly, owns greater than 10% of any one class of equity interest in the Exchange and any

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individual authorized by the Exchange Regulation Department to take summary action shall immediately notify the Chief Executive Officer if such individual meets one or more applicable criteria in Rule 204(b) or Rule 204(c).

(e) An individual may not serve as a Director, or serve on a committee established by the Board, a Disciplinary Panel or an Appeal Panel, if the individual has entered into a settlement agreement within the prior three years in which any of the findings or, in the absence of such findings, any of the acts charged included a disciplinary offense.

(f) An individual may not serve as a Director, or serve on a committee established by the Board, a Disciplinary Panel or an Appeal Panel, if the individual is currently suspended from trading on any contract market, is suspended or expelled from membership with any self-regulatory organization, is serving any sentence of probation or owes any portion of a fine imposed pursuant to either:

(i) A finding by a self-regulatory organization, an administrative law judge, a court of competent jurisdiction or the CFTC that such individual committed a disciplinary offense; or,

(ii) A settlement agreement in which any of the findings or, in the absence of such findings, any of the acts charged included a disciplinary offense.

(g) An individual may not serve as a Director, or serve on a committee established by the Board, a Disciplinary Panel or an Appeal Panel, if the individual is currently subject to an agreement with the CFTC or any self-regulatory organization not to apply for registration with the CFTC or membership in any self-regulatory organization;

(h) An individual may not serve as a Director, or serve on a committee established by the Board, a Disciplinary Panel or an Appeal Panel, if the individual is currently subject to or has had imposed on him within the prior three years a CFTC registration revocation or suspension in any capacity for any reason, or has been convicted within the prior three years of any of the felonies listed in § 8a(2) of the CEA;

(i) An individual may not serve as a Director, or serve on a committee established by the Board, a Disciplinary Panel or an Appeal Panel, if the individual is currently subject to a denial, suspension or disqualification from serving on the disciplinary committee, arbitration panel or governing board of any self-regulatory organization.

### **RULE 306. ISV ACCESS**

The Exchange does not restrict access to the Platform for any Participant or Sponsored Access Customer seeking access through an ISV. Any ISV that may provide access to the Exchange Platform must satisfy the Exchanges conformance, security and other technological integrity requirements before such access is allowed.

### **RULE 403. Ability to Obtain Information**

(a) The Exchange, acting directly or through authorized representatives, shall have the right, as is necessary to detect and investigate an actual or alleged violation of any Rule by a Participant or Person that is the subject of an investigation by the Exchange, with such prior reasonable advance notice as is practicable under the circumstances, unless otherwise required by Applicable Law, to:

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(i) inspect systems, equipment and software operated by such Participant in connection with any activity on or through the Exchange, wherever located;

(ii) access the systems, equipment, software referenced in (i) above, and the premises on which such systems, equipment, and software are located, any data in connection with any activity on or through the Exchange stored in any of the systems or equipment, during the regular business hours and the Trading Hours of the Exchange; and

(iii) copy or reproduce any data to which the Exchange has access under this Rule.

(b) All Persons subject to the jurisdiction of the Exchange must maintain records pertaining to their activity on the Exchange, including records required by CFTC Regulation 37.404(b). The Exchange Regulation Department may require such Person to provide to the Exchange (periodically or upon request) information that is necessary to perform the enforcement obligations of the Exchange under the Rules or Applicable Law

### **Rule 529. Position Limits and Exemptions**

(a) To reduce the potential threat of market manipulation or congestion, the Exchange shall adopt for each of the Contracts of the facility, as is necessary and appropriate, position limitations for speculators.

(b) Except as otherwise provided by the Exchange Rules, no Person, including a Participant, may hold or control a position in excess of such position limits and a Participant may not maintain a position in excess of such position limits for a Customer or Client if such Participant knows, or with reasonable care should know, that such position will cause such Customer or Client to exceed the applicable position limits.

(c) Position limits shall apply to (i) all positions in accounts for which any Person, by power of attorney or otherwise, directly or indirectly holds positions or controls trading, and (ii) positions held by two or more Persons acting pursuant to an expressed or implied agreement or understanding, as if the positions were held by, or the trading of the positions were done by, a single Person.

(d) Any Person seeking an exemption from the position limits referred to above must file an application with the Exchange. The Exchange shall notify the applicant whether the exemption has been approved and whether the Exchange has imposed any limitations or conditions on the exemption. The decision of the Exchange shall be final.

### **Rule 530. Position Accountability**

(a) To reduce the potential threat of market manipulation or congestion, the Exchange shall adopt for each of the Contracts of the facility, as is necessary and appropriate, position accountability levels for speculators.

(b) For purposes of this Rule, all positions in accounts for which a Person, by power of attorney or otherwise, directly or indirectly controls trading shall be included with the positions held by such Person. The provisions of this Rule shall apply to positions held by two or more Persons acting pursuant to an expressed or implied agreement or understanding, as if the positions were held by a single Person.

**RULE 539. Execution Methods**

(a) Transactions on the DCM Trading System: This Rule 539(a) applies to the DCM Trading System.

(i) Orders to buy or sell any Contract are subject to the minimum trading requirements specified in the relevant Contract rules. All Orders entered by Authorized Traders and Direct Access Traders are firm and executable. For each trade matched on the DCM Trading System (including those matched in TRADEON), the DCM Trading System immediately notifies the Authorized Trader or Direct Access Trader via a message on the trading screen that that the Transaction has been executed. Transaction information is also available in real-time in the trade blotter.

Except as expressly provided for by the Rules, all Orders are matched with each other and executed electronically through the order book of the DCM Trading System in accordance with an algorithm that gives first priority to Orders at the best price and priority among Orders entered at the same price based on the length of time such Order has been resting. All activity that takes place on the order book is anonymous. At no time are the names of the parties disclosed to the counterparties or to the market as a whole. Without limiting the generality of the foregoing, the algorithm to match Orders entered in the order book of the DCM Trading System is based upon the following principles:

(ii) An Order at a better price will always have priority over Orders at inferior prices, except as provided in Rule 539(a)(vii).

(iii) A Limit Order will be executed when entered to the extent that there are resting contra-Orders, with any balance of such Limit Order to remain as a resting Order until such Limit Order is executed or is cancelled. Limit Orders must be entered with a user-defined limit price. All Limit Orders shall be cancelled by the DCM Trading System at the conclusion of Trading Hours on each Business Day.

(iv) “Immediate or Cancel”, in reference to an Order, means that such Order is executed against all resting contra-Orders at the stated price or better, up to the volume designated by the Order. Any residual volume of the Order is cancelled by the DCM Trading System.

(v) Except as provided in Rule 539(a)(vii), as among resting Orders at the same price, the algorithm will identify the resting Order to be matched against by length of time such Order has been resting. Until further notice by the Exchange, any decrease or increase to the size of a resting Order will not affect the priority of such Order.

(vi) An Iceberg Order will not be treated as a resting Order eligible to be matched, except to the extent of its displayable portion. Only the displayed portion of an Iceberg Order shall be visible. When a displayed portion is fully matched, any remaining reserve portion shall be re-divided into a displayed portion and reserve portion. The reserve portion of an Iceberg Order shall not be displayed nor will any indicator be contained in the market data stream to expose its presence.

(vii) TRADEON Sessions: A TRADEON Session will start for a Contract if an Order and a contra-Order are matched for that Contract (a “Matched Session”). Each Matched Session shall, if any Order for the relevant Contract remains unmatched at the end of such session, be followed by a new session (a “Continuing Session” and together with a Matched Session, a “TRADEON Session”). Each TRADEON Session lasts for typically ten seconds. Orders in the Contract subject to a TRADEON Session will only be matched at the “Market Equilibrium Price”, which is the price at which a trade was executed in the Matched Session. In the event that a trade

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executed in the Matched Session is a sweep of the order book in which a trade is executed at multiple prices, the Market Equilibrium Price shall be the worst price from the perspective of the aggressor.

(A) Initial Session: At the start of a Matched Session, a TRADEON window appears on the platform screen, indicating that a TRADEON session has begun. The initial session is a limited time window (typically 10 seconds) during which any participant on the DCM Trading System may submit an order to buy or sell specified sizes of the product at the indicated Market Equilibrium Price. Orders placed during this time window are not visible to the market. Users can submit their Orders beginning immediately at the start of a TRADEON Session and for the duration of the session, and any Orders submitted for a TRADEON Session will be queued in priority order. During an initial TRADEON Session, priorities are as follows:

(I) In a Matched Session, any unfilled portion of the original Orders that initiated the trade is moved into the TRADEON Session, and the original parties may add to their Orders during the session and retain top priority.

(II) Users with resting Orders in the DCM Trading System order book at the Market Equilibrium Price will automatically be moved into the TRADEON Session and have the same priority in the initial session as they do in the order book.

(III) For all other users, any Orders entered during the initial session are lower priority than any of the Orders described in paragraphs (B) and (C) of this Rule 539(a)(vii). Such Orders are prioritized among themselves by the time of submission. For Iceberg Orders, the notional visibility (i.e., the displayed notional amount of an Iceberg Order) has priority over the reserve portion of an Iceberg Order.

(IV) Orders in the initial TRADEON session are matched at the end of the session and based on the priority order set forth above. If both of the original parties to the trade (for trade-initiated TRADEON Session) enter an Order, the Orders will match immediately as they have the highest priority and are guaranteed to match.

(B) Continuing Session: If any Orders remain unmatched at the end of a TRADEON Session and a trade occurred during such TRADEON Session, a Continuing Session will begin. Additional Orders may be submitted at any time during the Continuing Session. During a Continuing Session, Orders are prioritized solely by notional visibility and time. All Orders are matched at the Market Equilibrium Price and are matched immediately if there is a contra Order in the Continuing Session. If, at the end of the Continuing Session, a trade has occurred, and there are unmatched TRADEON Orders remaining, another Continuing Session will begin.

(C) Termination: At the conclusion of a TRADEON Session, if no Continuing Session will follow pursuant to Rule 539(a)(viii) above, the session shall terminate and any Orders that have not matched during such session shall be placed in the order book based on their price.

(D) For the avoidance of doubt, any trade executed in a TRADEON session is not a Block Trade.

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(b) Transactions on the SEF Trading System: This Rule 539(b) applies to the SEF Trading System.

(i) Request for Quote Functionality. The SEF Trading System provides RFQ functionality as a method of execution through two different applications: Core RFQ and PTC. RFQ allows a Requester to send an RFQ to buy or sell a Contract or Package to other Persons specifically selected by the Requester (“Respondents”). The identity of the Requester is disclosed to all Respondents to whom an RFQ is sent. The names of the Respondents are not disclosed to each other; however Respondents know how many other Respondents have received the RFQ. trueEX has no restrictions on who is eligible to be a Requester or Respondent and provides all Participants and Direct Access Customers with equal priority in receiving RFQs and responding to such RFQs. The protocols for executing a Transaction using Core RFQ and List RFQ can be found in Table 539 below.

(A) RFQ for Required Transactions. An RFQ for a Contract or Package Transaction that is a Required Transaction must be sent to no fewer than three Respondents. Respondents that are Affiliates of or Controlled by the Requester shall not be counted toward the three Respondents, and the Respondents that are Affiliates of or Controlled by each other shall be counted only as one.

(B) RFQ for Permitted Transactions. An RFQ for a Contract or Package Transaction that is a Permitted Transaction must be sent to at least one other Participant.

(ii) Order Book. The SEF Trading System shall make an order book available as an execution method for all Required Transactions in accordance with the following.

(A) The Exchange will list for trading certain Required Transactions on the order book of the DCM Trading System as determined by the Exchange in its sole discretion. The order book of the DCM Trading System shall serve as the minimum trading functionality for the SEF Trading System pursuant to CFTC Regulation § 37.3 with respect to those Required Transactions listed by the Exchange on the DCM Trading System, and operates as described in Rule 539(a). Upon submission of an RFQ by a Requesting Participant, the SEF Trading System shall communicate to the Requesting Participant any bid or offer for the relevant Required Transaction which is resting on the order book of the DCM Trading System.

(B) The Exchange shall also offer a customized order book on the SEF Trading System for Required Transactions that are not listed for trading on the order book of the DCM Trading System. The customized order book on the SEF Trading System is a disclosed aggressor model whereby the Persons entering bids and offers for Contracts or Packages on such order book are disclosed, and Orders are matched only if aggressed.

(C) Bids and offers from the DCM Trading System and the SEF Trading System for identical Contracts or Package Transactions that are transmitted via RFQ are displayed to the Requester on the same trading screen where the RFQ is in session. Requesters may execute against the bid or offer, as applicable, communicated to them from the order book of the DCM Trading System or the customized order book of the SEF Trading System, as applicable, by entering the respective order book screen. Alternatively, Requester can attempt to execute by completing the RFQ session.

(D) All Orders entered by Authorized Traders and Direct Access Traders are firm and executable. Trades are executed on the Order Book of the SEF Trading System

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when aggressed. Execution happens instantaneously and Authorized Traders and Direct Access Traders that are parties to the trade are notified of the execution via a message on the trading screen. Transaction information is also available in real-time in “executed trades” quadrant of the trading screen and in the trade blotter.

(c) Execution on the Platform of Required and Permitted Transactions,

(i) Execution of a Required Transaction, other than a Block Trade executed pursuant to Rule 542 or certain Package Transactions specifically identified in 539(c)(iii), shall occur through one of the methods in Rule 539(b)(i)(A) or (ii) above.

(ii) Execution of a Permitted Transaction shall occur through one of the methods in Rule 539(b)(i)(B) or (ii) above, or through any other method of execution permitted by Applicable Law and offered by the Exchange.

(iii) Exceptions for Required Transactions. Package Transactions that are deemed to be Required Transactions because at least one component includes a swap that is subject to the trade execution requirement in §2(h)(8) of the CEA eligible for relief from CFTC Regulation 37.9 under CFTC No-Action Letter 14-137. The swap components of these Package Transactions must be executed on the SEF Trading System but the counterparties may execute the swap components of these Package Transactions through any method of execution offered by the Exchange, provided that such swaps are executed at or before 11:59 pm on the expiration dates below and all other terms of No-Action Letter 14-137 are satisfied:

- (A) A new issue bond (expires February 12, 2016)
- (B) A futures contract (expires November 14, 2015)
- (C) A swap that is not subject to the clearing requirement under §2(h)(1)(A) of the CEA and CFTC Regulation 50.4 (expires February 12, 2016)
- (D) A non-swap instrument (as defined in §1a(47) of the CEA) other than an instrument listed in subsections A or B above, or a U.S. Treasury bond (expires February 12, 2016); or
- (E) A security-based swap (as defined in §1a(42) of the CEA) or a mixed swap (as defined in §1a(47)(D) of the CEA) (expires February 12, 2016).

If a Required Transaction is executed on the SEF Trading System in reliance of the relief granted in No-Action Letter 14-137, both counterparties to the transactions must submit to trueEX, upon request, information to demonstrate that the transaction has met the requirements of No-Action Letter 14-137.

### **Table 539 – PTC and Core RFQ Protocols**

<b>General</b>
<ul style="list-style-type: none"><li>• Transaction on PTC can be from 1 to 400 line items, Core RFQ can be 1 (outright), 2 (switch) or 3 (butterfly) line items</li><li>• Pricing on Package Transactions (2 or more line items) is all or none.</li><li>• Single currency per Transaction (PTC accommodates up to 18 different clearable currencies, Core RFQ USD only).</li><li>• Validation of line items to ensure RFQ is sent to required number of Respondents (including Block Trade size to allow RFQ to 1.</li><li>• Respondent knows how many other Respondents there are but names and their actions are not disclosed to each other, only to Requester</li><li>• There is no requirement for Requester to select best price or wait for all Respondents to provide a price</li></ul>

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<ul style="list-style-type: none"><li>• If a Respondent changes or cancels a price, the original price is no longer actionable by the Requester.</li><li>• Requester can send target level or request to refresh price to all active Respondents in RFQ session.</li></ul>
<b>RFQ Workflow</b>
<ol style="list-style-type: none"><li>1. Requester transmits an RFQ to required number of Respondents.<ul style="list-style-type: none"><li>○ For Core RFQ, the session will automatically be cancelled if execution has not occurred by the earlier of 30 minutes from the time RFQ is sent, or market close.</li><li>○ For PTC, the session will automatically be cancelled if execution has not executed by market close.</li></ul></li><li>2. Respondent(s) receive notification of RFQ and can take the following actions:<ul style="list-style-type: none"><li>○ Pass (Respondent is not interested and will not receive any further updates on that specific RFQ session)</li><li>○ Submit a price to the Requester (and subsequently may update or cancel a price that has already been sent).</li><li>○ All prices sent by the Respondent are subject to Requester's acceptance and final affirmation by Respondent before execution occurs.</li></ul></li><li>3. Requester can take the following actions:<ul style="list-style-type: none"><li>○ Cancel the RFQ session</li><li>○ Ask for prices to be refreshed</li><li>○ Accept one of the Respondent's prices which starts an Affirmation Session<ul style="list-style-type: none"><li>▪ For Core RFQ, the Affirmation Session is 30 seconds long</li><li>▪ For PTC, the Affirmation Session is 60 seconds long</li></ul></li></ul></li><li>4. When an Affirmation Session starts, the selected Respondent can take the following actions:<ul style="list-style-type: none"><li>○ Execute.<ul style="list-style-type: none"><li>▪ For Core RFQ, execution must take place no later than 30 minutes after the initial RFQ was sent by Requester.</li><li>▪ For PTC, execution must take place by market close</li></ul></li><li>○ Update the price that was accepted. RFQ session returns to step 3 for action by Requester (including acceptance of price from other Respondent).</li><li>○ Cancel the price that was accepted</li><li>○ Do nothing. Session expires</li></ul></li><li>5. For PTC, upon execution, package breakdown must occur by Requester or Respondent as agreed by the parties.</li></ol>

### **RULE 541. Trade Errors, Corrections and Cancellations**

#### (a) Authority Over Trade Corrections and Cancellations

(i) The CCO, CRO or Chief Operating Officer of the Exchange is authorized by the Board ("Authorized Person") to approve the cancellation of and/or the correction of Transactions if rejected for clearing by the applicable Clearing House ("Rejected Trades") or if an error is reported to the Exchange after a trade has cleared ("Error Trades"). As provided for in CFTC No-Action Letter 15-24 expiring on June 15, 2016, the Authorized Person may approve the cancellation and/or correction for Rejected Trades and Error Trades for certain clerical or operational errors made by a Participant or Direct Access Customer, or by the Exchange, including Platform malfunction or defects.

(ii) The Exchange must make an affirmative finding that a clerical or operational error of the type described in CFTC No-Action Letter 15-24 occurred in order for the Transaction to be eligible for cancellation and/or correction pursuant to the terms of CFTC No-Action Letter 15-24.

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(iii) Notwithstanding any other provisions of this Rule 541, the Authorized Person may approve the cancellation and/or correction of any Error Trade or elect not to cancel an Error Trade if it determines such action is necessary to mitigate market disrupting events or otherwise has a material, adverse effect on the integrity of the market or the Exchange.

(iv) All decisions of the Authorized Person under this Rule 541 shall be final.

(b) **Rejected Trades.** All Rejected Trades will be void ab initio and will be canceled by the Exchange. However, pursuant to the terms of No-Action Letter 15-24, any Rejected Trade that fails to clear due to certain clerical or operational errors made by a Participant or Direct Access Customer or by the Exchange, including Platform malfunction or defects; or is part a Package Transaction in which individual legs fail to clear for insufficient credit due to the sequencing of the submission of the legs for clearing, is eligible for correction. Rejected Trades may be corrected by executing a pre-arranged trade with the terms and conditions that match the original trade, corrected for the error that caused the rejection (“New Trade”), provided the following conditions are met:

(i) If the Exchange is able to determine how to correct the error, it will do so without obtaining consent from the counterparties.

(ii) If the Exchange is unable to determine how to correct an error, it will seek guidance from the counterparties and implement such guidance with the consent of both counterparties, or elect not to fix the error.

(iii) The New Trade must be executed and submitted for clearing as soon as technologically practicable after receipt of notice of the Rejected Trade, but in any event no later than one hour from receipt of the rejection notice. The Exchange will facilitate the execution of the New Trade on the DCM Trading System to preserve the anonymity of the parties. Execution of the New Trade on the SEF Trading System will be either by the counterparties or the Exchange, as agreed.

(iv) If the New Trade is also rejected for clearing, it is void ab initio and the parties will not be provided a second opportunity to correct the error.

(v) The Exchange will submit to the SDR as soon as technologically practicable upon cancellation of the Rejected Trade a cancellation and termination indicating that the Rejected Trade is void ab initio, and the New Trade as required under Parts 43 and 45 of the CFTC Regulations.

(c) **Error Trades.** Pursuant to CFTC No-Action Letter 15-24, an Error Trade is eligible to be corrected by executing a pre-arranged trade between the original parties to the Error Trade that reverses the Error Trade (“Offset Trade”) and executing a New Trade.

(i) **Error Types.** For the purposes of this Rule, Error Trades consist of three types:

(A) Clerical or operational error (non-economic) caused by one of the counterparties.

(B) Clerical or operational error (economic) caused by one of the counterparties.

(C) Clerical or operational error, including Platform malfunction caused by the Exchange.

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(ii) Cancellation/Correction Eligibility.

(A) An Error Trade that contains a clerical or operational error made by one of the counterparties that does not impact the economic terms of the Transaction, including incorrect account identification or incorrect Clearing Firm, may be corrected by executing an Offset Trade and a New Trade. The Exchange does not require consent of both parties in order to correct the Error Trade.

(B) An Error Trade that contains a clerical or operational error made by one of the counterparties to the Transaction that impacts the economic terms of the Transaction will not be cancelled. For the purposes of this rule, errors that impact the economic terms of the Transaction are deemed to be notional amount, tenor, and price/rate on the DCM Trading System, and all terms that are identified in Chapter 10 of this Rulebook for the applicable Contract on the SEF Trading System. Provided, however, that if the counterparty that is not responsible for the error consents to cancellation of the Error Trade, an Offset Trade may be executed to reverse the transaction. A New Trade with corrected terms may be executed only if mutually agreed by both parties.

(C) A Transaction that is executed as a result of Platform malfunction or any clerical or operational error caused by the Exchange is deemed to be an Error Trade and may be canceled by means of an Offset Trade. If the error has no economic impact and the Exchange is able to determine how to correct the error, the Exchange may correct the error without consent from the counterparties by executing a New Trade. If the error has an economic impact, both counterparties must consent if they wish the Transaction to stand as executed or if they wish to execute a New Trade to correct the error.

Notwithstanding the foregoing provisions of (A), (B), and (C) above, an Error Trade may also be canceled and/or corrected directly by the Clearing House if permitted by the relevant Clearing House.

(iii) Any action to cancel and/or to correct an Error Trade shall be made no later than three business days after the Error Trade was executed.

(iv) The Exchange will submit to the SDR as soon as technologically practicable upon execution the Offset Trade and the New Trade as required under Parts 43 and 45 of the CFTC Regulations.

(d) Notification and Review

(i) Rejected Trades. Immediately upon receipt of notification of rejection directly from the Clearing House, the Exchange will notify both counterparties to the trade immediately upon receipt of the rejection. If eligible for correction and resubmission, the process described in 541(b) above will be followed.

(ii) Error Trades.

(A) Errors due to Platform malfunction or other error caused by the Exchange, the Exchange will notify the counterparties immediately upon the discovery of such error.

(B) DCM Trading System. If an Error Trade is due to an error by one of the counterparties to the Transaction and is related to an error in notional amount, tenor or

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price/rate of a Transaction executed on the DCM Trading System, the Exchange must be notified within 30 minutes of the time of execution. Notification can be made by either of the counterparties or by their respective Clearing Firms.

(C) Any other error discovered by the counterparties must be communicated to the Exchange within a reasonable time after discovery of such error, but in any event must be made timely to allow for cancellation and/or correction of the Error Trade within the three business day timeframe allowed by CFTC No-Action Letter 15-24.

(e) Execution Methods. As provided for in CFTC No-Action Letter 15-24, an Offset Trade or New Trade that that is executed to cancel and/or correct a Rejected Trader or Error Trade, are allowed to be executed without being executed pursuant to the methods set forth in Commission Regulations 37.9(a)(2) and 38.500.

(f) Liability For Cancelled or Corrected Trades

(i) The Exchange shall not be liable for any costs, loss, damage, expense or fees related to Rejected Trades, Offset Trades and New Trades executed pursuant to this Rule 541 that result from errors not caused by the Exchange.

(ii) The Exchange does not require breakage agreements as a condition of trading on its Platform and expressly prohibits all Persons from requiring breakage agreements with other Persons as a condition of trading with each other on the Platform.

### **RULE 542. Block Trades**

(a) The Exchange shall designate the Contracts that are eligible for treatment as a Block Trade and whether the details of a Block Trade may be submitted to the DCM Trading System or, pursuant to the CFTC No-Action Letter 15-60, expiring at 11:59 p.m. on November 15, 2016, executed on the non-order book functionality of the SEF Trading System using the RFQ Functionality as an RFQ to one.

(b) Each Person that is a party to a Block Trade must be an Eligible Contract Participant.

(c) A Participant or Direct Access Customer shall not execute any order on behalf of its Customer or Client by means of a Block Trade unless such it has received prior written instruction or consent from its Customer or Client to execute Block Trades, on behalf of that Customer or Client. Such instruction or consent may be provided in the power of attorney or similar document by which the Client provides the Participant or Direct Access Customer with discretionary trading authority or the authority to direct the trading in its account. A Participant or Direct Access Customer shall not aggregate the orders of different Clients to satisfy the minimum threshold size unless such Participant or Direct Access Customer is one of the persons for which aggregation is permissible pursuant to CFTC Regulation § 43.6(h).

(d) The price at which a Block Trade is executed must be fair and reasonable in light of (i) the size of the Block Trade, (ii) the prices and sizes of other transactions in the same Contract at the relevant time, (iii) the prices and sizes of transactions in other relevant markets, including the related swap markets, at the relevant time, and (iv) the circumstances of the markets or the principal counterparties to the Block Trade.

(e) Participants and Direct Access Customers are not permitted to make a block election on a recurring basis through one-time notification to the Exchange.

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(f) Block Trades may only be executed and reported on the same day to the DCM Trading System during Trading Hours of the relevant Contract. Parties to a Block Trade must ensure that its details are reported to and affirmed on the DCM Trading System as soon as technologically practicable after execution but in no event more than 10 minutes after the parties have agreed to the terms of such Block Trade. For the purposes of this Rule, a Block Trade is reported to the Exchange upon: (1) the entry of the trade details of the Block Trade by one party into the DCM Trading System; and (2) an affirmation of the terms of the Block Trade by the other party through the DCM Trading System. The trade details reported to the DCM Trading System must include the execution time, which is the time at which the parties agreed to the terms of the Block Trade prior to entry of the trade details into the DCM Trading System.

(g) Pursuant to CFTC No Action Letter 15-60, a Block Trade, which is intended to be cleared, may be executed using the non-order book functionality of the SEF Trading System during Trading Hours of the relevant Contract(s). A Block Trade executed using the non-order book functionality of the SEF Trading System is not subject to the minimum participant requirements set forth in Rule 539(b)(ii) and, therefore, may be sent to only one Respondent. Electing to execute a transaction as an RFQ to one, provided the transaction meets the requirements listed in (i) through (v) below, serves as notification to the Exchange that the parties to the Transaction have elected treatment as a Block Trade and as such, the Transaction will be reported to the SDR as such. For the purposes of this Rule, a Block Trade executed on the SEF Trading System must:

- (i) involve a swap that is listed by the Exchange on the SEF Trading System;
- (ii) be executed pursuant the Exchange's Rules and procedures;
- (iii) meet the notional or principal amount at or above the appropriate minimum block size applicable to the swap as indicted in Chapter 10. For Package Transactions, each line item included in the Package Transaction must meet the appropriate minimum block size in order for the Package Transaction to be executed as a Block Trade as an RFQ to one;
- (iv) be reported to a SDR pursuant to the Exchange's Rules and procedures and Applicable Law;
- (v) have completed the pre-execution credit check pursuant to CFTC Regulation 1.73 at the time the order for the Block Trade is entered on the non-order book functionality of the SEF Trading System;
- (vi) be deemed void ab initio if the Block Trade is rejected on the basis of credit.

(h) Block Trades will not set off conditional orders (e.g., Limit Orders) or otherwise affect orders on the DCM Trading System or SEF Trading System.

(i) All details of the Block Trade, including actual or notional or principal amount must be reported by the parties to a Block Trade to the Exchange. The Platform will transmit Real-Time Data and Required Swap Creation Data of all Block Trades reported to or executed on the Exchange in accordance with this Rule 542 and Rule 545(a) to the SDR as soon as technologically practicable after their details are submitted to the DCM Trading System pursuant to Rule 542(f) or the SEF Trading System pursuant to Rule 542(g). The SDR will be responsible for delaying the public dissemination of swap transaction and pricing data relating to any Block Trade, and for disseminated of rounded notional or principal amounts in

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accordance with the timeframe and requirements set forth in Part 43 of the CFTC Regulations and Applicable Law.

(j) All Persons involved in the execution of Block Trades must maintain a record of the transaction as required by Applicable Law.

### **Rule 610. Disciplinary Panels**

(a) **Review Panel.** The Review Panel shall review completed Investigative Reports in order to determine whether a reasonable basis exists for finding of a violation by the respondent and for authorizing the issuance of a Notice of Charges against such respondent.

(b) **Hearing Panel.** The Hearing Panel shall conduct hearings in connection with any disciplinary proceedings (except for summary impositions of fines pursuant to Rule 617), to make findings, render decisions, and impose sanctions pursuant to this Chapter 6.

(c) **Panel Members.** The Board shall appoint individuals at the recommendation of the Chief Compliance Officer or the Chief Regulatory Officer, each to serve for a term of one-year, subject to reappointment by the Board, as potential participants on the Disciplinary Panels. The Chief Compliance Officer or the Chief Regulatory Officer shall recommend at least three individuals who would satisfy the conditions for being deemed a Public Director and at least three individuals who represent the views of the applicable market participants). The term of an individual that has been selected as a member of a Disciplinary Panel will not expire until the related proceedings are completed.

(d) **Chairperson.** The chairperson of any Review Panel or Hearing Panel shall be a Public Participant.

(e) **Disciplinary Panel Selection.** The Chief Compliance Officer or the Chief Regulatory Officer shall randomly select a Review Panel and Hearing Panel prior to the commencement of any investigative or disciplinary matter from the potential members of Disciplinary Panels appointed by the Board pursuant to Rule 610(c). Each Disciplinary Panel shall be selected by randomly choosing at least one Public Participant and the remaining individuals from those representing the views of the applicable market participants, with the latter being chosen in a manner that prevents any group or class of industry participants from dominating or exercising disproportionate influence on the Disciplinary Panel being formed.

(f) If an individual selected is an Interested Person or if a member of the Disciplinary Panel later becomes an Interested Person, a replacement for such individual shall be randomly selected by the Chief Compliance Officer or the Chief Regulatory Officer.

(g) Within 10 days of being notified of the appointment of the Disciplinary Panel, a respondent may seek to disqualify any individual named to the Disciplinary Panel for the reasons identified in Rule 215 or for any other reasonable grounds, including that such individual has a financial interest in the matter, by serving written notice on the Chief Compliance Officer or the Chief Regulatory Officer. By not timely filing a request for disqualification, the respondent will be deemed to have waived any objection to the composition of a Disciplinary Panel. The general counsel of the Exchange 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.

(h) No person shall serve on a Disciplinary Panel unless such person has agreed in writing that he or she will not publish, divulge, or make known in any manner, any facts or information regarding the business of any person or any other information which may come to his attention in his official capacity as a member of the Disciplinary Panel, except when reporting to the Board or to a committee concerned with

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such information or to the Exchange Regulation Department, when requested by any Government Agency or Self-Regulatory Organization, or when compelled to testify in any judicial or administrative proceeding.

(i) At least one member of each Disciplinary Panel must be a person who is not a member of the Exchange whenever such Disciplinary Panel is acting with respect to a disciplinary action in which:

(i) The subject of the action is a member of the Exchange's Board or a disciplinary committee of the Board; or

(ii) Any of the charged, alleged or adjudicated violations involve:

(A) Manipulation or attempted manipulation of the price of a commodity, a futures contract or an option on a futures contract, or

(B) Conduct which directly results in financial harm to a non-member of the Exchange.

(j) In the case in which the subject action occurs with respect to activity on the DCM Trading System, that more than 50% of each Disciplinary Panel include persons representing membership interests other than that of the subject of the disciplinary proceeding; and.

(k) That each Disciplinary Panel include sufficient different membership interests so as to ensure fairness and to prevent special treatment or preference for any person in the conduct of the Disciplinary Panel's responsibilities.

(l) All information, records, materials and documents provided to the Disciplinary Panel and all deliberations, testimony, information, records, materials and documents related thereto shall be treated as non-public and confidential and shall not be disclosed, except as necessary to further an Investigation or as required by law.

### **RULE 615. Sanctions**

(a) After notice and opportunity to be heard in accordance with the Rules, the Exchange shall impose sanctions on the respondent if the respondent is found to have violated or to have attempted to violate any Rule or provision of Applicable Law for which the Exchange possesses disciplinary jurisdiction. All sanctions must take into account the respondent's disciplinary history, shall be commensurate with the violations committed, and shall be sufficient to deter recidivism or similar violations. In the event of demonstrated customer harm, any sanction must also include full customer restitution, except where the amount of restitution, or to whom restitution should be provided, cannot be reasonably determined.

The Exchange may impose one or more of the following sanctions or remedies:

(i) a warning letter, provided that no more than one warning letter may be issued to the same Person found to have committed the same rule violation within a rolling twelve month period;

(ii) censure;

(iii) termination, suspension or restriction of Trading Privileges, ability to otherwise access the Platform, or the imposition of other limitations on any activity on or through the Exchange;

(iv) subject to Rule 615(b), a fine;

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- (v) restitution;
- (vi) disgorgement; or
- (vii) any other sanction or remedy deemed to be appropriate.

(b) 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. The Exchange has sole discretion to select the bank on whose quotations to base the prime rate.

### **RULE 617. Summary Imposition of Fines**

(a) The Chief Compliance Officer or the Chief Regulatory Officer may summarily impose a fine against a Subject Person on account of conduct by such Subject Person, any Person, Customer or Client of such Subject Person, or any Person using any Firm ID, User ID or Admin ID assigned to such Subject Person, for failing:

- (i) to make timely payments of original or variation margin, fees, cost, charges or fines to the Exchange or any Clearing House;
- (ii) to make timely and accurate submissions to the Exchange of notices, reports or other information required by the Rules; and
- (iii) to keep any books and records required by the Rules.

(b) The Exchange Regulation Department, acting on behalf of the Chief Compliance Officer or the Chief Regulatory Officer, will give notice of any fine imposed pursuant to this Rule 617 to each Person subject thereto. The notice will specify:

- (i) the violations of the Rules for which the fine is being imposed;
- (ii) the date of the violation for which the fine is being imposed; and
- (iii) the amount of the fine.

Within 20 days of serving the notice of fine, the relevant Person must either pay or cause the payment of the fine or file notice of an appeal pursuant to Rule 616. Unless timely notice of appeal is filed pursuant to Rule 616, the fine will become final upon the expiration of 20 days after the notice of fine is served on the Person.

(c) The Exchange will set the amount of any fines imposed pursuant to this Rule 617, with a minimum fine of at least \$1,000 and a maximum fine not to exceed \$5,000. Summary imposition of fines pursuant to this Rule 617 will not preclude the Exchange from bringing any other action against such Person.

### **RULE 801. Clearing Firms**

(a) To become, and continue to be, a Clearing Firm for Transactions executed on or through the Exchange, Clearing Firm must:

- (i) demonstrate to the satisfaction of the Exchange that it meets the requirements of, and is approved for, clearing membership at one or more Clearing House and is authorized pursuant to the applicable Clearing House Rules to clear trades in any or all of the Contracts;

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(ii) submit to the Exchange a complete application form in the manner prescribed by the Exchange, including, providing such information and documentation, as may be reasonably requested by the Exchange, and follow the procedures established by the Exchange;

(iii) agree to be subject to the jurisdiction of the Exchange;

(iv) comply with the Rules of the Exchange and Applicable Law;

(v) comply with all applicable Clearing House Rules and act in a manner consistent with such Clearing House Rules;

(vi) fulfill its clearing obligations in accordance with Rule 809;

(vii) assist the Exchange in any investigation into potential violations of the Rules or Applicable Law which occur through or with respect to any Transaction cleared by such Clearing Firm; provided that such assistance must be timely and may include the Clearing Firm being required to produce documents, to answer questions from the Exchange, or to appear in connection with an investigation;

(viii) maintain all required and necessary regulatory approvals or licenses to operate as a Clearing Firm;

(ix) employ practices to monitor and enforce compliance with risk limits for Participants, Sponsored Access Customers, Direct Access Customers, Customers and Clients;

(x) notify the Exchange upon becoming aware of any material changes to the information or documentation provided to the Exchange; and

(xi) for any Clearing Firm organized or located outside of the United States shall enter into a written agreement acceptable to the Exchange appointing a third party as its U.S. agent for service of process for purposes of CFTC Regulation § 15.05, and shall provide the Exchange with a copy of the agreement and any change to such appointment.

(b) A Clearing Firm shall be solely responsible for controlling and monitoring the use of all Admin IDs issued to its Authorized Users by the Exchange. Clearing Firm shall notify the Exchange promptly upon becoming aware of any unauthorized access to the Platform or any unauthorized disclosure or use of any Admin ID assigned to any of its Authorized Users and of any other reason for terminating an Authorized User's access or deactivating an Admin ID. Clearing Firm shall be bound by any actions taken by its Authorized Users (other than any such actions resulting from the fault or negligence of the Exchange), whether or not such actions were taken or authorized by such Clearing Firm.

(c) A Clearing Firm that seeks to execute Transactions on or through the Exchange for its own account or the account of any Customer or Client must be a Participant.

(d) All Contracts executed on the DCM Trading System must be cleared. All Contracts executed on the SEF Trading System for which a determination has been made by the CFTC pursuant to § 2(h) of the CEA that the clearing requirement applies to such Transaction and for which no clearing exemption may be claimed shall be cleared. Any other Contracts executed on the SEF Trading System may be cleared at the discretion of the parties to such Transaction, provided such Contract is offered for clearing by the relevant Clearing House. All Transactions executed on or through the DCM Trading System or the SEF Trading System and intended to be cleared shall be transmitted for clearing by the Exchange to the relevant Clearing House, as soon as technologically practicable. Transactions that are required to be cleared

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or voluntarily cleared by the parties shall be cleared through a Clearing House in accordance with applicable Clearing House Rules and in conformity with the Rules specifically provided in this Chapter 8.

(e) The Exchange may share information with any Clearing House that would assist such Clearing House in evaluating and monitoring a Clearing Firm's compliance with these Rules. By becoming a Clearing Firm, a Clearing Firm and its Authorized Users, agents and employees agree to cooperate with the Exchange and each relevant Clearing House in any such monitoring.

(f) Clearing Firms shall have the right to clear Contracts in accordance with all applicable Rules and Clearing House Rules.

(g) A Clearing Firm that is an FCM which has agreed to accept for clearing Transactions that are executed on the DCM Trading System by a Participant, Sponsored Access Customer or Direct Access Customer (i) its own account, or (ii) on behalf of Customers or Clients, must use the risk controls provided by the Exchange (each a "Credit Check Tool" as described in Rule 801(i) to establish risk-based limits for the account(s) for which it clears Transactions. A Clearing Firm shall not be required to use the Exchange's Credit Check Tools to set risk limits on the DCM Trading System if Orders are screened on a pre-trade basis provided by the FCM or through a third-party credit limit screening service that provides pre-trade credit checks for the FCM.

(h) A Clearing Firm that has agreed to accept for clearing Transactions that are executed on the SEF Trading System by a Participant, Sponsored Access Customer or Direct Access Customer: (i) for its own account, or (ii) on behalf of Customers or Clients must establish risk-based limits for the account(s) for which it clears Transactions, as applicable, and use automated means to screen Orders using such risk-based limits in accordance with Applicable Law. The Exchange shall provide Clearing Firm means to facilitate such screenings via its Credit Check Tools, as described in Rule 801(i).

(i) Credit Check Tools. The Exchange facilitates risk-based controls by offering Clearing Firms the following Credit Check Tools.

(A) Push Tools. Clearing Firms have the option of the Exchange's push tool and one offered through Traiana, a third-party credit limit screening service. Both push tools allow each Clearing Firm to pre-establish or "push" a credit limit to the Exchange, which is decremented throughout a trading day as applicable Transactions are executed. Each Clearing Firm's pre-established credit limits are reset to the last-designated limits at the start of each trading day. Clearing Firms may adjust their pre-set limits intra-day with immediate effect.

(B) Ping Tools. Upon the submission of an Order, RFQ request or RFQ response, the Exchange contacts or "pings" the Clearing Firm (in the case of the trueEX ping tool) or Traiana (in the case of the Traiana ping tool), to confirm sufficient credit is available. If there is sufficient credit, the submission is accepted; however a Clearing Firm may revoke its approval at any time prior to execution of the Transaction. If there is insufficient credit or the credit check request expires before approved, that submission is canceled. The party submitting the canceled Order, RFQ request or RFQ response may resubmit such submission to the same or different Clearing Firm.

(ii) Credit Check Tools Available on the Platform for Each Execution Method. The following table sets forth each of the Credit Check Tools available on the DCM Trading System and the SEF Trading System. Clearing Firms must use one of the available Credit Check Tools

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when executing Transactions on the DCM Trading System and may use one of the available Credit Check Tools when executing Transactions on the SEF Trading System.

		<i>Exchange Execution Method*</i>			
		<i>DCM Trading System</i>	<i>SEF Trading System</i>		
		<b>Order Book and Block Trades</b>	<b>Order Book</b>	<b>Core RFQ and Block Trades**</b>	<b>PTC</b>
<i>Credit Check Tool</i>					
<b>Push Tools</b>	trueEX Push Traiana Push	None	trueEX Push	None	None
<b>Ping Tools</b>	None	trueEX Ping Traiana Ping	Traiana Ping	trueEX Ping Traiana Ping	None

\*In instances where the Clearing Firm is also a Participant to the same Transaction and acts as its own Clearing Firm (i.e., self-clearing), the Exchange offers an “auto-approve” option for such Participant’s credit submissions, upon its request.

\*\*Until the expiration of NAL 15-60, Block Trades on the SEF Trading System can be executed using PTC or Core RFQ as an RFQ to 1.

**RULE 1001. Fixed for Floating Interest Rate Swap Contracts**

(e) Swap Leg Conventions .....

(ii) Floating Leg .....

(F) SGD-SOR-REUTERS, SGD-SOR-VWAP