

TeraExchange, LLC

Swap Execution Facility Rulebook

Version 1.17

BY BECOMING A PARTICIPANT, OR BY ACCESSING TERAEXCHANGE IN ANY WAY, AND WITHOUT ANY NEED FOR ANY FURTHER ACTION, UNDERTAKING OR AGREEMENT, A PERSON AGREES (I) TO BE BOUND BY AND COMPLY WITH TERA RULES AND OBLIGATIONS, AND INSTRUMENT SPECIFICATIONS, IN EACH CASE TO THE EXTENT APPLICABLE TO IT, AND APPLICABLE LAW, (II) TO BECOME SUBJECT TO THE JURISDICTION OF TERAEXCHANGE WITH RESPECT TO ANY AND ALL MATTERS ARISING FROM, RELATED TO, OR IN CONNECTION WITH, THE STATUS, ACTIONS, OR OMISSIONS OF SUCH PERSON RELATED TO TERA RULES, AND (III) TO ASSIST TERAEXCHANGE IN COMPLYING WITH ITS LEGAL AND REGULATORY OBLIGATIONS, (IV) TO COOPERATE WITH TERAEXCHANGE AND THE CFTC IN ANY INQUIRY, INVESTIGATION, AUDIT, EXAMINATION OR PROCEEDING, AND (V) TO AUTHORIZE TERAEXCHANGE TO PROVIDE INFORMATION REGARDING IT TO THE CFTC OR ANY SELF-REGULATORY ORGANIZATION.

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CHAPTER 1 DEFINITIONS AND RULES OF CONSTRUCTION

Rule 101 Definitions

When used in the Tera Rules the following terms shall have the respective meanings as follows:

“Account” means, with respect to each Participant, any account established and maintained on Tera by such Participant or by or on behalf of an Account Holder through which Participant will trade Instruments.

“Account Holder” means the beneficial owner of an Account who uses a Participant as agent to transact on Tera, and shall include the meaning of ‘Customer’ as defined below and in CFTC Rule 1.3(k) as well as all other Persons who are counterparties to swaps executed on TeraExchange. For the avoidance of doubt, an Account Holder is not a Participant on Tera.

“Account Series Designation” means an identifier assigned by a Participant to a group of accounts, which facilitates their treatment as one account for purposes of a Bunched Order.

“Affected Person” means a SEF applicant whose participant application is declined or is conditioned or a Person whose status as a Participant is terminated as set forth in Rule 303(e).

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

“Appeals Panel” means a panel appointed by the Chief Compliance Officer pursuant to Rule 820.

“Applicable Law” means, with respect to any Person, any statute, law, regulation, rule or ordinance of any governmental or self-regulatory authority applicable to such Person, including the CEA and CFTC Regulations.

“Authorized Representative” means any Person who is authorized by a Participant to represent the Participant in SEF matters pursuant to Rule 306.

“Authorized Trader” means any natural person who is appointed, employed or authorized by a Participant to place Orders on Tera and is assigned a valid Trader ID.

“Block Trade” means a publicly reportable swap transaction that:

- (1) Involves a swap that is listed on TeraExchange;
- (2) Occurs away from the TeraExchange platform and is executed pursuant to the Tera Rules and procedures;

- (3) Has a notional or principal amount at or above the appropriate minimum block size applicable to such swap; and
- (4) Is reported subject to the Tera Rules and procedures and Commission Rule 43, including the appropriate time delay requirements of Commission Rule 43.5 and Tera Rule 704.

“Board” means the Board of Directors of Tera constituted from time to time in accordance with the Operating Agreement.

“Bunched Orders” means a single Order placed pursuant to Rule 511.

“Business Day” means the twenty-four-hour day, on all days except Saturdays, Sundays and legal holidays.

“By-Laws” means, with respect to any Person that is not an individual, the By-Laws or Operating Agreement of such Person, and, if no other Person is specified, the By-Laws or Operating Agreement of Tera.

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

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

“CFTC Regulations” means the rules and regulations promulgated by the CFTC, as amended.

“Chief Compliance Officer” means the individual appointed by the Board as Tera’s chief compliance officer in accordance with the Operating Agreement, with the duties and responsibilities as may be prescribed by the Board from time to time as set forth in Rule 207.

“Clearable Instrument” means an Instrument that is subject to the mandatory clearing requirement of Section 2(h)(1)(A) of the CEA or any Instrument that is accepted by a Derivatives Clearing Organization for clearing and which Participants have elected to submit for clearing.

“Clearing Firm” means a member or participant of a Clearing House that is authorized by the Clearing House to clear trades in any or all Instruments for a Participant. For the avoidance of doubt, a Clearing Firm need not be a Participant on Tera.

“Clearing House” means a CFTC-registered Derivatives Clearing Organization or a derivatives clearing organization that the CFTC has determined is exempt from registration.

“Clearing House Rules” means the Certificate of Incorporation, the By-Laws and any rule, interpretation, stated policy, or Instrument Specification corresponding to any of the

foregoing, in each case as adopted or amended from time to time by the Clearing House relating to any or all Instruments.

“Closing Period” means the period defined by Tera as such in a Notice to Participants.

“Compliance Department” means all SEF Officials, agents, and service providers of Tera that assist Tera with the implementation, surveillance and enforcement of the Tera Rules and other Obligations.

“Control” means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of securities, by Instrument, or otherwise. The terms “controlling” or “controlled” shall have meanings correlative to the foregoing.

“CTI Code” means a Customer Type Indicator Code as described in Rule 702.

“Customer”, as defined in CFTC Rule 1.3(k), means any Person who uses a futures commission merchant, introducing broker, commodity trading advisor, or commodity pool operator as an agent in connection with trading on TeraExchange.

“Derivatives Clearing Organization” or “DCO” has the meaning attributed to such term by Section 1a(15) of the CEA.

“Designated Contract Market” or “DCM” means a board of trade designated as a contract market by the CFTC which is in compliance with the rules of the Commission and the core principles specified in Section 5 of the CEA.

“Director” means any member of the Board.

“Disciplinary Panel” means one or more Review Panels and one or more Hearing Panels collectively which are responsible for conducting hearings, rendering decisions and imposing sanctions with respect to disciplinary matters.

“ECP” means an eligible contract participant as defined in section 1a(18) of the CEA.

“Eligibility Criteria” means the criteria set forth in Rule 301(a).

“Emergency” has the meaning set forth in CFTC Regulation 40.1(h).

“Emergency Rules” has the meaning set forth in Rule 210(a).

“End of Trading” means such time as Tera may prescribe in a Notice to Participants or other Writing. The End of Trading is the time as of which such actions as are specified in the Tera Rules or the relevant Instrument Specifications as taking place at the end of a Business Day, will occur.

“Exchange User License Agreement” or “EULA” means the agreement executed by Participant and Tera that governs Participant’s access to and use of Tera.

“Executing Firm” means any entity that is a Participant trading on Tera for its own account or on behalf of an Account Holder or Customer. An Executing Firm shall include, but not be limited to Persons registered as an Introducing Broker by the CFTC.

“Financial Entity” has the meaning set forth in CEA Section 2(h)(7)(C).

“Floor Broker” means a Participant of the type described in Rule 313.

“Floor Trader” means a Participant of the type described in Rule 313.

“Foreign Exchange Cash Settled Forward” or **“FX CSF”** means a contract in which two counterparties agree on a currency pair exchange rate for a given notional amount on a date in the future.

“Foreign Exchange Non-Deliverable Forward” or **“FX NDF”** means a FX CSF in which one of the currencies in the currency pair cannot legally be delivered.

“Futures Commission Merchant” or **“FCM”** has the meaning set forth in Section 1a(28) of the CEA.

“Governmental Agency” means any governmental entity, body or agency of any government (including the United States, or a foreign government).

“Hearing Panel” means a panel responsible for adjudicating disciplinary cases pursuant to a Notice of Charges authorized by a Review Panel.

“Independent Software Vendor” or **“ISV”** means a Person that makes available to Participants and Authorized Traders a system or platform offering smart order routing, aggregation services or other front-end applications but which does not provide the ability to effect transactions on such system or platform.

“Instrument” or **“Tera Instrument”** means any instrument that is a swap as defined in Section 1a(47) of the CEA, and any other financial contract or instrument, which is listed for trading on Tera or subject to the Tera Rules and not readily susceptible to manipulation in compliance with CFTC Regulation 37.300.

“Instrument Specification” means, with respect to any Instrument, the rules or other trading protocols containing specifications for such Instrument, as adopted, amended, supplemented or otherwise modified from time to time by Tera.

“Interest Rate Swap” means an Instrument in which two parties agree to exchange payments on a periodic basis based on interest rate calculations.

“Interested Person” has the meaning attributed to such term in Rule 208(a).

“Introducing Broker” means persons within the meaning set forth in Section 1a(31) of the CEA and within the definition of ‘foreign broker’ set forth in 17 C.F.R. 1.3(xx).

“**ISDA**” means the International Swaps Derivatives Association, Inc.

“**Legal Entity Identifier**” has the meaning set forth in Part 45 of the CFTC Regulations.

“**Limit Order**” means an Order in which the Participant specifies a minimum sale price or maximum purchase price.

“**Major Swap Participant**” has the meaning set forth in Section 1a(33) of the CEA.

“**Market Maker**” means a Participant of the type described in Rule 313.

“**Market Order**” means an Order to buy or sell an Instrument at whatever price is obtainable at the time it is entered in Tera.

“**Member**”, as defined in CEA Section 1(a)(34), means any Person having trading privileges on TeraExchange.

“**No-Bust Range**” means the price of an Instrument that is in the range specified by Tera from time to time in a Notice to Participants, as described in Rule 515(c).

“**Notice of Charges**” means a notice sent by the Compliance Department pursuant to Rule 807

“**Notice to Participants**” means a communication sent by or on behalf of Tera to all Participants as described in Rule 308.

“**Obligation**” means each Tera Rule, order or procedure issued by Tera, including any Notice to Participants, and any other requirement implemented by Tera under the Tera Rules or pursuant to the EULA.

“**Officer**” has the meaning attributed to such term in Rule 206.

“**Operating Agreement**” means the Limited Liability Company Agreement of Tera.

“**Order**” means the entry of a proposed Trade into the Order Book, or a response to a Request for Quote.

“**Order Book**” means, in accordance with CFTC Regulation 37.3(a)(3), the trading system or platform operated by Tera in which all market participants have the ability to enter multiple bids and offers, observe or receive bids and offers entered by other market participants, and transact on such bids and offers.

“**Participant**” means any Person that has been granted access to TeraExchange and maintains Trading Privileges under its Rules and shall include the meaning of “Member” as defined above and under the CEA. A reference to Participant includes any Person who is either employed by or is an agent of such Participant (including but not limited to an Authorized Trader or Supervised Person) or any Person who accesses or utilizes TeraExchange pursuant to a Trader ID linked to a Participant. For the avoidance of doubt

and subject to Applicable Law, a Participant may act on behalf of itself in its own Account or on behalf of an Account Holder or Customer pursuant to a written delegation of trading authority. An ISV cannot be a Participant.

“Participant Documentation” means such application forms and agreements including without limitation the EULA (together with any applicable schedules, exhibits or appendices thereto required by Tera) in form and substance acceptable to Tera, that are required to be executed and delivered to Tera before a Person may access Tera.

“Participant ID” means a unique identifier assigned to a Participant by Tera for access to Tera.

“Permitted Transaction” means any transaction involving an Instrument that is not a Required Transaction.

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

“President” means the President of TeraExchange, or one duly authorized to act with the authority of the President.

“Proprietary Account” has the meaning ascribed to it by CFTC Regulation 1.3(y).

“Proprietary Data” means, with respect to any Person, any information that separately discloses business transactions, market positions, or trade secrets of such Person.

“Public Director” means a Person that meets the qualifications described in Rule 205(h).

“Records” shall have the meaning set forth in Rule 701(a).

“Reference Price” means a floating price series (including derivatives contract prices and cash market prices or price indices) used by the parties to a swap or swaption to determine payments made, exchanged or accrued under the terms of a swap contract.

“Regulatory Oversight Committee” means the committee of the Board constituted in accordance with Rule 202.

“Reporting Counterparty” means the Participant that is designated as such pursuant to Rule 704. The general hierarchy for determining the Reporting Counterparty is set forth as:

- If one party is a Swap Dealer, the Swap Dealer is the Reporting Counterparty.
- If both parties are a Swap Dealer, the selling Swap Dealer is the Reporting Counterparty.
- If one party is a Major Swap Participant, the Major Swap Participant is the Reporting Counterparty.

- If both parties are a Major Swap Participant, the selling Major Swap Participant is the Reporting Counterparty.
- If neither party is a Swap Dealer or Major Swap Participant and only one party is a financial entity (as defined in CEA Section 2(h)(7)(C)), the financial entity is the Reporting Counterparty.
- If neither party is a Swap Dealer, Major Swap Participant nor a financial entity and one party is a US Person, the US Person will be the Reporting Counterparty.
- If neither party is a Swap Dealer, Major Swap Participant, a financial entity nor a US Person, the parties will agree which party will be the Reporting Counterparty.

“Request for Quote” or **“RFQ”** means an electronic or voice message disseminated on or by Tera for the purposes of soliciting bids or offers for a specific Swap pursuant to Rule 532.

“Required Swap Creation Data” means all primary economic terms data for a swap in the swap asset class in question, and all confirmation data for the swap, as defined in CFTC Regulation 45 and detailed Appendix 1 to Part 45.

“Required Transaction” means any transaction involving an Instrument that is subject to the trade execution requirement of Section 2(h)(8) of the CEA.

“Review Panel” means a panel responsible for determining whether a reasonable basis exists for finding a violation of Tera Rules, and for authorizing the issuance of notices of chargers against persons alleged to have committed violations if the Review Panel believes that the matter should be adjudicated.

“Rules” means, with respect to any Person, the rules of such Person and the interpretations, resolutions, orders, directives and procedures of the Person thereunder as in effect from time to time, and if no other Person is specified, means the Rules of Tera and the interpretations, resolutions, orders and directives and procedures of Tera thereunder as in effect from time to time.

“SDR” means a Swap Data Repository, as defined in Section 1 a(48) of the CEA.

“SEC” means the U.S. Securities and Exchange Commission.

“Self-Regulatory Organization” shall, unless otherwise provided, have the meaning attributed to such term in CFTC Regulation 1.33(ee) and, in addition, shall include a Derivatives Clearing Organization, and a registered futures association. Tera is a self-regulatory organization.

“SEF” means a Swap Execution Facility as defined in Section 1a(50) of the CEA.

“SEF Action” and **“SEF Actions”** have the meanings attributed to such terms in Rule 208(a).

“SEF Activity” means business for which a Participant is subject to the Tera Rules, which is purportedly conducted subject to the Tera Rules, or which should have been conducted subject to the Tera Rules.

“SEF Official” means any Director or Officer of, or individual employed directly by, Tera, a regulatory services provider or any individual rendering similar services to Tera under an administrative or similar agreement.

“SEF Proceeding” has the meaning attributed to such term in Rule 208(a).

“Supervised Persons” means any directors, officers, employees or agents (including any Authorized Traders) of any Participant.

“Swap Dealer” has the meaning set forth in Section 1a(49) of the CEA.

“TeraExchange” or **“Tera”** means TeraExchange, LLC, a Delaware limited liability company.

“Trade” or **“Transaction”** means the execution of any Order made on Tera or subject to Tera Rules.

“Trader ID” means a unique identifier issued to each Authorized Trader which enables Tera to identify the individual entering Orders into the Order Book.

“Trading Hours” means, for any Business Day, the hours during which Orders may be placed on TeraExchange, as shall be published by Tera in a Notice to Participants from time to time.

“Trading Privileges” means the rights granted to a Participant to transmit Orders and/or otherwise effect Transactions whether directly or indirectly, including through an ISV, on or pursuant to the Rules of Tera, either on its own behalf or as an Executing Firm on behalf of an Account Holder or Customer.

“TeraCheck” means the pre-trade credit checking facility maintained by Tera and utilized by Participants pursuant to Rule 405.

“Tera System” means the electronic trading facility and related operations platform, including but not limited to, voice assistance, for the trading of Tera Instruments.

“Unique Product Identifier” means the unique product identifier and product classification system determined by the CFTC under CFTC Regulation 45.7 for identifying each swap subject to CFTC jurisdiction in all recordkeeping and swap data reporting.

“Unique Swap Identifier” shall have the meaning ascribed to it by CFTC Regulation 45.5, or any successor regulation thereto.

“Written” or **“Writing”** means any mode of representing or reproducing words or data in a visible form, including via electronic transmissions.

Rule 102 Rules of Construction

The following rules of construction shall apply to the Tera Rules:

- (a) The headings in the Tera Rules are for convenience only and do not affect the construction of the Tera Rules;
- (b) All references to time in the Tera Rules are to Wall Township, New Jersey, except where expressly provided otherwise;
- (c) In the Tera Rules, words denoting a singular number include the plural number where the context permits and vice versa;
- (d) Where the context permits or requires, any pronoun shall include the corresponding masculine, feminine and neuter forms; and
- (e) References in the Tera Rules to statutory provisions include those provisions as amended, and any rules or regulations promulgated thereunder.

CHAPTER 2 SEF GOVERNANCE

Rule 201 Board

- (a) The Board shall manage the business and affairs of Tera in accordance with the Operating Agreement. 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.
- (b) The Board may act only by the decision of an absolute majority in number of the members of the Board, either by vote at a meeting or by written consent without a meeting.
- (c) Each Director shall be appointed in accordance with the Operating Agreement and the procedures included therein 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) The members of the Board shall be of sufficiently good repute and, where applicable, have sufficient expertise in financial services.
- (e) At all times, at least 25% of Directors, and no fewer than two, shall be Public Directors meeting the criteria of Rule 205(h) below.
- (f) Within thirty days following the election of Directors to the Board Tera shall file with the CFTC a current list of its governing Board members, the membership interests they represent, and a description of how their

qualifications meet the requirements of regulation 1.64(b), including the fair representation of the diversity of membership interests at TeraExchange.

Rule 202 Regulatory Oversight Committee

- (a) The Regulatory Oversight Committee of the Board shall consist of two Public Directors appointed by the Board. Each member of the Regulatory Oversight Committee shall serve until the due appointment of his or her successor, or until his or her earlier resignation or removal, with or without cause, as a member of the Regulatory Oversight Committee or as a Director. A member of the Regulatory Oversight Committee may serve for multiple terms. The Regulatory Oversight Committee shall report to the Board
- (b) The Regulatory Oversight Committee shall oversee Tera's regulatory program on behalf of the Board. It shall make such recommendations to the Board as will, in its judgment, best promote the interests of Tera. The Regulatory Oversight Committee shall also have such other powers and perform such other duties as set forth in the Tera Rules, the Operating Agreement and as the Board may delegate to it from time to time.
- (c) Without limiting the generality of the foregoing, the Regulatory Oversight Committee shall have authority to:
 - (i) Monitor the compliance program of Tera for sufficiency and effectiveness;
 - (ii) Oversee all facets of the compliance program, including trade practice and market surveillance, audits, examinations conducted by third parties, and other regulatory responsibilities with respect to Participants, (including ensuring compliance with any financial integrity, financial reporting, sales practice, recordkeeping and other requirements);
 - (iii) Review the size and allocation of the regulatory budget and resources and the number, hiring and termination, and compensation of compliance personnel;
 - (iv) Recommend changes that would ensure fair, vigorous, and effective compliance; and
 - (v) Review compliance proposals and advise the Board as to whether and how such changes may impact compliance.
- (d) The Regulatory Oversight Committee shall oversee the regulatory program of Tera on behalf of the Board. The Board shall delegate sufficient authority, dedicate sufficient resources, and allow sufficient time for the Regulatory Oversight Committee to fulfill its mandate.

Rule 203 Additional Committees and Panels

- (a) The Board may create such additional standing committees of the Board as it may from time to time deem necessary or advisable.
- (b) In addition to the standing committees, the Board may from time to time constitute and appoint, by rule or resolution, special committees of the Board and designate their composition, responsibilities and powers.
- (c) Tera may create additional committees of Tera, or panels, for such purposes as may from time to time be necessary or advisable. Members of each such committee may be members of the Board, Supervised Persons of Participants or such other individuals as may be qualified to serve on such committee.

Rule 204 Power of the Board to Review Decisions

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.

Rule 205 Eligibility of Directors

- (a) A Director must meet the qualifications set forth from time to time in the Operating Agreement.
- (b) An individual may not serve as a Director or serve on any oversight, disciplinary or arbitration committee established by the Board or a Disciplinary Panel or an Appeals Panel if the individual:
 - (i) Within the prior three (3) years has been found, by a final decision in any action or proceeding brought in a court of competent jurisdiction, the CFTC or any Self-Regulatory Organization, to have committed a disciplinary offense;
 - (ii) Within the prior three (3) years has entered into a settlement agreement in which any of the findings or, in the absence of such findings, any of the acts charged, included a disciplinary offense;
 - (iii) Has been suspended or expelled from membership in a Self-Regulatory Organization, is serving any sentence or probation, or owes any portion of a fine or penalty related to either:
 - (1) A finding of a disciplinary offense by a final decision in any action or proceeding brought in a court of competent jurisdiction, the CFTC, or any Self-Regulatory Organization; or

- (2) A settlement agreement in which any of the findings or, in the absence of such findings, any of the acts charged included a disciplinary offense.
 - (iv) Is currently subject to an agreement with the CFTC or Self-Regulatory Organization not to apply for registration with the CFTC or for membership in the Self-Regulatory Organization;
 - (v) Is currently, or within the past three (3) years has been, subject to a revocation or suspension of registration by the CFTC;
 - (vi) Has been convicted of a felony listed in Section 8a(2)(D)(ii) through (iv) of the CEA; or
 - (vii) Is currently subject to a denial, suspension or disqualification from serving on a disciplinary committee, arbitration panel or governing board of any Self-Regulatory Organization.
- (c) Any Director, member of a committee established by the Board or any member of a Disciplinary Panel, Appeals Panel, any individual nominated to serve in any such role, or any individual authorized by the Regulatory Oversight Committee to take summary action shall immediately notify the President if such individual meets one or more of the criteria in Rule 205(b).
 - (d) Tera will submit to the CFTC a schedule listing all those rule violations which constituted disciplinary offenses by persons serving on any disciplinary committees, arbitration panels, oversight panels or governing boards and to the extent necessary to reflect revisions will submit an amended schedule within thirty days of the end of each calendar year. Tera will maintain and keep current the schedule of rule violations and will maintain a publicly posting of the schedule on the TeraExchange web site in a fashion designed to provide notice to members and otherwise ensure its availability to the general public.
 - (e) Tera will, within thirty days of finding by final decision that a person has committed a disciplinary offense which subjects such person to disciplinary action and renders such person ineligible to serve on any disciplinary committees, arbitration panels, oversight panels or governing boards, provide written notice to such person, and concurrently to the CFTC Division of Market Oversight. Such notice will state the length of ineligibility and include all information required to comply with the form, content and delivery of notice requirements of Regulation 9.11.
 - (f) Tera will submit to the CFTC within thirty days of the end of each calendar year a certified list of any persons who have been removed from any disciplinary committees, arbitration panels, oversight panels or governing board pursuant to this Rule and the requirements of Regulation 1.63 during the prior year.

- (g) For purposes of this Rule, the terms “disciplinary offense,” “final decision,” and “settlement agreement” have the meanings set forth in CFTC Regulation 1.63(a).
- (h) To qualify as a Public Director, a Director must be found, by the Board on the record, to have no material relationship with Tera or any of its Affiliates. A “material relationship” is one that reasonably could affect the independent judgment or decision making of such individual as a Public Director. In addition, an individual shall not be considered a “Public Director” if any of the following circumstances exists:
 - (i) Such Director is an officer or an employee of Tera, or an officer or an employee of an Affiliate of Tera;
 - (ii) Such Director is a Participant, or a director, an officer or an employee of a Participant; or
 - (iii) Such Director, or an entity with which the Director is a partner, an officer, or a director, receives more than \$100,000 in combined annual payments for legal, accounting, or consulting services from Tera or any Affiliate of Tera. Compensation for services as a director of Tera or as a director of an Affiliate of Tera does not count toward the \$100,000 payment limit, nor does deferred compensation for services rendered prior to becoming a Director of Tera, so long as such compensation is in no way contingent, conditioned or revocable.
- (i) Any of the relationships set forth in sub-paragraphs (e)(i) through (iii) of this Rule apply to the “immediate family” of such Director, i.e., spouse, parents, children and siblings.
- (j) A Public Director may also serve as a director of an Affiliate of Tera if he or she otherwise meets the requirements in paragraphs (e) and (f) of this Rule.

Rule 206 Officers

The Board shall appoint a President, a Chief Compliance Officer, one or more vice presidents, a secretary, a treasurer, and such other officers of Tera (all of the foregoing, collectively, the “Officers”) as it may deem necessary or appropriate from time to time, in accordance with the Operating Agreement. The Officers shall have such powers and duties in the management of Tera as the Board may prescribe from time to time in accordance with the Operating Agreement. Each Director and Officer is entitled to indemnification pursuant to the Operating Agreement with respect to matters relating to Tera.

Rule 207 Chief Compliance Officer

- (a) The Chief Compliance Officer shall report to the Board of Tera. A vote of the majority of the Board is required to approve the compensation of the Chief Compliance Officer, as well as to remove the Chief Compliance Officer. Tera shall notify the CFTC of the appointment or removal of the Chief Compliance Officer within two Business Days of such event.
- (b) The individual designated to serve as Chief Compliance Officer shall have the background and skills appropriate for fulfilling the responsibilities of the position. No individual disqualified from registration pursuant to Sections 8a(2) or 8a(3) of the CEA may serve as a Chief Compliance Officer.
- (c) The Board shall meet with the Chief Compliance Officer at least annually. The Chief Compliance Officer shall also meet with the Regulatory Oversight Committee at least quarterly. Each such meeting may occur in person or by telephone conference. The Chief Compliance Officer shall provide any information regarding the regulatory program of Tera that is requested by the Board or the Regulatory Oversight Committee.
- (d) The position of Chief Compliance Officer shall carry with it the authority and resources to develop and enforce policies and procedures necessary to fulfill the duties set forth for Chief Compliance Officers in CFTC Regulations. The Chief Compliance Officer shall have supervisory authority over all staff acting at the direction of the Chief Compliance Officer.
- (e) The Chief Compliance Officer's duties shall include, but are not limited to, the following:
 - (i) Overseeing and reviewing the compliance of Tera with Section 5h of the CEA and any related CFTC regulations;
 - (ii) In consultation with the Board or the President of Tera, resolving any conflicts of interest that may arise, including:
 - (1) Conflicts between business considerations and compliance requirements;
 - (2) Conflicts between business considerations and the requirement that Tera provide fair, open, and impartial access as set forth in CFTC Regulation 37.202; and
 - (3) Conflicts between Tera's management and members of the Board;
 - (iii) Establishing and administering written policies and procedures reasonably designed to prevent violations of the CEA and any rules adopted by the CFTC;

- (iv) Taking reasonable steps to ensure compliance with the CEA and rules of the CFTC;
- (v) Establishing procedures for the remediation of noncompliance issues identified by the Chief Compliance Officer through a compliance office review, look-back, internal or external audit finding, self-reported error, or validated complaint;
- (vi) Establishing and following appropriate procedures for the handling, management response, remediation, retesting, and closing of noncompliance issues;
- (vii) Establishing and administering a compliance manual designed to promote compliance with the applicable laws, rules, and regulations and administering a written code of ethics designed to prevent ethical violations and to promote honesty and ethical conduct;
- (viii) Supervising the SEF's self-regulatory program with respect to trade practice surveillance; market surveillance; real-time market monitoring; compliance with audit trail requirements; enforcement and disciplinary and appeals proceedings; audits; examinations conducted by third parties; and other regulatory responsibilities with respect to Participants, (including ensuring compliance with, if applicable, financial integrity, financial reporting, sales practice, recordkeeping, and other requirements); and
- (ix) Preparing and filing the annual compliance report of Tera.

Rule 208 Conflicts of Interest

- (a) A Director, Officer, panel member or other Person authorized to exercise Tera's authority concerning any inquiry, investigation or any disciplinary or appeals proceeding, summary suspension, or other summary actions (any such action, a "SEF Action" and, collectively, "SEF Actions"), or Emergency actions taken pursuant to Rule 210 (each such SEF Action or Emergency Action, a "SEF Proceeding") who knowingly has a "material conflict of interest" between his or her position as a Director, Officer, panel member or exercise of authority concerning any SEF Proceeding and his or her personal interests (each, an "Interested Person") may not participate in any deliberations or vote of the Board, Committee, or panel or exercise any authority in any SEF Proceeding involving his or her personal interest, except as described in Rule 208(d).
- (b) For purposes of Rule 208(a), a "material conflict of interest" includes a Director's, Officer's, or other Person's:
 - (i) Being named as a respondent or potential respondent in a SEF Proceeding;

- (ii) Being an employer, employee, fellow employee or an Affiliate of a respondent or potential respondent in a SEF Proceeding;
 - (iii) Having any significant, ongoing business relationship with a respondent or potential respondent in a SEF Proceeding;
 - (iv) Having a family relationship with a respondent or potential respondent in a SEF Proceeding (including the individual's spouse, co-habitator, former spouse, parent, step-parent, child, step-child, sibling, step-brother, step-sister, grandparent, grandchild, uncle, aunt, nephew, niece, father-in-law, mother-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law); and/or
 - (v) Having a direct and substantial financial interest in the result of the deliberations or vote based upon either SEF or non-SEF positions. A direct and substantial financial interest includes positions held in Instruments in the accounts of, controlled by, or affiliated with the Interested Person or any other types of direct and substantial financial positions of the Interested Person that are reasonably expected to be affected by the deliberations or vote.
- (c) Before considering any SEF Proceeding, an Interested Person must disclose in writing to the Board the material facts concerning his or her relationship or interest in the matter.
- (d) Any Interested Person who would be required otherwise to abstain from deliberations and voting pursuant to Rule 208(a) as a result of having a direct and substantial financial interest in the result of the deliberations and vote may participate in deliberations, prior to a vote on the matter, if:
- (i) The material facts about the Interested Person's financial interest in the matter are disclosed or known to the Board;
 - (ii) The Board determines that the participation by the Interested Person would be consistent with the public interest; and
 - (iii) A majority of the Directors (excluding any Interested Persons) vote to allow the Interested Person to participate in deliberations on the matter.
- (e) If a determination is made pursuant to Rule 208(d) that an Interested Person may participate in deliberations prior to a vote, then the minutes of the meeting of the Board or committee thereof will reflect the determination and the reasons for the determination.
- (f) If a determination is made pursuant to Rule 208(a) that all Directors are Interested Persons with respect to a matter subject to a vote by the Board, the President will appoint a panel of individuals who are not Interested

Persons with respect to such matter, which will have the same authority and powers over such matter that the Board would have if the Directors were not Interested Persons with respect to such matter.

- (g) No Director, Officer or member of any committee or panel established by the Board shall use or disclose for any purpose other than the performance of his or her official duties and responsibilities as a Director, Officer or committee or panel member any material, non-public information obtained as a result of the individual's duties and responsibilities as a Director, Officer or committee or panel member. No Director, Officer or committee or panel member shall, directly or indirectly, disclose or use at any time, either during his or her association with Tera or thereafter, any confidential information of which the Board member or committee or panel member becomes aware. Each Director, Officer or committee or panel member in possession of confidential information shall take all appropriate steps to safeguard the information and to protect it against disclosure, misuse, espionage, loss and theft.
- (h) Notwithstanding Rule 208(g), a Director, Officer or committee or panel member may disclose confidential information if required by law or a court order to be revealed to the United States Department of Justice or the CFTC.
- (i) For the purposes of Rule 208(g), the terms "material information" and "nonpublic information" shall each have the meaning set forth in CFTC Regulation 1.59(a).

Rule 209 Material Non-Public Information

- (a) No member of the Board or of any Board committee, no member of any other committee of the Company, no officer of Tera, no employee of Tera and no consultant to Tera shall:
 - (i) Trade for such person's own account, or for or on behalf of any other account, on the basis of any material, non-public information obtained through the performance of such person's official duties;
 - (ii) Use or disclose, for any purpose other than the performance of such person's official duties, any material, non-public information obtained by such person as a result of such person's official duties, provided, however, that this Section shall not prohibit disclosures made by such person in the course of his or her official duties or disclosures made to the CFTC, any self-regulatory organization, a court of competent jurisdiction or any agency or department of the federal or state government; or
 - (iii) Trade, directly or indirectly, in any Instrument traded on Tera; in any related commodity interest; or in any commodity interest traded on any DCM or SEF or cleared by any Clearing House if such person

has access to material non-public information concerning such Instrument or commodity interest.

Rule 210 Emergency Rules

- (a) During an Emergency, the Board may implement temporary emergency procedures and rules (“Emergency Rules”), subject to the applicable provisions of the CEA and CFTC Regulations. Emergency Rules may require or authorize Tera, the Board, any committee of the Board, the President, or any other Officer to take any actions necessary or appropriate to respond to the Emergency, including, but not limited to, the following actions:
 - (i) Imposing or modifying position limits;
 - (ii) Imposing or modifying price limits;
 - (iii) Imposing or modifying intraday market restrictions;
 - (iv) Ordering the liquidation or transfer of open positions in any contract;
 - (v) Ordering the fixing of a settlement price;
 - (vi) Extending or shortening the expiration date or the trading hours;
 - (vii) Suspending or curtailing trading in any contract;
 - (viii) Transferring Participant contracts;
 - (ix) Altering any contract’s settlement terms or conditions; or
 - (x) Providing for the carrying out of such actions through its agreements with its third-party provider of clearing or regulatory services.

- (b) Before any Emergency Rule may be adopted and enforced, a required vote of the Board must approve the implementation of such Emergency Rule at a duly convened meeting. Directors may attend such a meeting by teleconference. If the President determines that Emergency Rules must be implemented with respect to an Emergency before a meeting of the Board can reasonably be convened, then the President shall have the authority, without Board action, to implement any Emergency Rules with respect to such Emergency that he or she deems necessary or appropriate to respond to such Emergency. In such circumstances, the President must convene a meeting of the Board as soon as practicable thereafter. Notwithstanding that the Board does not ratify or approve extending or making permanent any Emergency Rules implemented by the President pending convening of the

Board meeting, all actions previously taken in accordance with such Emergency Rules shall remain binding and valid.

- (c) Whenever Tera, the Board, any committee of the Board, or the President takes actions necessary or appropriate to respond to an Emergency (including, without limitation, the actions set forth in paragraph (a) above), a duly authorized representative of Tera will, as soon as practicable, ensure that an announcement is posted in a Notice to Participants. When the Board, any committee of the Board or the President determines that the Emergency is no longer in effect, permitting Tera to resume normal functioning, any such actions responding to an Emergency will be terminated.
- (d) Tera will use reasonable efforts to notify the CFTC prior to implementing, modifying or terminating an Emergency Rule. If such prior notification is not possible or practicable, Tera will notify the CFTC as soon as possible or reasonably practicable, but in all circumstances within twenty-four (24) hours of the implementation, modification or termination of such Emergency Rule.
- (e) Upon taking any action in response to an Emergency, Tera will document the decision-making process related to such action. Such documentation will be kept for at least five years following the date on which the Emergency ceases to exist or to affect Tera, and all such documentation will be provided to the CFTC upon request.

Rule 211 Maintenance of Books and Records

- (a) TeraExchange shall keep, or cause to be kept, full, complete and systematic books and records, together with all pertinent data and memoranda, of all activities relating to the business of TeraExchange with respect to swaps, as prescribed by the CFTC, including, without limitation, timestamps required to be maintained under CFTC Regulation 43.3, complete audit trails for all Transactions on or otherwise subject to its Rules, investigatory files, disciplinary files, and all records required by CFTC Regulation Part 37, as required by CFTC Regulation 45.2. Records kept pursuant to this Rule may be kept in electronic form, or kept in paper form if originally created and exclusively maintained in paper form, so long as they are retrievable and the information in them is reportable, as required by CFTC Regulation 45.2.
- (b) TeraExchange shall retain all such books and records described in Rule 211(a) and required by CFTC Regulation 45.2 or any other section of the CEA for at least five (5) years following the final termination of a Transaction. Records relating to Transactions shall be readily accessible via real time electronic access by Tera throughout the life of the Transaction and for two (2) years following its final termination, and shall be retrievable by Tera within three (3) business days through the remainder of the period

following final termination of the Transaction during which it is required to be kept, pursuant to CFTC Regulation 45.2(e)(1).

- (c) All books and records kept pursuant to this Rule, including audit trail data and reconstructions, shall be made available to the CFTC in a form and manner that is acceptable to the CFTC, and shall be open to inspection and examination upon request by any representative of the CFTC, the Department of Justice, The Securities and Exchange Commission, and any other prudential regulator as authorized by the CFTC. Copies of all such records shall be provided, at the expense of Tera, to any representative upon request, by electronic means, hard copy, or both, as requested by the CFTC, except that copies of records originally created and exclusively maintained in paper form may be provided in hard copy only.

Rule 212 Information-Sharing Agreements

- a) Tera will enter into information-sharing agreements or other arrangements or procedures necessary to establish and enforce rules that will allow Tera to obtain any necessary information to perform any monitoring of activity on TeraExchange and which allow Tera to carry out such international information-sharing agreements as the CFTC may require.
- b) Tera will provide any information in its possession to the CFTC, in a form and manner of its approval, upon proper request.
- c) Tera will enter into information-sharing agreements, and share information with, other regulatory organizations, data repositories, and third-party data reporting services as required by the CFTC or as otherwise necessary and appropriate to fulfill its self-regulatory and reporting responsibilities.

Rule 213 [Reserved]

Rule 214 Prohibited Use of Data Collected for Regulatory Purposes

Tera shall not use for business or marketing purposes any Proprietary Data that Tera collects or receives, from or on behalf of any Person, for the purpose of fulfilling its regulatory obligations; provided, however, that Tera may use such Proprietary Data for business or marketing purposes if the Person from whom it collects or receives such Proprietary Data clearly consents to Tera's use of such Proprietary Data in such manner. Tera shall not condition access to its markets or market services on a Person's consent to Tera's use of Proprietary Data for business or marketing purposes. Where necessary for regulatory purposes, Tera may share such Proprietary Data with the CFTC or one or more SEFs, DCMs or DCOs registered with the CFTC pursuant to Rule 211.

CHAPTER 3 PARTICIPANTS

Rule 301 Eligibility Criteria for Becoming a Participant

- (a) To be eligible for admission as a Participant, an applicant must demonstrate to the satisfaction of Tera that it:
 - (i) Is an ECP;
 - (ii) Is of good reputation and business integrity;
 - (iii) Maintains adequate financial resources and credit, and has adequate capacity to meet its financial obligations;
 - (iv) Is validly organized, in good standing, and authorized by its governing body and, if relevant, documents of organization, to trade financial products of a type consistent with Instruments;
 - (v) Has not filed for bankruptcy;
 - (vi) Is not a SEF Official, agent or Affiliate of Tera;
 - (vii) Holds all registrations required under Applicable Law, if any;
 - (viii) Is not subject to statutory disqualification under Section 8a(2) of the CEA;
 - (ix) Is not an ISV or automated trading system; and
 - (x) Satisfies any other criteria that Tera may reasonably require from a Participant.
- (b) Each Executing Firm that is acting as agent for an Account Holder or Customer must provide Tera with all information necessary for Tera to establish Accounts for such Account Holder or Customer and provide Tera with written representations or proof of authority to place Orders and execute Trades on Tera on behalf of or in the name of such Account Holder or Customer, and verify the status of such Account Holder or Customer as an ECP.
- (c) Once admitted, the Participant, Account Holder or Customer shall continue to comply with all applicable eligibility criteria in this Rule 301.
- (d) Each Account Holder must be either a Clearing Firm of a Clearing House where the Clearable Instruments are cleared or have a clearing account with a Clearing Firm with respect to such Clearable Instrument and, through its Executing Firm, provide Tera with evidence of such relationship.
- (e) Each Executing Firm that is acting as agent for an Account Holder must ensure that each such Account Holder has established a clearing account with a Clearing Firm of the Clearing House accepting for clearance the Clearable Instruments traded on Tera.

- (f) Participants that do not have a relationship with a Clearing Firm as set forth in subsection (d) or (e) of this Rule 301 are prohibited from entering Orders on Tera.
- (g) Upon request of Tera, each Participant shall promptly provide to Tera such information about its Authorized Traders as Tera requests, including but not limited to, the names and dates of birth of such Authorized Traders.

Rule 302 Authorized Traders

- (a) Each Participant shall designate one or more Authorized Traders, who will be responsible for all SEF Activity conducted on behalf of the Participant.
- (b) Each Authorized Trader of a Participant:
 - (i) Must be a natural person;
 - (ii) Must satisfy any other requirements as may be prescribed by Tera from time to time.
 - (iii) Must have a Trader ID.
- (c) A Participant that authorizes a third party to trade for its Account on a discretionary basis pursuant to a power of attorney or other written delegation of authority is considered controlled by the third party to whom trading authority has been assigned. Each Participant must identify at least one specific natural person as its Authorized Trader with respect to such Account.
- (d) Without limiting the foregoing, each Authorized Trader will consent, in a form satisfactory to Tera, to abide by the Tera Rules and Applicable Law prior to accessing Tera, and each Participant will ensure on an ongoing basis that:
 - (i) None of its Authorized Traders is subject to a disqualification pursuant to any Applicable Law (unless an appropriate exemption has been obtained with respect thereto);
 - (ii) Each of its Authorized Traders will be technically proficient in using Tera's facility; and
 - (iii) Each of its Authorized Traders will conduct its business in accordance with the Tera Rules.
- (e) By agreeing to become an Authorized Trader, an individual agrees to be bound by the duties and responsibilities of an Authorized Trader and to be subject to, and comply with, the Tera Rules and Obligations. Among other duties and responsibilities that Tera may impose, an Authorized Trader

must ensure that any SEF Activity conducted under any Trader ID assigned to him or her complies with all Tera Rules and Obligations.

- (f) To nominate an Authorized Trader, a Participant must follow the procedures established by Tera. Tera may establish criteria that individuals must fulfill to become an Authorized Trader. Tera will not accept the registration as an Authorized Trader of any individual who is a SEF Official.
- (g) Tera will promptly notify a Participant in Writing of the approval of nominated Authorized Traders or if Tera declines to approve the nomination.
- (h) Tera may, in its sole discretion revoke or suspend the designation of an Authorized Trader and shall promptly notify the Participant in Writing of such action. Upon such notification Tera will disable access of such Authorized Trader to Tera.
- (i) To request the termination of the designation of an Authorized Trader, the Participant or the Authorized Trader must notify Tera following the procedures established by Tera. Tera, in its sole discretion, may postpone the effective time and date of the termination of the Authorized Trader if Tera considers it necessary to avoid any adverse impact on the market and/or other Participants, for the protection of other Participants or in Tera's best interest. Based on the information provided to, and other information gathered by, Tera regarding the request to terminate the designation of an Authorized Trader, Tera will determine whether to:
 - (i) Accept the request to terminate the designation;
 - (ii) Postpone the effective date of termination of the designation; and/or
 - (iii) Impose any terms or conditions before or after the effective date of termination of the designation.

Rule 303 Participant Application Process

- (a) Any Person who desires to become a Participant shall:
 - (i) Submit a signed EULA;
 - (ii) Agree in Writing to abide by the Tera Rules and Applicable Law;
 - (iii) Provide such information and documentation as Tera may, acting in good faith, reasonably request; and
 - (iv) Follow any other procedure established by Tera.

- (b) Additionally, any Participant organized or located outside of the United States may appoint a third party as agent for service of process pursuant to CFTC Regulation 15.05.
- (c) In considering an application from a potential Participant, Tera may require additional information from the applicant, or conduct an investigation to verify information submitted by the applicant, or both.
- (d) If Tera decides to admit an applicant as a Participant, it shall promptly notify the applicant and state in such notice the date on which the applicant shall become a Participant.
- (e) Tera may deny, condition, or terminate Participant status of any Person if:
 - (i) Such Person is unable to satisfactorily demonstrate its ability to satisfy the Eligibility Criteria as set forth in Rule 301(a) to become or remain a Participant; or
 - (ii) Such Person is unable to satisfactorily demonstrate its capacity to adhere to all applicable Tera Rules.
- (f) If Tera decides to decline or condition an application for admission as a Participant, or terminate a Person's status as a Participant, Tera shall promptly notify such Person (the "Affected Person") thereof in a Writing sent to the address provided by the applicant or maintained in the Tera registry of Participants. Such Affected Person may, within seven (7) calendar days, request in Writing that Tera provide the reasons for the denial, conditioning or termination of Participant status. Within fourteen (14) calendar days after receiving such Written request, Tera shall send in Writing to the Affected Person the reasons for the denial, conditioning or termination. Within fourteen (14) calendar days of receiving Tera's written response, the Affected Person may request in Writing that Tera reconsider its determination, and may provide any relevant representations or other information that such Affected Person believes to be relevant to the reconsideration.

Rule 304 Limitations on Trading Privileges

Tera may at any time revoke, suspend, limit, condition, restrict or qualify the Trading Privileges of any Participant with or without notice to such Participant if, in the sole discretion of Tera, such action is in the commercially reasonable interest of Tera.

Rule 305 Assessments and Fees

Tera shall set the times and amounts of any assessments or fees to be paid by Participants, which assessments or fees shall be paid to Tera when due. Such fees and assessments shall be applied consistently to Participants with similar Trading Privileges, rights, and Obligations under relevant documentation, governing their relationship with and access to

Tera. If a Participant fails to pay when due any such assessments or fees levied on such Participant, and such payment obligation remains unsatisfied for sixty (60) days after its due date, Tera may suspend, revoke, limit, condition, restrict or qualify the Trading Privileges of such Participant as it deems necessary or appropriate.

Rule 306 Authorized Representatives

Each Participant shall designate one or more Authorized Representatives who will represent the Participant before Tera and its committees and receive notices on behalf of the Participant. The Authorized Representative shall be empowered by the Participant to act on its behalf and Tera shall be entitled to rely on the actions of the Authorized Representative as binding on the Participant. Each Participant must provide Tera with current contact and other requested information for each of its Authorized Representatives so that Tera is able to immediately contact the Authorized Representatives.

Rule 307 Recording of Communications

Tera and the Participants may record conversations and retain copies of electronic communications between SEF Officials, on the one hand, and Participants, on the other hand. Any such recordings may be retained by Tera or the Participant in such manner and for such periods of time as such parties may deem necessary or appropriate and as necessary to comply with any applicable CFTC Regulations.

Rule 308 Notices to Participants

Tera shall publish a Notice to Participants with respect to each addition to, modification of, or clarification of, the Tera Rules or of any action to implement any Tera Rules, in a form and manner that is reasonably designed to enable each Participant to become aware of and familiar with, and to implement any necessary preparatory measures to be taken by it with respect to, such addition or modification, prior to the effective date thereof. For purposes of publication in accordance with the first sentence of this Rule 308, it shall be sufficient (without limiting the discretion of Tera as to any other reasonable means of communication) if a Notice to Participants is published on Tera's website. Any Notice to Participants shall also be deemed to have been made to all Authorized Traders, agents, advisors, managers and Supervised Persons of such Participants. The effective date shall be stated in the Notice itself, and if none is stated, will be a reasonable period of time under the circumstances.

Rule 309 Communications between Tera and Participants

Each Participant shall advise Tera of its current phone number, fax number and e-mail address. All communications between Tera and the Participant will be transmitted by electronic mail and/or posted on Tera's website, except as otherwise specified by Tera. All communications made to a Participant shall also be deemed to have been made to all Account Holders, Authorized Traders and Supervised Persons, and agents of such Participant. Communications that are specific to an Order or Trade will be directed to the Participant, Account Holder, Authorized Trader or Supervised Person that initiated such Order or Transaction.

Rule 310 Application of Tera Rules and Jurisdiction

- (a) By becoming a Participant, accessing the Tera System, or entering any Order or submitting any Instrument into the Tera System, whether directly or through an intermediary, and without any need for any further action, undertaking or agreement, a Participant, its Clearing Firm, Authorized Traders and Supervised Persons, and any Account Holder or Customer of any Participant, and any ISV agrees to:
 - (i) Be bound by, and comply with, the Tera Rules and obligations, Instrument Specifications and Applicable Law, in each case to the extent applicable to it;
 - (ii) Become subject to the jurisdiction of Tera with respect to any and all matters arising from, related to, or in connection with, the status, actions or omissions of such Person;
 - (iii) Assist Tera in complying with its legal and regulatory obligations;
 - (iv) Cooperate with Tera, its agents, and the CFTC in any inquiry, investigation, audit, examination or proceeding; and
 - (v) Authorize Tera to provide information regarding such Participant, its Account Holders, Authorized Traders, Supervised Persons, and any Participants acting as agents to the CFTC or any Self-Regulatory Organization.
- (b) By accessing Tera through an Executing Firm that has not provided the Account Holder with electronic access to the Tera System, an Account Holder agrees to assist Tera in complying with its legal and regulatory obligations, and thereby agrees without any further action, undertaking or agreement, to cooperate with Tera and its agents in any inquiry, investigation, audit, examination or proceeding relating to Transactions entered on Tera on its behalf;
- (c) Any Person whose Trading Privileges are revoked or terminated shall remain bound by the Tera Rules and Applicable Law, in each case to the extent applicable to it, and subject to the jurisdiction of Tera with respect to any and all matters arising from, related to, or in connection with, the status, actions or omissions of such Participant prior to such revocation or termination;
- (d) Any Person that is suspended for any period remains subject to the Tera Rules, the Obligations and Tera's jurisdiction throughout the period of suspension. After termination or revocation of the designation of a Participant, the Participant remains subject to the Tera Rules, the Obligations and the jurisdiction of Tera for acts done and omissions made while registered or acting as a Participant. Any SEF Proceeding relating to

a Participant shall occur as if the Participant were still registered or acting as such;

- (e) Any Person initiating or executing a transaction on or subject to the rules of Tera directly or through an intermediary, and any person for whose benefit such a transaction has been initiated or executed, and without any need for any further action, undertaking or agreement, consents to the jurisdiction of Tera.

Rule 311 Compliance with the Commodity Exchange Act

All Participants shall comply with the provisions of the CEA and the rules and regulations duly issued pursuant thereto by the CFTC, including but not limited to the filing of reports, maintenance of books and records, and permitting inspection and visitation by duly authorized representatives of the CFTC or Department of Justice.

Rule 312 Description of Participants' Status

A Participant shall ensure that the form, content and context of any description of the Participant's status on Tera is not inconsistent with, and does not misrepresent, the Participant's capacity on Tera under the Tera Rules or the Participant's registration, if any, under the CEA, or under any other Applicable Law.

Rule 313 Designated Categories of Participants

- (a) Floor Broker means a Participant who executes Transactions for another Participant and has registered with the CFTC as a Floor Broker.
- (b) Floor Trader means a Participant that executes Transactions for its own Account and has registered with the CFTC as a Floor Trader.
- (c) Market Maker means a Participant who, pursuant to a market making agreement with Tera, agrees to abide by the conditions of its market making agreement on Tera.

Rule 314 Termination of Participants

Upon its termination as a Participant, all rights and privileges of the Participant shall immediately cease. Following termination, all obligations of a Participant and Tera shall survive and the terminated Participant shall remain bound by the Tera Rules and Applicable Law, in each case to the extent applicable to it, and subject to the jurisdiction of Tera with respect to any and all matters arising from, related to, on in connection with, the status, actions or omissions of such Participant prior to its termination.

Rule 315 Withdrawal of Participants

- (a) To withdraw from Tera, a Participant must notify Tera following the procedures established by Tera. Such withdrawal shall generally be accepted and effective immediately upon receipt of such notice by Tera.
- (b) Tera may, in its reasonable discretion, postpone the effective date of withdrawal of a Participant if Tera considers it necessary for the protection of other Participants or otherwise in the interests of Tera. In no event, however, shall the effective date of such withdrawal be later than the start of trading on the next Business Day.
- (c) When Tera accepts the withdrawal of a Participant, all rights and privileges of such Participant terminate (including, without limitation, the Trading Privileges). The accepted withdrawal of a Participant shall not affect the rights of Tera under the Tera Rules or relieve the former Participant of such Participant's obligations under the Tera Rules before such withdrawal. Notwithstanding the accepted withdrawal of a Participant, the withdrawn Participant remains subject to the Tera Rules, the Obligations and the jurisdiction of Tera for acts done and omissions made while a Participant, and must cooperate in any SEF Proceeding under Chapter 6 as if the withdrawn Participant were still a Participant.

Rule 316 Access

- (a) ECP Access: Tera shall provide impartial access to its markets and services, including indicative quotes or similar pricing data, to any ECP meeting the Eligibility Criteria set forth in Rule 301(a), provided that such Eligibility Criteria governing such access is applied in an impartial, transparent, fair and non-discriminatory manner and that each ECP has first consented to Tera's jurisdiction and Rules and complied with all documentation requirements prior to being granted access.
- (b) ISV Access: Tera will provide ISVs with impartial and transparent access to its trading platform and its data in a fair and non-discriminatory manner. A Person seeking to act as an ISV may apply to connect to the Tera System, and shall be permitted to do so by Tera, provided that the ISV meets the following criteria initially and on an on-going basis:
 - (i) the ISV applies for connection on a form prescribed by Tera and provides such supporting documentation as required by Tera;
 - (ii) the ISV satisfies the definition of Eligible Contract Participant and ensures that each Person that uses the ISV to access TeraExchange is either a Participant or an Account Holder or Customer of a Participant authorized as such in accordance with the Tera Rules;
 - (iii) the ISV shall be duly organized, existing and in good standing under the laws of its jurisdiction of organization and, if required to be

registered in any capacity under Applicable Law, it has duly registered in such capacity and such registration is in effect;

- (iv) the ISV satisfies Tera's technological integrity requirements, including system compatibility requirements, security protocols and technical specifications for connection to the Tera System as may be specified by Tera from time to time; and,
- (v) connecting the ISV does not and will not adversely affect Tera's ability to comply with CEA and CFTC Regulations.

CHAPTER 4 OBLIGATIONS OF PARTICIPANTS

Rule 401 Information to be Provided by Participants

- (a) Each Participant, including a Participant that is an Executing Firm, and any Authorized Trader or Account Holder or Customer of a Participant, shall provide such information as may be reasonably requested by Tera from time to time, including but not limited to, such information as may be requested during the Participant onboarding process about the Participant, its Authorized Traders, and where applicable, its Account Holders or Customers. Tera shall obtain information including, but not be limited to, the following:
 - (i) Legal Entity name;
 - (ii) Legal Entity Identifier, if available;
 - (iii) An indication of whether the Participant or Account Holder is a Swap Dealer;
 - (iv) An indication of whether the Participant or Account Holder is a Major Swap Participant with respect to the Instrument with respect to which the Order is placed;
 - (v) An indication of whether the Participant or Account Holder is a Financial Entity;
 - (vi) An indication of whether the Participant or Account Holder is a U.S. person;
 - (vii) If Participant or Account Holder is not a U.S. person, the name and contact information for an agent for service of process; and
 - (viii) For individuals identified as Authorized Traders, name, date of birth, and regulatory registration number, if applicable.
- (b) Each Participant and Authorized Trader, and any Account Holder or Customer of a Participant, must keep complete and accurate books and

records, including records of its trading activity on Tera, activity in the commodity underlying any Instrument, activity in the index or instrument used as a reference price for any Transaction, and activity in related markets, in such form and manner and for such period as required by CFTC Regulations and Applicable Law, and must make its books and records available, upon request, to TeraExchange, its agents, and the CFTC.

Rule 402 Duties and Responsibilities of Participants

Each Participant, acting on behalf of itself and as agent for any other Participants or Account Holder, shall

- (a) Ensure that Tera's facilities are used in a responsible manner and are not used for any improper purpose;
- (b) Ensure that Tera's facilities are used to only conduct SEF Activity;
- (c) Ensure that all SEF Activity conducted by the Participant, its agents, Authorized Traders and Supervised Persons is performed in a manner consistent with the Tera Rules and their respective Obligations;
- (d) Comply with all Tera Rules and Obligations and act in a manner consistent with each Tera Rule and Obligation;
- (e) Observe high standards of integrity, market conduct, commercial honor, fair dealing, and just and equitable principles of trade while conducting or attempting to conduct any SEF Activity, or any aspect of any business connected with or concerning Tera;
- (f) Not knowingly mislead or conceal any material fact or matter in any dealings or filings with Tera or in response to any SEF Proceeding;
- (g) Keep all Authorized Trader's Trader IDs, account numbers and passwords confidential;
- (h) Be fully liable for all trading losses, Orders and Transactions in Instruments effected by Participant or for Participant's Account;
- (i) Be responsible for promptly informing Tera of any material changes to Eligibility Criteria information provided to Tera by the Participant; and
- (j) Keep, or cause to be kept, complete and accurate books and records, including, without limitation, all books and records required to be maintained pursuant to the CEA, the CFTC Regulations or the Tera Rules, for at least five (5) years after the termination of the Instrument and required to be readily accessible during the first two (2) years of the five-year period, and make such books and records available for inspection upon request by

any representative of Tera, the CFTC or other relevant regulatory or governmental body.

Rule 403 Representations and Required Disclosures to Tera

At the time of each use of Tera, each Participant shall be deemed to represent to Tera that it is an ECP, and that none of the events listed below has occurred with respect to Participant, and each Participant shall immediately notify the Compliance Department upon becoming aware that any of the following events has occurred:

- (a) Any material change to the contact information provided to Tera by the Participant;
- (b) Any damage to, or failure or inadequacy of, the systems, facilities or equipment of the Participant needed to effect Transactions pursuant to the Tera Rules or to timely perform the Participant's financial obligations under or in connection with Instruments;
- (c) Any refusal of admission of the Participant for membership in any Self-Regulatory Organization, SEF, DCM, or DCO;
- (d) Any expulsion, suspension or fine in excess of \$50,000 (whether through an adverse determination, voluntary settlement or otherwise) imposed on the Participant by any Self-Regulatory Organization, SEF, DCM, DCO or relevant regulatory or governmental body;
- (e) Any revocation, suspension or conditioning of any registration or license of a Participant necessary to conduct SEF Activity granted by any Governmental Agency;
- (f) The commencement of any judicial, administrative, or regulatory proceeding or investigation involving the Participant, or the imposition of any fine, cease and desist order, denial of trading privileges, censure or other sanction or remedy (whether through an adverse determination, voluntary settlement or otherwise) imposed by any relevant regulatory or governmental body;
- (g) Any indictment or conviction of, or any confession of guilt or plea of guilty or *nolo contendere* by any principals or senior officers of the Participant or Supervised Persons for any felony or misdemeanor involving, arising from, or related to, the purchase or sale of any commodity, futures contract, Instrument, option, security, securities futures product or other financial instrument, or involving or arising from fraud or moral turpitude;
- (h) The existence of any circumstances that would disqualify the Participant from registration with the CFTC;

- (i) The Participant or a 10% or greater owner of the Participant becoming the subject of a petition for bankruptcy;
- (j) The appointment of a receiver, trustee or administrator for the Participant or a 10% or greater owner of the Participant;
- (k) The presentment of a petition, or the passing of a resolution, for the Participant's or a 10% or greater owner of the Participant winding-up;
- (l) The commencement of proceedings for the Participant's or the 10% or greater owner of the Participant dissolution; or
- (m) The occurrence of an event of insolvency with respect to the Participant or the 10% or greater owner of the Participant.

Rule 404 Inspections by Tera

- (a) Tera shall have the right with such prior reasonable advance notice as is practicable under the circumstances, in connection with determining whether all Tera Rules and Obligations are being, will be, or have been complied with by the Participant, along with its Clearing Firm, Authorized Traders, Supervised Persons, any Account Holder or Customer of a Participant, and any other Person using the Trader ID or login credentials linked to the Participant, to:
 - (i) Inspect systems, equipment and software of any kind operated by the Participant in connection with SEF Activity, wherever located; and
 - (ii) Access, either physically or electronically, the systems, equipment, software, and the premises on which the systems, equipment, and software are located, any data stored in any of the systems or equipment, during the regular business hours and the Trading Hours of Tera; and/or
 - (iii) Copy or reproduce any data to which Tera has access under this Rule.
- (b) Each Participant, along with its Clearing Firm, Authorized Traders, Supervised Persons, any Account Holder or Customer of a Participant, and any other Person using the Trader ID or login credentials linked to the Participant shall provide any outsourced provider of regulatory services contracted by Tera with the same access to their books and records and offices as they are required to provide to Tera under the Tera Rules and Applicable Law.
- (c) The Compliance Department may require a Participant, Account Holder or Customer of a Participant, or Authorized Trader to furnish (periodically or

on a particular occasion) information concerning such Person's activity on Tera or open trading positions, Instruments to which such Person is a party, or any other information related to the Person's SEF Activity.

- (d) In the course of a trade practice surveillance or market surveillance investigation into any trading activity involving post-trade allocations, TeraExchange will ascertain whether a post-trade allocation was made, and if so, Tera will request, obtain and review the post-trade allocation information as part of its investigation. TeraExchange is relying on the relief provided in CFTC NAL 17-54 with regard to certain audit trail requirements related to post-trade allocations. CFTC NAL 17-54 expires on November 15, 2020.

Rule 405 Mandatory Pre-Trade Credit Checks

- (a) Cleared Transactions.

- (i) Each Participant shall enter into an agreement with the applicable Clearing Firm(s) for its Accounts to utilize TeraCheck or a third party credit hub service pre-trade risk/credit filter functionality to ensure all Orders for cleared Transactions entered on or pursuant to the Tera Rules, by it or on its behalf, meet the risk-based limits established by such Clearing Firm, in accordance with CFTC Regulation 1.73, for its Accounts. Each Participant shall specify, in advance, on an order by order basis, the applicable Clearing Firm for any intended to be cleared Trade to be executed on or subject to the Rules of Tera. No Order will be exposed to the market for execution prior to an affirmative determination, on an order by order basis, that the Order successfully meets the risk-based limits established by the applicable Clearing Firm for the Participant's Account. If an Order fails to satisfy the risk-based limits established by the Clearing Firm, it will be rejected.
- (ii) Participant shall not enter cleared Orders for an Account greater than the levels set by the applicable Clearing Firm(s) for such Account(s).
- (iii) Tera reserves the right to suspend or terminate any Participant's access to Tera at any time in the event that Participant or its Clearing Firm fails to establish reasonably prudent risk parameters for its Orders in such credit check system, as determined by Tera in its sole discretion.

- (b) Uncleared Transactions.

The use of a pre-trade risk/credit filter for Orders for uncleared Transactions shall depend on the Instrument's terms and conditions and the mutual agreement of the Transaction's counterparties.

Rule 406 Minimum Financial and Related Reporting Requirements

Each Participant that is registered with any Self-Regulatory Organization shall comply with the provisions of Applicable Law relating to minimum financial and related reporting and recordkeeping requirements. Such Participant shall provide to Tera at the time that it files with the CFTC a copy of any notice or Written report that Participant is required to file with the CFTC pursuant to CFTC Regulation 1.12. Additionally, a Participant, whether or not subject to such filing requirements, shall provide Tera with such financial information as Tera may reasonably require from time to time. Each Participant must notify Tera immediately when it or an Account Holder or Customer of the Participant ceases to be an ECP, and if the Participant is registered with the CFTC as a futures commission merchant, when it ceases to satisfy the minimum financial requirements set forth in Regulation 1.17. A Participant that violates the aforementioned CFTC Regulations shall be deemed to have violated this Rule 406 and shall not affect Transactions on TeraExchange except for purposes of closing open positions to the extent not prohibited by Applicable Law.

Rule 407 Confidentiality of Financial and Other Information

All information and data obtained or received by the Compliance Department from inspections of accounting and other records, quarterly balance sheets and declarations or reports on financial condition will be treated as confidential by Tera; however, this Rule does not supplant Rule 210 (Emergency Rules) and the Rules in Chapter 8 (Disciplinary Rules), or any other requirement of legal process or law.

Rule 408 Authority to Impose Restrictions

Whenever a Participant is subject to the early warning requirements set forth in the CFTC Regulations, including, but not limited to, CFTC Regulation 1.12, the President, or his or her designee, may impose such conditions or restrictions on the business and operations of such Participant as the President, or his or her designee, may deem necessary or appropriate for the protection of Participants, their Account Holders or Tera.

Rule 409 Participants or Executing Firms Accessing Tera on Behalf Others

- (a) A Participant shall not enter an Order or otherwise access Tera on behalf of a legally distinct Customer or Account Holder unless:
 - (i) The Participant has prior written instruction or authority from the Customer or Account Holders to do so;
 - (ii) The Customer or Account Holder has represented to the Participant that it is an ECP; and
 - (iii) The Participant will be able to comply with Tera Rules.
- (b) An Executing Firm may not enter Orders into the Tera System on behalf of a Participant or a legally distinct Customer or Account Holder, arrange

Block Trades pursuant to Rule 514 or report Arranged Transactions pursuant to Rule 531 unless:

- (i) The Executing Firm has prior written instruction or authority from the Participant, Customer or Account Holder to do so;
 - (ii) The Participant, Customer or Account Holder has represented that it is an ECP; and
 - (iii) The Executing Firm will be able to comply with Tera Rules.
- (c) If an Executing Firm provides access to the Tera System electronically either directly through the Tera System itself or indirectly through the Executing Firm's proprietary trading system, the Executing Firm shall inform and obtain acknowledgement from the Participant, Customer or Account Holder of its agreement to be bound by the Tera Rules.

Rule 410 Verification of ECP Status

At least once per year, each Participant, and any Participant that is acting on behalf of a legally distinct Customer or Account Holder, must verify in a written certification to TeraExchange the continued status of such Participant, Customer or Account Holder as an ECP.

Rule 411 Disclosure Requirements

Each Participant must comply with all disclosure requirements set forth in applicable CFTC Regulations and any additional disclosure requirements imposed by the Tera Rules.

Rule 412 Position Liquidation Upon Default

Upon default of any Trade by a Participant or Account Holder or Customer of a Participant, Tera shall have the right to arrange the liquidation of all or some of the positions of such Participant or Account Holder or Customer of a Participant, as applicable, opened on or pursuant to the Rule of Tera

Rule 413 Responsibility for Mandatory Trading

Each Participant that is a Swap Dealer or Major Swap Participant shall be responsible for compliance with the mandatory trading requirement under Section 2(h)(8) of the CEA for any Instrument or Transaction subject to such mandatory trading requirement.

CHAPTER 5 TRADING PRACTICES AND BUSINESS CONDUCT

Rule 501 Scope

This Chapter 5 prescribes rules concerning trading practices and business conduct on Tera and applies to all Orders, RFQs, indications of interest and Trades in Instruments as defined in Chapter 1.

Rule 502 Procedures

- (a) With respect to trading on or through Tera or subject to Tera Rules, Tera may adopt, without limitation, procedures relating to Transactions in Instruments and trading on Tera or subject to Tera Rules, including procedures to:
 - (i) Disseminate the prices of indications of interest, bids and offers on, and Trades in, Instruments;
 - (ii) Record, and account for, Instruments and SEF Activity and regulate administrative matters affecting Instruments and SEF Activity;
 - (iii) Establish limits on the number and/or size of RFQs, indications of interest or Orders that may be submitted by a Participant through Tera or subject to Tera Rules;
 - (iv) Establish limits on the aggregate notional amount of Instruments that may be held by a Participant;
 - (v) Establish a limit on the maximum daily price fluctuations for any Instrument and provide for any related restriction or suspension of trading in the Instrument;
 - (vi) Establish minimum price quoting increments for each Instrument; and
 - (vii) Require a suspended or expelled Participant, or a Participant with restricted trading rights, to have Instruments executed for the Participant to reduce or eliminate any open position or exposure to future price changes for the Participants in any Instrument.
- (b) Tera may, in its discretion and at any time, amend any procedures adopted pursuant to Rule 502(a), and will publish the amendments in a Notice to Participants or in any other manner determined appropriate by Tera.

Rule 503 Business Days and Trading Hours

Except as provided in Rule 210 with respect to Emergencies, Tera shall determine and publish a Notice to Participants listing the Business Days and holidays of Tera and the Trading Hours for each Instrument.

Rule 504 Supervision

A Participant shall be responsible for establishing, maintaining and administering reasonable supervisory procedures to ensure that any Authorized Traders acting on its behalf comply with Applicable Law and the Tera Rules, and such Participant may be held accountable for the actions of such Authorized Traders acting on its behalf.

Rule 505 Mishandling of Customer Orders

Any Participant that mishandles any Order is responsible for all remedial actions with respect to such Order.

Rule 506 Trading on the Order Book

Trading on the Order Book will remain available during Business Days and Trading Hours. Participants may transmit anonymously displayed Orders to the Order Book for cleared and uncleared Instruments electronically on the Tera System or with the assistance of authorized Tera personnel. Orders for un-cleared instruments are anonymously displayed to all market participants that have signed the TeraExchange EULA, inclusive of the addendum that provides a universal ISDA agreement which establishes an acceptable bilateral credit agreement between all Participants that have agreed to the same. At the end of the Trading Hours for an Instrument, all unfilled bids and offers are cancelled.

Rule 507 Price-Time Priority in Order Book

Unless otherwise stated in a Notice to Participants, all Orders entered into the Tera System shall be executed based on a price-time priority model (first in – first out method). Under the price time priority model, an anonymously displayed bid (offer) Order will be matched with the earliest offer (bid) Order to arrive in the Order Book at the best price. If there are multiple bid and offer Orders that have the same price, the earliest to arrive in the Order Book will be the offer (bid) Order to which the bid (offer) Order is matched.

Rule 508 Electronic and Voice-Assisted Order Entry

- (a) Electronic Order Entry. Each Participant entering an Order electronically with respect to any Instrument traded on Tera must provide, without limitation:
 - (i) Participant or Authorized Trader identification;
 - (ii) Trading Account details;
 - (iii) Instrument description, including expiration date;
 - (iv) Price;
 - (v) Quantity or notional amount;
 - (vi) Order type; and

- (vii) CTI codes.
- (b) All Orders in connection with Required Transactions or Permitted Transactions shall be entered into the Order Book or Request for Quote via the Tera System or other such Tera approved application interface.
- (c) Voice-Assisted Order Entry.
 - (i) Participants may contact authorized Tera personnel for assistance in entering, modifying or removing Orders into the Order Book. Requests for assistance may be made on such telephone lines, electronic mail or instant messaging channels as Tera shall specify from time to time.
 - (ii) Tera personnel must carry out the instructions of a Participant upon receipt and must make a record of the time at which the request for assistance was made. All communications between a Participant and Tera personnel will be recorded and maintained by Tera as part of the Tera audit trail. Tera personnel assisting Participants in the entry, modification or withdrawal of Orders shall have a unique User ID for the purpose of carrying out such instructions.
- (d) Audit Trail Requirements.

Participants that directly connect to, or that provide connectivity to, TeraExchange are responsible for maintaining, or causing to be maintained, an Order routing/front-end audit trail (“Audit Trail”) for all electronic Orders, including Order entry, modification, cancellation and responses to such messages, entered into Tera through any gateway to Tera. The Audit Trail must contain all Order receipt, Order entry, Order modification, and response/receipt times to the highest level of precision achievable by the operating system, in accordance with CFTC requirements for electronic Orders and no more than one second for non-electronic Orders. The times captured must not be able to be modified by the Person entering the Order. The data must also contain all FIX Tag information and fields which should include, but is not limited to the following: A record of all fields relating to Order entry, including transaction date, product, SEF code, expiration month, quantity, Order Type, Order Qualifier, price, buy/sell indicator, stop/trigger price, Order number, unique transaction number, account number, session ID, operator ID, host Order number, trader Order number, Clearing Firm, type of action, action status code, customer type indicator, origin, and timestamps. For executed Orders, the Audit Trail must record the execution time of the Swap along with all fill information.

- (i) Participants must maintain Audit Trail information as required by Applicable Law and must have the ability to produce this data in a

standard format upon request of the Regulatory Oversight Committee.

- (ii) A Participant whose customer is itself a Participant may agree with such customer that it is the customer's obligation to maintain the Audit Trail for such customer's Orders. Any such agreement shall be in writing, and a copy of such agreement shall be provided to TeraExchange.
- (iii) No less than annually, Tera shall conduct a review of all Participants and Persons and firms subject to its jurisdiction and recordkeeping rules to verify compliance with Tera's audit trail and recordkeeping requirements. Such reviews shall include, but are not limited to, reviews of randomly selected samples of front-end audit trail data for order routing systems; a review of the process by which user identifications are assigned and user identification records are maintained; a review of usage patterns associated with user identifications to monitor for violations of user identification rules; and reviews of account numbers and customer type indicator codes in trade records to test for accuracy and improper use.

Rule 509 Position Accountability

- (a) To reduce the threat of market manipulation or congestion, Tera shall adopt for each of the contracts of the facility, as is necessary and appropriate, position limitations or position accountability levels for speculators pursuant to CFTC regulation 37.600. Any such limitation or accountability level shall be published in a Notice to Participants. A Participant who holds or controls aggregate positions exceeding those specified in such notice shall when so ordered by the Tera:
 - (i) Provide in a timely manner all applicable information regarding the nature of the position, trading strategy, and hedging information;
 - (ii) Refrain from increasing the position that exceed the levels specified in the Position Accountability limitations published by Tera; and
 - (iii) Liquidate such positions in a timely and orderly manner.
- (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 510 Order Types

Orders shall be placed on Tera in the form of limit orders or market orders as described below. Participants shall use appropriate symbols or indicators as specified in applicable Tera procedures from time to time.

- (i) Limit Order: A Limit Order is an Order to buy a specified quantity of a security at or below a specified price, or an Order to sell a specified quantity at or above a specified price. A Limit Order is good until cancelled and residual volume from a partially filled Limit Order will be retained until executed unless otherwise specified.
- (ii) Market Order: A Market Order is an Order that is executed at the best price or prices available in the Order Book at the time the Order is placed and until the Order is filled.

Rule 511 Bunched Orders and Orders Eligible for Post-Execution Allocation

- (a) Only the following categories of Participants may place a Bunched Order on Tera or that is subject to Tera Rules:
 - (i) A commodity trading advisor registered with the CFTC pursuant to the CEA or excluded or exempt from registration under the CEA or CFTC Regulations, except for entities exempt under CFTC Regulation 4.14(a)(3);
 - (ii) An investment adviser registered with the SEC pursuant to the Investment Advisers Act of 1940 or with a state pursuant to applicable state law or excluded or exempt from registration under the Investment Advisers Act of 1940 or applicable state law or rule;
 - (iii) A bank, insurance company, trust company, or savings and loan association subject to federal or state regulation;
 - (iv) A foreign adviser that exercises discretionary trading authority solely over the accounts of non-U.S. persons, as defined in CFTC Regulation 4.7(a)(1)(iv);
 - (v) A Futures Commission Merchant registered with the CFTC pursuant to the CEA; or
 - (vi) An Introducing Broker registered with the CFTC pursuant to the CEA.
- (b) Bunched Orders must be allocated and recorded in accordance with applicable CFTC Regulation 1.35, or any successor regulation thereto, and

consistent with the NFA Interpretative Notice 9029 related to Compliance Rule 2-10 or any successor regulation.

Rule 512 Orders Entered Prior to SEF Opening

Orders entered into the Tera System prior to the opening of Trading Hours shall be entered pursuant to procedures established by Tera from time to time in a Notice to Participants.

Rule 513 Identification of Authorized Traders

Each Authorized Trader shall be identified to Tera, in the manner prescribed by Tera, and shall be subject to Tera Rules. It is the duty of the Participant to ensure that Authorized Trader (and Trader ID) registration, as applicable, is current and accurate at all times. Each individual must use a Trader ID to access Tera. In no event may a Person enter an Order or permit the entry of an Order by an individual using a Trader ID other than the individual's own Trader ID.

Rule 514 Block Trades

- (a) Block Trades shall be permitted to the extent consistent with CFTC Regulations and the Tera Rules.
- (b) The following shall govern Block Trades:
 - (i) Each party to a Block Trade must qualify as an "eligible contract participant", as that term is defined in Section 1a(18) of the CEA and CFTC Regulations.
 - (ii) A Block Trade must be for a quantity that is at or in excess of the applicable minimum block size established by the CFTC pursuant to Regulation 43.6. Spread trades may be executed as Block Trades, provided that the quantity of each leg of the spread meets the minimum quantity for each respective maturity. When the applicable minimum block size or cap size for a publicly reportable swap transaction is denominated in a currency other than U.S. dollars, TeraExchange will use a currency exchange rate that is widely published within the preceding two business days from the date of execution of the Trade to determine whether it meets the Block Trade qualification. Orders may not be aggregated for different accounts in order to achieve the minimum Block Trade size unless done by a Person who:
 - (1) A commodity trading advisor registered (or exempt from registration) under the CEA, or a principal thereof who has discretionary trading authority or directs client accounts; an investment advisor registered (or exempt from registration) under the Investment Advisors Act of 1940 who has discretionary trading authority or directs client accounts and

satisfies the criteria of §4.7(a)(2)(v) of the CFTC Regulations; or, a foreign person performing a similar role or functions as the persons described in §43.6(h)(6)(i)(A) or (B) and is subject as such to foreign regulation, and

- (2) Has more than \$25,000,000 in total assets under management.
- (iii) The parties to a Transaction with a notional amount at or in excess of the applicable minimum block size must notify Tera of the election to have to Transaction treated as a Block Trade. Tera will notify the applicable SDR of the Block Trade election when transmitting swap transaction and pricing data and Required Swap Creation Data in accordance with Rule 704.
- (iv) 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 parties to the Block Trade.
- (c) Block Trades must be entered using the Tera System in a manner prescribed from time to time by Tera.
- (d) A Participant, Authorized Trader or Executing Firm must receive instructions from a Customer or Account Holder or obtain the Customer's or Account Holder's prior consent in writing before entering into a Block Trade with that Customer or Account Holder. Such instruction or consent may be provided in the power of attorney or similar document by which the Customer or Account Holder provides the Participant, Authorized Trader or Executing Firm with discretionary trading authority or the authority to direct the trading in its account.
- (e) A Reporting Counterparty must transmit all swap transaction and pricing data, including the actual notional or principal amount, required to be reported under CFTC Regulation Part 43 for any Block Trade to Tera as soon as technologically practicable, but in any event no later than 10 minutes following its execution. Following receipt, Tera will transmit the swap transaction and pricing data to the relevant SDR as soon as technologically practicable. The SDR will be responsible for delaying the public dissemination of swap transaction and pricing data relating to any Block Trade, and for dissemination of rounded notional or principal amounts, in accordance with the timeframe and requirements set forth in CFTC Regulation Part 43.

- (f) Block Trade prices will not trigger unexecuted Orders in the Order Book.
- (g) [Reserved]
- (h) In accordance with CFTC NAL 17-60, expiring November 15, 2020, a Participant may execute a Block Trade for a Cleared Transaction if it: (i) involves an Instrument that is listed by Tera; (ii) is executed pursuant to the Rules and procedures of Tera, (iii) meets the notional or principal amount at or above the appropriate minimum block size applicable to the Instrument, (iv) is reported to an SDR pursuant to the Rules and procedures of Tera and the CFTC's rules and regulations, (v) is screened against the applicable pre-trade credit limits in accordance with Rule 405, and (vi) is subject to *void ab initio* requirements where the Block Trade is rejected on the basis of credit.
- (i) Any Block Trade in violation of these requirements shall constitute conduct which is inconsistent with just and equitable principles of trade.

Rule 515 Risk Controls

- (a) Tera may, in its sole discretion, reject any Order.
- (b) Tera shall have the right to take any action to reduce the potential of market disruption, including, but not limited to, market restrictions that pause or halt trading in market conditions prescribed by Tera if such action is in the best interest of the Instrument markets.
- (c) Tera shall have the right in its sole discretion to cancel Trades executed at prices outside of the No-Bust Range. The price of a Swap shall be within the "No-Bust Range" if such price is not more than 10% higher or lower than the price of the last trade in such Swap or, if such Swap has not previously been traded on that Business Day, not more than 10% higher or lower than the prior Business Day's settlement price for such Swap.
- (d) If an Instrument is fungible with, linked to or a substitute for a financial instrument trading on another trading venue, including any trading venue regulated by the SEC (a "Linked Instrument"), and such other trading venue has placed risk controls on such financial instrument, Tera shall have the right to place similar risk controls on the Linked Instrument.

Rule 516 Use of Trading Privileges

No Participant may use its Trading Privileges or access Tera in any way that could be expected to bring disrepute upon such Participant or Tera.

Rule 517 Priority of Customers' Orders

No Participant shall enter an Order into Tera for its own Account, an Account in which he has a direct or indirect financial interest or an account over which he has discretionary trading authority, including, without limitation, an Order allowing discretion as to time and price, when such Participant is in possession of any Order in the same Instrument from another Participant that Tera is capable of accepting.

Rule 518 Adherence to Law

- (a) No Participant, Customer, Authorized Representative, Authorized Trader, Introducing Broker or Supervised Person shall engage in conduct in violation of Applicable Law, the Tera Rules, CFTC Regulations, the Rules of any SEF, or the Rules of any Designated Contract Market, Derivatives Clearing Organization or Self-Regulatory Organization that has jurisdiction over such Participant, Customer, Authorized Representative, Authorized Trader, Introducing Broker or Supervised Person or, with respect to SEF Activity, the laws, rules or regulations of any relevant Governmental Agency.
- (b) Without limiting subsection (a) of this Rule,
 - (i) Each Participant that is an FCM or a Clearing Firm must comply with all requirements of Applicable Law regarding the treatment of Customer funds and Customer Orders; and
 - (ii) Each Participant, Customer or Account Holder must comply with all margin requirements established by each relevant Clearing House and by each relevant Clearing Firm, if applicable, as well as any margin requirements set forth by CFTC Regulations or Applicable Law.

Rule 519 Rule Violations

- (a) It shall be an offense for a Person subject to Tera's jurisdiction to violate any Tera Rule regulating the conduct or business of a Participant, or any agreement made with Tera, or to engage in fraud, dishonorable or dishonest conduct, or in conduct which is inconsistent with just and equitable principles of trade.
- (b) Any Person subject to Tera's jurisdiction shall, upon request, assist Tera in any investigation into potential violations of the Tera Rules or the CEA. Such assistance, which must be made in good faith and in a timely manner that is reasonable under the circumstances, may include but not be limited to, requiring any Participant to produce documents, to answer questions from Tera or its designee, and/or to appear in connection with an investigation.

- (c) If a Person subject to Tera’s jurisdiction has actual or constructive notice of a violation of Tera Rules in connection with the use of Tera by a Participant and the Person fails to take appropriate action, the Person may be found to have committed an act detrimental to the interest or welfare of Tera.

Rule 520 Fraudulent Acts Prohibited

No Person subject to Tera’s jurisdiction shall engage in, or attempt to engage in any fraudulent act or engage in, or attempt to engage in any manipulative device, scheme or artifice to defraud, deceive, trick or mislead in connection with or related to any SEF Activity including, without limitation, front running, fraudulent trading, money passes, trading ahead of Account Holder or Customer Orders, trading against Account Holder or Customer Orders or accommodation trading.

Rule 521 Fictitious, Wash or Non-Competitive Transactions Prohibited

- (a) No Person subject to Tera’s jurisdiction shall create fictitious Transactions or wash Transactions or execute any such Order with knowledge of its nature. No Person subject to Tera’s jurisdiction shall place or accept Orders in the same Instrument where the Person knows or reasonably should know that the purpose of the Orders is to avoid taking a bona fide market position exposed to market risk (Transactions commonly known or referred to as wash sales). Orders for different accounts with common beneficial ownership that are entered with the intent to negate market risk or price competition shall also be deemed to violate the prohibition on wash trades. Additionally, no Person subject to Tera’s jurisdiction shall knowingly execute or accommodate the execution of such Orders by direct or indirect means.
- (b) No Person subject to Tera’s jurisdiction shall engage in a non-competitive transaction except with respect to Block Trades affected pursuant to Rule 514 or Permitted Transactions Arranged by an Executing Firm pursuant to Rule 531.

Rule 522 Market Disruption Prohibited

No Person subject to Tera’s jurisdiction shall enter data or other information into the Tera System for the purposes of upsetting the equilibrium of the market in any Instrument or creating a condition in which prices do not or will not reflect fair market value.

Rule 523 Disruptive Trading Practices Prohibited

No Person subject to Tera’s jurisdiction shall engage in any trading practice or conduct that constitutes a “disruptive trading practice”, as such term is described in Section 4c(a)(5) of the CEA or in interpretive guidance issued by the CFTC, in relation to the trading of any Instrument. The following are prohibited:

- (a) Violating Bids and Offers. No Participant, Authorized Trader, Executing Firm, or Account Holder or Customer of a Participant, via the Order Book, shall buy or attempt to buy an Instrument on Tera at a price that is higher than the lowest available price offered for such Instrument or sell an Instrument on Tera at a price that is lower than the highest available price bid for such Instrument.
- (b) Orderly Execution of Transactions during the Closing Period. No Participant, Authorized Trader, Executing Firm, or Account Holder or Customer of a Participant shall engage in any conduct that demonstrates reckless or intentional disregard for the orderly execution of Transactions during the Closing Period, including, but not limited to, conduct commonly known as “banging” or “marking” the close.
- (c) Spoofing. No Participant, Authorized Trader, Executing Firm, or Account Holder or Customer of a Participant shall intentionally engage in any conduct that is, is the character of, or is commonly known to the trade as “spoofing,” including, but not limited to:
 - (i) Bidding and offering with the intent to cancel the bid or offer before execution;
 - (ii) Submitting or cancelling bids or offers to overload the quotation system;
 - (iii) Submitting or cancelling bids or offers to delay another Participants’ execution of Transactions;
 - (iv) Submitting or cancelling multiple bids or offers to create an appearance of false market depth; and
 - (v) Submitting or cancelling bids or offers with intent to create artificial price movements upwards or downwards.

Rule 524 Market Manipulation Prohibited

No Person subject to Tera’s jurisdiction shall engage in any conduct that manipulates or attempts to manipulate the price in any Instrument, including, without limitation, engaging in activity in violation of CEA sections 9(a)(2), 4c(a)(5), and Commission Regulations 180.1(a) and 180.2.

Rule 525 Misstatements Prohibited

No Person subject to Tera’s jurisdiction shall knowingly make any misstatement of a material fact to Tera, any SEF Official, any Board committee or SEF panel, the Compliance Department and/or agents of Tera or to any Participant, or knowingly omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

Rule 526 Acts Detrimental to Welfare of Tera Prohibited

It shall be an offense for any Person subject to Tera's jurisdiction to engage in any act that is detrimental to Tera's operations or its' ability to comply with Applicable Law.

Rule 527 Misuse of Tera Prohibited

Misuse of Tera is strictly prohibited. No Person subject to Tera's jurisdiction shall (i) willfully or negligently engage in unauthorized use of Tera; (ii) assist any Person in obtaining unauthorized access to Tera; (iii) trade on Tera without an agreement and an established account in good standing with a Derivatives Clearing Organization or a Clearing Firm; (iv) alter the equipment associated with Tera; (v) interfere with the operation of Tera; (vi) intercept or interfere with information provided by or to Tera; (vii) or in any way to use Tera in a manner contrary to the Tera Rules.

Rule 528 Withholding Orders Prohibited

- (a) Any Participant entering Orders on Tera for any legally distinct Account Holders or Customers shall not withhold or withdraw from the market any Order, or any part of an Order, for the benefit of any Person other than such Account Holders or Customers.
- (b) A Participant must enter immediately into Tera all Orders received from any legally distinct Account Holders or Customers that are executable immediately. If a Participant cannot immediately enter into Tera an Order received from such legally distinct Account Holder or Customer, the Participant must enter the Order into Tera as soon as practicable, and must immediately create an electronic record as provided in Rule 508(a).

Rule 529 Pre-discussed or Cross Trades

- (a) No Person subject to Tera's jurisdiction in possession of any legally distinct Account Holder's or Customer's Order shall knowingly take, directly or indirectly, the opposite side of such Order for its own account, an account in which it has a direct or indirect financial interest, or an account over which it has discretionary trading authority.
- (b) No Person subject to Tera's jurisdiction in possession of Orders from more than one legally distinct Account Holder or Customer shall knowingly cause such Orders to execute against one another on Tera, or shall enter a pre-discussed Transaction into the Tera System, except as provided in paragraph (c).
- (c) The foregoing restriction shall not apply to Transactions executed pursuant to Rule 514 (Block Trades), Rule 536 (Cleared Error Trade Correction) or to Orders:

- (i) From a Participant which is a broker or dealer seeking to execute against an Account Holder's Order for its own account, or alternatively seeking to execute two Account Holder's Orders against one another, provided, in either case, that one side of the transaction has been exposed to other Participants as a firm quote available for execution on the Order Book for a minimum of 15 seconds before the second side of the transaction has been submitted for execution.
- (ii) Notwithstanding the foregoing, a Participant shall not be in violation of this rule due to Cross Trades executed by two Participants trading for the same account, or for separate accounts of the same Beneficial Ownership, where neither Participant has knowledge of the other's Order and there is no coordination or prearrangement of the Cross Trade, provided that the relevant Participants shall be responsible, upon the request of TeraExchange, to demonstrate to the reasonable satisfaction of Tera, that neither Participant had knowledge of the other's Order. For the avoidance of doubt, no delay in entering both sides of a pre-discussed Permitted Transaction or of a Cross Trade of a Permitted Transaction through TeraExchange is required. No Person shall enter a pre-discussed Permitted Transaction or Cross Trade in a Permitted Transaction for illegal or improper purposes.

Rule 530 Disclosing Orders Prohibited

No Person shall disclose another Person's Order except to a designated SEF Official or the CFTC, and no Person shall solicit or induce another Person to disclose Order information. No Person shall take action or direct another to take action based on non-public Order information, however acquired.

Rule 531 Arranged Transactions

- (a) Notwithstanding any provision of Rule 529 to the contrary, Tera shall execute Permitted Transactions between Participants, Account Holders or both that have been arranged by an Executing Firm and submitted to the Tera System in accordance with this Rule.
- (b) The Executing Firm shall provide Tera with evidence in a form and manner acceptable to Tera that the Participant or Account Holder consents to the Executing Firm acting on the Participant or Account Holder's behalf.
- (c) The Executing Firm shall record such information as required by the Tera entry screen regarding the details of the arranged transaction as soon as practicable, but in no event more than 15 minutes, following agreement of the Participants to the terms of the transaction.
- (d) The Executing Firm shall indicate whether the transaction is intended to be cleared or intended to be uncleared.

- (i) For Transactions intended to be cleared, the fields relating to account number and Clearing Participant shall automatically be populated and the transaction shall be in accordance with the provisions of Chapter 6 of the Tera Rules. Subject to Rule 537, the Executing Firm shall not disclose the identities of counterparties to a Transaction intended to be cleared.
- (ii) For Transactions intended to be uncleared, the Executing Firm, prior to reporting the arranged transaction to Tera for execution under this rule, shall obtain a representation from each of the applicable Participants or Account Holders that the Participant or Account Holder has in place credit arrangement documentation as to the other party, including as applicable arrangements for the exchange of collateral.
- (e) The Executing Firm shall keep full, complete and systematic records relating to the Transactions as required by CFTC Rule 1.35; and shall make available access to such records upon the request of Tera.
- (f) The Transaction may not be entered into for illegal or improper purposes and must comply with the trading practice and business conduct rules of this Chapter. Upon request by Tera, the Executing Firm must demonstrate that a Transaction complies with this Rule and Applicable Law.

Rule 532 Voice-Assisted and Electronic Request for Quote Trading

- (a) Electronic RFQ Trading. A Participant may solicit a bid, an offer or both, for a specific Instrument by entering an RFQ into the Tera System, which shall provide that each Participant solicited shall receive the RFQ solicitation with equal priority.
 - (i) The requestor may submit the RFQ on an anonymous or disclosed basis.
 - (ii) An RFQ must be sent by the requestor;
 - (1) For Required Transactions, to three or more recipients not affiliated with the requestor. In the event that Participants receiving an RFQ are affiliated with one another, only one such Participant shall be counted toward the minimum required number of market participants. Participants that are owned or controlled by the requestor shall not be counted toward the minimum required number of market participants.;
 - (2) For Permitted Transactions, to one or more recipients not affiliated with the requestor.

- (iii) The RFQ recipient may respond to an RFQ by sending the requestor a responsive quote, which is firm and actionable.
 - (iv) At the same time that the RFQ requestor receives the first response to the RFQ for a Required Transaction, Tera shall communicate to the requestor any bid or offer pertaining to the same Instrument resting on the Order Book. Tera provides the RFQ requestor the ability to execute against any of the bids or offers responding to the RFQ, including the bid or offer resting on the Order Book.
 - (v) The RFQ requestor may execute against a responsive quote or a bid or offer on the Order Book.
 - (vi) If the RFQ requestor does not execute the responsive quote within a pre-defined period of time set by the parties, the RFQ session ends.
 - (vii) By executing a responsive quote, the RFQ recipient agrees that it shall result in a Transaction.
- (b) Voice-Assisted RFQ Trading. Tera provides Participants voice-assisted RFQ functionality so that they may enter RFQs and receive responsive quotes via voice communication with Tera personnel. A Participant may, for a specific Instrument, solicit a bid, an offer or both from other Tera Participants, by contacting authorized Tera personnel on such telephone lines, electronic mail or instant messaging channels as Tera shall specify from time to time for such purpose. In carrying out such solicitations by telephone, electronic mail or instant messaging, the authorized Tera personnel shall provide each Participant solicited with equal priority.
- (i) The requestor may instruct that the RFQ be on an anonymous or disclosed basis.
 - (ii) The RFQ must be communicated by authorized Tera personnel;
 - (1) For Required Transactions, to three or more recipients not affiliated with the requestor. In the event that Participants receiving an RFQ are affiliated with one another, only one such Participant shall be counted toward the minimum required number of market participants. Participants that are owned or controlled by the requestor shall not be counted toward the minimum required number of market participants.;
 - (2) For Permitted Transactions, to one or more recipients not affiliated with the requestor.
 - (iii) At the same time that authorized Tera personnel provide the RFQ requestor with the first response to the RFQ for a Required

Transaction, such authorized Tera personnel shall communicate to the requestor any firm bid or offer pertaining to the same Instrument resting on the Order Book. The RFQ requestor may execute against any of the bids or offers responding to the RFQ, including the bid or offer resting on the Order Book.

(iv) Upon execution, authorized Tera personnel shall enter the trade details into the Tera System. Tera personnel must make a record of the time at which the RFQ request was made as well as the responses received and transmitted to the requestor. All communications between Tera Personnel and requestors and Tera Personnel and recipients will be recorded and maintained by Tera.

(c) Indications of Interest.

(i) For Permitted Transactions only, a liquidity provider (as defined by Tera) has the ability to display an indication of interest on Tera. An indication of interest is an advertisement to all Participants of the liquidity provider's interest in dealing at a specific price, size, direction and tenor.

(ii) An indication of interest is only an advertisement of the liquidity provider's interest to deal; it is not executable.

(iii) A Participant may trigger an RFQ, in accordance with the above RFQ protocols, to that liquidity provider based on the indication of interest.

Rule 533 Disputes

Any dispute between an Account Holder and an Executing Firm or between two Participants arising out of or in connection with the solicitation or acceptance of any Order for execution of an Instrument, or the execution of any Instrument, shall be resolved by and pursuant to the arbitration rules of the NFA or such other Self-Regulatory Organization as the parties may agree.

Rule 534 Trade Cancellation and Price Adjustment

(a) Tera has the authority to adjust Trade prices or cancel Trades when, in its absolute and sole discretion, it believes such action is necessary to mitigate market disrupting events caused by the improper or erroneous use of the electronic trading system or by system defects.

(b) Tera may, in its absolute and sole discretion, adjust Trade prices or cancel any Trade if it determines that allowing a Trade to stand as executed may have a material adverse effect on the integrity of the market, including, but not limited to, Trades executed at prices outside of the No-Bust Range as set forth in Rule 515.

- (c) Trades that are price-adjusted shall be inserted into Tera's official time and sales records at the adjusted Trade price. Cancelled Trade prices and any prices that have been adjusted shall be cancelled from Tera's official time and sales records. Notice of price adjustments and cancellations will be posted to Tera's website.

Rule 535 Trade Review, Correction and Notification

- (a) Tera may determine to review a Trade based on its independent analysis of market activity or upon request for review by a Participant. Upon deciding to review a Trade, Tera will promptly notify the counterparties that the Trade is under review.
- (b) If a Participant believes that a Trade was erroneously executed or rejected from clearing due to an operational or clerical error or omission, it may request a review of the Transaction by providing Tera with a description of the alleged error existing in the executed Trade or which caused the Trade to be rejected from clearing, the Unique Swap Identifier for the Trade in question and any additional information reasonably requested by Tera.
 - (i) A request for review of a Trade rejected from clearing must be made by a Participant, in writing and including the information required in Rule 535(b), within 30 minutes from the issuance of the notice of rejection by the relevant Clearing House.
 - (ii) A request for review of an alleged error in an existing Trade must be made by a Participant, in writing and including the information required in Rule 535(b), no later than the end of the Business Day following the date of execution of the Trade in question.
- (c) Upon receipt by Tera of a written request for review of a Transaction, including the information required in Rule 535(b), Tera will review its electronic audit trail to determine if Tera correctly executed the Trade. Such review will be completed:
 - (i) With respect to a Trade rejected from clearing for non-credit reasons, promptly following the receipt of the request for review, error description and associated Unique Swap Identifier, or
 - (ii) With respect to a Cleared Error Trade (defined below), on the same Business Day if Tera received such request for review prior to 12:00 noon on any Business Day, or
 - (iii) By the end of the following Business Day if such request was received:
 - (1) On or after 12:00 noon on any Business Day, or

- (2) On any day that is not a Business Day.
- (d) If the review described in this Rule reveals that the Trade was correctly executed by Tera, then no adjustment shall be made in the Accounts of any Participants.
- (e) If, after review, Tera affirmatively determines that the Trade was (i) erroneously executed, (ii) involved an Instrument not required to be cleared pursuant to the clearing mandate in Section 2(h)(1) of the CEA, and (iii) was not designated to be submitted voluntarily for clearing to a Clearing House, then, no later than three Business Days after the erroneous Trade was executed, the Participants involved in the erroneous Trade may mutually agree to cancel the erroneous Trade or, subject to the Tera Rules, to correct or adjust the erroneous Trade price.
- (f) If, after review, Tera affirmatively determines that the Trade was (i) erroneously executed, (ii) involved an Instrument intended to be cleared pursuant to the clearing mandate in Section 2(h)(1) of the CEA, or (iii) was submitted voluntarily for clearing to a Clearing House, correction of the erroneous Trade shall be made pursuant to Rule 536 below.
- (g) Notwithstanding anything to the contrary in this Rule, if Tera determines in its sole discretion that the execution of any erroneous Trade was the result of Orders being incorrectly processed by Tera, or any other cause beyond the control of any Participant, then Tera may cancel such Trade in the Accounts of all affected Participants.

Rule 536 Cleared Error Trade Correction

- (a) Until the effective date on any changes in CFTC Regulations covered by CFTC NAL 17-27, as supplemented by CFTC NAL 20-01, this Rule 536 shall apply where an operational or clerical error or omission made by Tera, one of the counterparties, or an agent of the counterparty, (i) results in the rejection of a Trade submitted for clearing or (ii) is identified after the Trade has been cleared (a “Cleared Error Trade”).
- (b) If Tera affirmatively determines that a Trade has been rejected from clearing by a Clearing House due to an operational or clerical error or omission made by Tera, one of the counterparties, or an agent of the counterparty, a new transaction, with terms and conditions that match the terms and conditions of the original transaction, other than any such error or omission and time of execution, may be executed and submitted for clearing without having been executed pursuant to the methods set forth in CFTC Regulation 37.9(a)(2).
- (i) If Tera is able to determine how to correct the error or omission, it may execute a new Trade without obtaining the consent of the counterparties to the original Transaction.

- (ii) If Tera is unable to determine how to correct the error or omission, it may either (x) seek guidance on how to address the error or omission from the counterparties, which guidance may not be implemented without the consent of both counterparties, or (y) elect not to correct the error, in which case the original Transaction will be deemed *void ab initio*.
 - (iii) A new Trade correcting a Trade rejected from clearing due to operational or clerical error or omission must, subject to the Tera Rules, including Rule 405, be executed on Tera and submitted for clearing as quickly as technologically practicable following the relevant Clearing Firm receipt of notice of rejection from a Clearing House, but, in any event, no later than one hour from the issuance of the notice.
 - (iv) If the new Trade that corrects the errors in the original Trade is also rejected for clearing it shall be deemed *void ab initio* and the counterparties will not be provided a second opportunity to submit a new correcting Trade.
- (c) If Tera affirmatively determines that a Trade is being carried on the books of a Clearing House in error, and that the correction of such Cleared Error Trade would not adversely impact market integrity, facilitate market manipulation or other illegitimate activity, or otherwise violate the CEA, CFTC Regulations or Tera Rules, in order to “reverse and resubmit” the Trade in error, trades to offset and correct the swaps carried in error on the books of the Clearing House, with terms and conditions that match the terms and conditions of the original transaction, other than any such error or omission and time of execution, may be executed and submitted for clearing without having been executed pursuant to the methods set forth in CFTC Regulation 37.9(a)(2).
 - (i) If Tera is able to determine how to correct the error or omission, it may execute offsetting and correcting trades without obtaining the consent of the counterparties, and submit such trades to the relevant Clearing House for clearing.
 - (ii) If Tera is unable to determine how to correct the error or omission, it may seek guidance on how to address the error or omission from the counterparties to the Cleared Error Trade on how to address the error, and, in such case, shall only execute offsetting and correcting trades and submit such trades to the relevant Clearing House after obtaining consent from both counterparties.
 - (iii) New trades offsetting and correcting a Cleared Error Trade must, subject to the Tera Rules, including Rule 405, be executed on Tera

and submitted for clearing no later than three days after the Cleared Error Trade was executed.

- (d) If, prior to a review and affirmative determination by Tera, the counterparties agree that a Trade has been rejected from clearing by a Clearing House, or a Cleared Error Trade has occurred, as the result of an operational or clerical error or omission and further agree how to appropriately correct the error in a way that will not adversely impact market integrity, facilitate market manipulation or other illegitimate activity, or otherwise violate the CEA, CFTC Regulations, or the Tera Rules, the counterparties to the Trade rejected from clearing or Cleared Error Trade may enter into offsetting and/or correcting trades to correct the operational or clerical error or omission without the prior notification and approval of Tera.
- (i) A new Trade correcting the error or omission in a Trade that has been rejected from clearing by a Clearing House, with terms and conditions that match the terms and conditions of the original transaction, other than any such error or omission and time of execution, must, subject to the Tera Rules, including Rule 405, be executed on Tera and submitted for clearing within one hour of the issuance of notice of rejection from the relevant Clearing House.
 - (ii) New trades offsetting and correcting a Cleared Error Trade, with terms and conditions that match the terms and conditions of the original transaction, other than any such error or omission and time of execution, must, subject to the Tera Rules, including Rule 405, be executed on Tera and submitted for clearing as soon as technologically practicable but in no case later than twenty-four hours following the execution of the Cleared Error Trade.
 - (iii) Upon electing to correct a Trade that has been rejected from clearing by a Clearing House, or to offset and correct a Cleared Error Trade, prior to an affirmative determination by Tera that an operational or clerical error or omission has occurred, a counterparty to the Transaction must, at the time the offsetting and/or correcting Trade is made, provide to Tera:
 - (1) The information required in Rule 535(b);
 - (2) A representation that the rejected Trade or Cleared Error Trade resulted from or contained operational or clerical errors or omissions; and
 - (3) The material terms of the rejected Trade or Cleared Error Trade, offsetting Trade and correcting Trade.

- (iv) Tera will perform an *ex post facto* review of the rejected Trade or Cleared Error Trade, offsetting Trade and correcting Trade within one Business Day of the date of execution of the offsetting Trade and correcting Trade. Such *ex post facto* review will include a review of Tera's electronic audit trail and the facts and circumstances surrounding the rejected Trade or Cleared Error Trade, and a review of whether the offsetting Trade and correcting Trade adversely impacted market integrity, facilitated market manipulation or other illegitimate activity, or otherwise violated the CEA, CFTC Regulations, or the Tera Rules.
 - (1) Following the *ex post facto* review, Tera will make an affirmative determination as to whether an operational or clerical error or omission did exist resulting in the rejected Trade or Cleared Error Trade and whether it was appropriately corrected by the counterparties.
 - (2) If Tera makes an affirmative determination that an operational or clerical error or omission resulting in the rejected Trade or Cleared Error Trade did not exist appropriate disciplinary action will be taken against the counterparties in accordance with Chapter 8 of the Tera Rules.
- (e) Upon the execution of any offsetting and/or correcting Trade, Tera shall report, as soon as technologically practicable, to the relevant SDR the following, as applicable:
 - (i) Cancellation of the original trade under Part 43 of the CFTC Rules;
 - (ii) A Part 45 termination indicating that the original Trade rejected from clearing is *void ab initio*; and
 - (iii) Swap transaction and pricing data and Required Swap Creation Data pursuant to Parts 43 and 45 for any offsetting and/or correcting Trade.

Rule 537 Post Trade Anonymity

- (a) Pursuant to the Commission issuing final rule § 37.9(d), it is prohibited to disclose, directly or indirectly, including through a third-party service provider, the identity of a counterparty for swaps executed, pre-arranged or pre-negotiated anonymously on or pursuant to the rules of a SEF and intended to be cleared at the time of execution.
- (b) Prohibition on post-trade name give-up shall not apply to the components of a package transaction that are uncleared swaps or non-swap instruments. Examples include, but are not limited by, swaps execute with a Treasury

hedge cleared bilaterally between counterparties, swaps executed as part of a hedge to an Interest Rate Option or Credit Option and swaps executed as part of a package with uncleared swaps.

- (c) The compliance date for swaps subject to the trade execution requirement under section 2(h)(8) of the CEA is November 1, 2020. The compliance date for swaps not subject to the trade execution requirement under section 2(h)(8) of the CEA is July 5, 2021.

CHAPTER 6 CLEARING

Rule 601 Mandatory Clearing

- (a) All Required Transactions and all Permitted Transactions, except as provided under Rule 608, entered into Tera or subject to the Tera Rules shall be cleared through a Clearing House in accordance with applicable Clearing House Rules and in conformity with the CEA, CFTC Regulations and the Rules specifically provided in this Chapter 6.
- (b) Tera will route Transactions intended for clearing to the Clearing House designated in the Instrument Specification for the Clearable Instrument in a manner acceptable to the Clearing House and will coordinate with each Clearing House to which it submits Transactions for clearing to develop rules and procedures to facilitate prompt, efficient, and accurate Transaction processing in accordance with CFTC Regulation 39.12(b)(7).

Rule 602 Clearing Accounts

For each Transaction a Participant expects to enter into on Tera or subject to Tera Rules, the Participant or an Account Holder of the Participant must establish a clearing account with the Clearing House or with a Clearing Firm that is a member of the Clearing House, in each case, designated in the Instrument Specification for such Clearable Instrument.

Rule 603 Clearing Firm Guarantee

- (a) Each Participant that is not a Clearing Firm must obtain prior authorization from a Clearing Firm that will guarantee Participant's Transactions in Instruments that are intended to be cleared, or enter into an appropriate arrangement with a Person that has such an authorization from a Clearing Firm. Each such guarantee or other arrangement must be in form and substance satisfactory to, and approved by, TeraExchange. A Clearing Firm must guarantee and assume financial responsibility for all Instruments of each Participant guaranteed by it. Where such Participant utilizes the services of multiple Clearing Firms, a Clearing Firm shall only be responsible to the extent that it has been designated to clear a particular Transaction.

- (b) A Clearing Firm may at any time revoke any authorization granted and guarantee made by it to any Participant in accordance with paragraph (a) above, by providing written notice of such revocation to TeraExchange. The guarantee will remain in effect until the non-Clearing Firm has liquidated or transferred all of the Participant's positions and funds, as applicable, to another Clearing Firm.
- (c) Upon notice that a Clearing Firm has revoked any authorization granted and guarantee made by it to any Participant pursuant to Rule 603(b), the Trading Privileges of the Participant will immediately be suspended and will not be reinstated until the Participant obtains new authorization from a Clearing Firm that will guarantee such Participant's Transactions in accordance with Rule 603(a).

Rule 604 Clearing House Rules

- (a) The clearing services provided by a Clearing House with respect to any Clearable Instrument, and the rights and obligations of purchasers and sellers under cleared Instruments (including rights and obligations in respect of clearing and settlement, variation payments and performance at maturity), shall be governed by the Clearing House Rules of such Clearing House.
- (b) The Clearing House Rules shall prevail in the event of any conflict or inconsistency between these Rules and such Clearing House Rules with respect to any responsibilities or obligations of a Clearing Firm under such Clearing House Rules. Each Clearing Firm is bound by the Clearing House Rules of any Clearing House of which such Clearing Firm is a member.

Rule 605 Other Clearing Organizations

Each Clearing Firm must be a member of at least one Clearing House at all times. Tera may designate an additional clearing organization as a Clearing House from time to time. Whenever Tera designates a new Clearing House, a Clearing Firm may become a member of such Clearing House and clear Instruments through the Clearing House.

Rule 606 Clearing Fees

Clearing fees shall be assessed against a Clearing Firm for each side of a Transaction traded on, cleared by or processed through a Clearing House as such Clearing House may from time to time prescribe. Such clearing fees may be incorporated into the exchange fees assessed pursuant to Rule 305 as disclosed by Tera.

Rule 607 Clearing and Finality

- (a) Tera does not guarantee that Orders executed on Tera and submitted for clearing will actually be cleared or otherwise result in completed and

binding Transactions. Participants acknowledge through their use of Tera that

- (i) Orders entered into Tera are intended to result in binding Transactions once accepted for clearing;
 - (ii) All obligations under such Transactions shall be enforceable against Participant solely by the relevant Clearing Firm and/or Clearing House;
 - (iii) The finality and binding status of any Transaction resulting from an Order executed on Tera shall be determined by reference to the relevant Clearing Firm documentation and Clearing House Rules; and
 - (iv) Tera is not a party to any cleared Transaction.
- (b) Except as provided in Rule 536, in the event that an Order is executed on Tera and submitted to the relevant Clearing House for clearing but subsequently rejected by the relevant Clearing Firm or Clearing House, upon receipt of a clearing rejection notice from the relevant Clearing Firm or Clearing House such Transaction shall be deemed *void ab initio* and neither the parties thereto nor Tera shall have any further responsibility for such Transaction under these Rules. For the avoidance of doubt, at no time shall the submission by a Participant of an Order into Tera, or the execution of such Order against another Order on Tera, result in any transaction-specific performance obligations directly between the Participant and:
- (i) Any other Participant that has entered an Order into Tera, including any Order that is executed and sent for clearing contemporaneously with the first Participant's Order; or
 - (ii) Tera, other than the payment of associated fees in connection with cleared Transactions.

Rule 608 Uncleared Transactions

- (a) A Permitted Transaction involving an Instrument that (i) is not required to be cleared pursuant to the clearing mandate in Section 2(h)(1) of the CEA and (ii) is not designated to be submitted voluntarily for clearing to a Clearing House will be an uncleared Transaction. Uncleared Transactions may only be entered into by counterparties, including any Participant, Executing Firm, Account Holder, Customer, Swap Dealer and Major Market Participant having previously established trading relationship documentation in place consistent with the requirements of Applicable Law.

- (b) Counterparties to a Permitted Transaction that has been reported to Tera by an Executing Firm for execution under Rule 531 may agree that such transactions shall be uncleared.
- (c) Notwithstanding anything to the contrary in Rule 705(b), the Primary Economic Terms specific to the transaction agreed by the counterparties on Tera with respect to an uncleared Transaction shall be reflected by Tera in a written communication (the “Trade Communication”) sent by Tera to the applicable Participants or Account Holders through the Executing Firm. The Trade Communication, together with any underlying previously negotiated freestanding documents and agreements (including, without limitation, ISDA master agreements, other master agreements, terms supplements, master confirmation agreements, and incorporated industry definitions) governing such Transaction existing at the time of such commitment to which the participants are party (the “Terms Incorporated by Reference”) shall, taken together for purposes of CFTC Regulation 37.6(b), comprise all of the terms of such transaction and serve as a confirmation of such transaction. Counterparties shall maintain all records of such previously negotiated freestanding agreements in accordance with CFTC NAL 17-17, expiring on the effective date of revised CFTC regulations. Each Trade Communication is deemed to incorporate the Terms Incorporated by Reference and in the event of any conflict between the Trade Communication and the Terms Incorporated by Reference, the Trade Communication shall prevail to the extent of any inconsistency. The Trade Communication shall state the same.
 - (i) Upon request by Tera, counterparties to a transaction shall provide to Tera any underlying previously negotiated freestanding agreements between the counterparties.
 - (ii) Upon request by the CFTC to Tera, counterparties to a transaction shall provide Tera with any underlying previously negotiated freestanding agreements between the counterparties and such documents shall be furnished to the CFTC as soon as they are available.

CHAPTER 7 RECORDKEEPING AND REPORTING

Rule 701 Records to be Maintained by Clearing Firms

- (a) A Participant acting as a Clearing Firm is responsible for maintaining or causing to be maintained records for all Orders, including Order entry, modification, cancellation and responses to such messages (referred to as the “Records”), entered into Tera. The Records must be maintained for a minimum of five years after the termination of the Instrument and be readily accessible during the first two (2) years of the five-year period, and Participants must have the ability to produce this data upon request of the

Chief Compliance Officer, his designee or the Regulatory Oversight Committee.

- (b) The Records must contain in addition to information required by subsection (a) of this Rule 701, all Order receipts, Order entry, Order terms, a unique account identifier (that relates back to the account(s) owner(s)), Order modification, and response receipt times at least to a second. The Records must also contain all data relating to Order entry, including Transaction date, Instrument, applicable SEF codes, maturity date or tenor, quantity, Order type, Order qualifier, price, buy/sell indicator, trigger price, Order number, unique Transaction number, Account number, Clearing Firm, type of action, customer type indicator, origin, and timestamps. For executed Orders the Record must contain the execution time of the trade along with all fill information.

Rule 702 Customer Type Indicator (CTI) Codes

- (a) Each Participant must identify each Transaction submitted to Tera with the correct customer type indicator code (a “CTI” code). The CTI codes are as follows:
 - (i) CTI 1 - Transactions initiated and executed by an individual member for his own account, for an Account he controls or for an Account in which he has ownership or financial interest.
 - (ii) CTI 2 - Transactions executed for the Proprietary Account of a clearing member or non-clearing member firm.
 - (iii) CTI 3 - Transactions where an individual member or Authorized Trader executes for the personal account of another individual member, for an account the other individual member controls or for an Account in which the other individual member has ownership or financial interest.
 - (iv) CTI 4 - Any Transaction not meeting the definition of CTI 1, 2 or 3.

Rule 703 Records of Trading Activity on Tera and Related Transactions

As required by CFTC Regulation 37.404, each Participant, Customer or Account Holder of a Participant, or Authorized Trader must create and maintain records of its trading activity on Tera, including records of its activity in the commodity underlying any Instrument, activity in any index or instrument used as a reference price, and activity on related markets and must make such records available, upon request, to Tera, its agents, and the CFTC.

Rule 704 Reporting to SDR

- (a) Consistent with CFTC Regulation Part 43 and Appendix A to Part 43, and CFTC Regulation Part 45 Appendix 1, Tera will report swap transaction and pricing data, including the actual notional or principal amount of each Trade and an actual description of the underlying asset, and all Required Swap Creation Data, to a registered SDR of Tera's choice as soon as technologically practicable after a publicly reportable swap transaction, including any Block Trade, has been executed on or pursuant to the Rules of TeraExchange. In reporting data to an SDR, Tera shall use the facilities, methods, or data standards provided or required by the relevant SDR to which Tera is reporting.
- (i) Tera will report swap transaction and pricing data and Required Swap Creation Data for a Trade to a single SDR. Thereafter, all Required Swap Creation Data and all required swap continuation data reported for the Trade shall be reported to that same SDR (or its successor in the event that it ceases to operate). As soon as technologically practicable after execution, Tera shall transmit to both counterparties to the Trade, and to the Derivatives Clearing Organization, if any, that will clear the Trade, both:
- (1) The identity of the SDR to which the swap transaction and pricing data is reported by Tera; and
 - (2) The Unique Swap Identifier for the swap, created pursuant to CFTC Regulation 45.5.
- (ii) Tera shall, to the nearest second, timestamp the receipt of swap transaction and pricing data from a Reporting Counterparty and the transmittal of such data to an SDR for public dissemination. Records of all such timestamps will be maintained for a period of five years from the execution of the publicly reportable swap transaction.
- (iii) Tera shall not disclose swap transaction or pricing data for any Trade executed on or pursuant to the Rules of TeraExchange prior to public dissemination of such data by an SDR in accordance with CFTC Regulations.

TeraExchange reports such information to the following SDRs:

Interest Rate Swaps	CME; DTCC
Non-Deliverable and Cash Settled Forwards	CME

- (b) Each Participant and Authorized Trader:

- (i) Authorizes Tera to send swap transaction pricing data and Required Swap Creation Data on its behalf and, if applicable, on behalf of its Customers and Account Holders to the relevant SDR as per this Rule 704 and further agrees to take all such actions as are deemed necessary or required by such SDR to facilitate or confirm such authorization; and
 - (ii) Consents to the maintenance of such swap transaction and pricing data and Required Swap Creation Data by the relevant SDR designated in accordance with Rule 704.
- (c) Each Participant or Authorized Trader that enters an Order or RFQ into TeraExchange must provide Tera with sufficient information to enable it to report all Required Swap Creation Data as provided in CFTC Regulation Part 45, including without limitation:
- (i) The Legal Entity Identifier of such Participant or Authorized Trader;
 - (ii) A yes/no indication of whether such Participant or Authorized Trader is a Swap Dealer with respect to the product with respect to which the Order or RFQ is placed;
 - (iii) A yes/no indication of whether such Participant or Authorized Trader is a Major Swap Participant with respect to the product with respect to which the Order or RFQ is placed;
 - (iv) A yes/no indication of whether such Participant or Authorized Trader is a Financial Entity as defined in CEA Section (2)(h)(7)(C);
 - (v) A yes/no indication of whether the Participant or Authorized Trader is a U.S. Person;
 - (vi) If applicable, an indication that the Participant or Authorized Trader will elect the end-user clearing requirement exception in CEA Section (2)(h)(7) for any Trade resulting from the Order or RFQ; and
 - (vii) If the Trade will be allocated:
 - (1) An indication that the Trade will be allocated.
 - (2) The Legal Entity Identifier of the agent.
 - (3) An indication of whether the Trade is a post-allocation.
 - (4) If the Trade is a post-allocation swap, the Unique Swap Identifier of the original transaction between the Reporting Counterparty and the agent.

- (A) Post allocation swaps shall be respectively effected and reported in accordance with the rules of the applicable Clearing House and SDR and in accordance with Parts 43 and 45 of the CFTC Regulations.
 - (B) In the course of a trade practice surveillance or market surveillance investigation into any trading activity involving post-trade allocations, TeraExchange will ascertain whether a post-trade allocation was made, and if so, Tera will request, obtain and review the post-trade allocation information as part of its investigation. TeraExchange is relying on the relief provided in CFTC NAL 17-54 with regard to certain audit trail requirements related to post-trade allocations. CFTC NAL 17-54 expires on November 15, 2020.
- (d) Tera shall use the unique LEI for each counterparty to a Trade executed on or pursuant to the Tera Rules in all of its recordkeeping and all of its swap data reporting pursuant to CFTC Regulation Part 45.
- (e) Tera shall use the Unique Product Identifier according to the system designated by the CFTC, or if no such system has been designated, the internal product identifier or product description used by the SDR to which a Trade is reported, in all of its records and all of its swap data reporting pursuant to Regulation 45.
- (f) Tera shall include the Unique Swap Identifier for a swap in all of its records and all of its swap data reporting concerning a Trade in that swap, from the time it creates or receives the Unique Swap Identifier, throughout the existence of the Trade and for as long as records are required by the CEA or CFTC Regulations to be kept by Tera concerning the Trade, regardless of any life cycle events or any changes to state data concerning the trade, including, without limitation, any changes with respect to counterparties to or ownership of the Trade.
 - (i) Tera generates and assigns a Unique Swap Identifier for each swap executed on or pursuant to its Rules at, or as soon as technologically practicable following, the time of execution of the swap, and prior to the reporting of Required Swap Creation Data. The Unique Swap Identifier is a single data field combining (i) the unique alphanumeric code assigned to Tera by the CFTC for the purpose of identifying Tera with respect to Unique Swap Identifier creation and (ii) an alphanumeric code generated and assigned to the swap by the automated systems of TeraExchange, which shall be unique with respect to all such codes generated and assigned by TeraExchange.

- (ii) In compliance with CFTC Regulation 45.5(a)(2), Tera will transmit the Unique Swap Identifier electronically as follows:
 - (1) To the SDR to which Tera reports Required Swap Creation Data following a Trade, as part of that report;
 - (2) To each counterparty to a Trade, as soon as technologically practicable after execution of the Trade;
 - (3) To the Derivatives Clearing Organization, if any, to which the Trade is submitted for clearing, as part of the Required Swap Creation Data transmitted to the DCO for clearing purposes.

- (g) The Reporting Counterparty for each swap shall be established pursuant to the CFTC Regulation 45.8 and in accordance with compliant industry practice. If both counterparties to a swap are equal in the hierarchy, the Reporting Counterparty for such swap shall be determined in accordance with ISDA’s “Dodd Frank Act – Swap Transaction Reporting Party Requirements” document dated July 15, 2013, summarized as follows:
 - (i) For rates asset class, the Reporting Counterparty will be determined in accordance with the ISDA Dodd-Frank Act – Swap Transaction Reporting Party Requirements, the relevant portion of which is attached to this Rulebook as Annex A;
 - (ii) For credit asset class, the Reporting Counterparty is the seller of protection;
 - (iii) For foreign exchange, commodity and equity asset class: the Reporting Counterparty is the liquidity provider. A “liquidity provider” is a Person that: (i) for RFQ, provided the responses to an RFQ that led to the reported Trade; or (ii) for an Order Book, provided the first quote that led to the reported Trade.

- (h) Correcting Data Reported to SDR
 - (i) If a Reporting Counterparty to a Trade becomes aware of an error or omission in the swap transaction and pricing data or the Required Swap Creation Data which was reported by TeraExchange to an SDR with respect to such Trade, either through its own initiative or through notice by the other party to the swap, the Reporting Counterparty shall promptly notify Tera of the need to correct the original data transmitted to the SDR and submit corrected data to TeraExchange.
 - (ii) If TeraExchange becomes aware of an error or omission in the swap transaction and pricing data or the Required Swap Creation Data

reported by TeraExchange to an SDR, any other registered entity or swap counterparty, or to the CFTC with respect to a Trade, or receives notification from the Reporting Counterparty of an error or omission, TeraExchange shall promptly report such errors or omissions to the SDR, any other registered entity or swap counterparty, or to the CFTC and submit corrected data to the same SDR, any other registered entity or swap counterparty, or to the CFTC as soon as technologically practicable after discovery of any such error or omission.

(iii) Tera shall not submit or agree to submit a cancellation or correction for the purpose of re-reporting swap transaction and pricing data in order to gain or extend a delay in public dissemination of accurate swap transaction or pricing data or to otherwise evade the reporting requirements of Part 43 of CFTC Regulations.

(i) In the event that a registered SDR is unable to receive and hold in queue swap transaction and pricing data, Tera shall halt communications with the SDR until notice is received that the SDR has resumed normal operations. Upon receipt of such notice Tera shall immediately resume reporting of swap transaction and pricing data.

Rule 705 Enforceability

(a) Transactions entered pursuant to the Rules shall not be void, voidable, subject to rescission, otherwise invalidated, or rendered unenforceable as a result of:

(i) A violation by Tera of the provisions of section 5h of the CEA or any CFTC regulations; or

(ii) Any CFTC proceeding that:

(1) Alters or supplements a rule, term or condition under section 8a(7) or which declares an emergency under section 8a(9) of the CEA;

(2) Requires Tera to alter or supplement a specific term or condition, trading rule or procedure; or

(3) Requires Tera to adopt a specific term or condition, trading rule or procedure, or to take or refrain from taking a specific action.

(b) Tera shall provide Participants with a Written record of all Principal Economic Terms of each Transaction, which shall legally supersede any previous agreement and serve as confirmation of all terms of the Transaction. Such confirmation shall occur promptly at the time of

execution, provided, however, that Tera may omit from such confirmation specific identifiers for accounts included in Bunched Orders meeting the applicable requirements of section 1.35(b)(5) of the CEA.

CHAPTER 8 DISCIPLINARY RULES

Rule 801 General

- (a) All Participants, Authorized Traders, Supervised Persons, Account Holders or Customers of Participants, Clearing Firms, Executing Firms, and any other Person using the Trader ID or login credentials linked to a Participant, shall be subject to Tera's jurisdiction and disciplinary rules and as such must cooperate with Tera and its agents in any inquiry, investigation, audit, examination or proceeding relating to Transactions entered on Tera on its behalf.
- (b) All Participants are subject to this Chapter 8 if they, or with respect to a Participant, any other Person using any Trader ID and/or login credentials linked to the Participant, are alleged to have violated, to have aided and abetted a violation, to be violating, or to be about to violate, any Tera Rule or any provision of Applicable Law for which Tera possesses disciplinary jurisdiction.
- (c) Tera, through the Compliance Department, the Disciplinary Panels and the Appeals Panel, will conduct inquiries, investigations, disciplinary and appeals proceedings, summary impositions of fines, summary suspensions or other summary actions in accordance with this Chapter 8.
- (d) No Director will interfere with or attempt to influence the process or resolution of any inquiry, investigation, disciplinary or appeals proceeding and summary imposition of fines, summary suspension or other summary action, except to the extent provided under the Tera Rules with respect to a proceeding in which the Director is a member of the relevant panel.
- (e) Any Participant may be represented by counsel during any inquiry, investigation, disciplinary or appeals proceeding, summary imposition of fines, summary suspension or other summary actions pursuant to this Chapter 8.
- (f) Pursuant to this Chapter 8, Tera may hold a Participant liable for, and impose sanctions against such Participant, for such Participant's own acts and omissions that constitute a violation as well as for the acts and omissions of each
 - (i) Authorized Trader of such Participant;
 - (ii) Other Supervised Person of such Participant;

- (iii) Other Person using the Trader ID or login credentials linked to the Participant, or
 - (iv) Other agent or representative of such Participant, in each case, that constitute a violation as if such violation were that of the Participant.
- (g) Pursuant to this Chapter 8, Tera may review an appeal by any applicant of Tera's decision to deny or otherwise limit Trading Privileges of such applicant pursuant to the Tera Rules; provided, however, that any such decision by Tera to deny or otherwise limit applicant's Trading Privileges shall continue in effect during such review.
- (h) A Person subject to a disciplinary or appeals proceeding (and any counsel or representative of such Person) and the Compliance Department and/or the Review Panel (and any counsel or representative of the Compliance Department or Review Panel) shall not knowingly make or cause to be made an ex parte communication relevant to the merits of a disciplinary or appeals proceeding to any member of the Hearing Panel hearing such proceeding. Members of a Hearing Panel shall not knowingly make or cause to be made an ex parte communication relevant to the merits of a disciplinary or appeals proceeding to any Person subject to such proceeding (and any counsel or representative of such Person) and the Compliance Department (and any counsel or representative of the Compliance Department) or the Review Panel (and any counsel or representative of the Review Panel). Any Person who receives, makes or learns of any communication which is prohibited by this rule shall promptly give notice of such communication and any response thereto to the Compliance Department and all parties to the proceeding to which the communication relates. A Person shall not be deemed to have violated this rule if the Person refuses an attempted communication concerning the merits of a proceeding as soon as it becomes apparent the communication concerns the merits.

Rule 802 Inquiries and Investigations

- (a) The Compliance Department will investigate any matter within Tera's disciplinary jurisdiction upon receipt of a request from CFTC staff or receipt of information that indicates a reasonable basis for finding that a violation of the Rules may have occurred or will occur. The Compliance Department will determine the nature and scope of its inquiries and investigations within its sole discretion and will function independently of any commercial interests of Tera. The Compliance Department's investigation must be completed within 12 months of the date when the Compliance Department commenced its investigation unless there are mitigating factors that may reasonably justify an investigation taking longer than 12 months, including without limitation the complexity of the investigation, the number of Participants or individuals involved as potential wrongdoers, the number of

potential violations to be investigated, and the volume of documents and data to be examined and analyzed by the Compliance Department.

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

- (c) Each Person subject to Tera's jurisdiction:
 - (i) Is obligated, upon reasonable notice, to appear and testify and respond in Writing to interrogatories required by the Compliance Department in connection with:
 - (1) Any Tera Rule;
 - (2) Any inquiry or investigation; or
 - (3) Any preparation by and presentation during a disciplinary or appeals proceeding, summary imposition of fines, summary suspension or other summary action by Tera.

 - (ii) Is obligated, upon reasonable notice, to produce books, records, papers, documents or other tangible evidence in its, his or her possession, custody or control required by the Compliance Department in connection with:
 - (1) Any Tera Rule;
 - (2) Any inquiry or investigation; or
 - (3) Any preparation by and presentation during a disciplinary or appeals proceeding, summary imposition of fines, summary suspension or other summary action by Tera; and

 - (iii) May not impede or delay any inquiry, investigation, disciplinary or appeals proceeding, summary imposition of fines, summary suspension or other summary action.

Rule 803 Reports of Investigations

- (a) The Compliance Department will maintain a log of all investigations and their disposition. The Compliance Department will prepare a Written report of each investigation, regardless of whether the evidence gathered during any inquiry or investigation forms a reasonable basis to believe that a violation within Tera's jurisdiction has occurred or is about to occur or whether the evidence gathered results in closing the matter without further action or through summary action.
- (b) Any Written report of investigation will include the reasons for initiating the investigation (including a summary of the complaint, if any), all relevant facts and evidence gathered, staff analysis, conclusions and the recommendation of the Compliance Department. The report must also include the Participant's disciplinary history at Tera, including copies of the warning letters. For each potential respondent, the Compliance Department will recommend either:
 - (i) Closing the investigation without further action;
 - (ii) Summary action;
 - (iii) Resolving the investigation through an informal disposition, including the issuance of a warning letter; or
 - (iv) Initiating disciplinary proceedings.
- (c) An informal disposition (including the issuance of a warning letter) will not constitute a finding of a violation or a sanction.

Rule 804 Opportunity to Respond to Investigatory Report

- (a) After completing its investigation report, the Compliance Department may, upon approval of the Chief Compliance Officer, notify each potential respondent that the Compliance Department has recommended formal disciplinary charges against the potential respondent.
- (b) The Compliance Department may allow a potential respondent to propose a settlement of the matter or to submit a Written statement explaining why a disciplinary proceeding should not be instituted or one or more of the potential charges should not be brought. The potential respondent shall submit such Written statement within the time limit established by the Compliance Department.

Rule 805 Review of Investigative Reports

- (a) The Chief Compliance Officer may, at his or her discretion, convene a Review Panel to review promptly each completed investigation report to determine whether (i) a reasonable basis exists for finding that a violation of Tera Rules within Tera's jurisdiction has occurred or is about to occur,

and (ii) commencing disciplinary proceedings in respect of such potential violation is warranted.

- (b) If the Review Panel determines that additional investigation or evidence is needed to decide whether a reasonable basis exists to find that a violation of Tera Rules within the Tera's jurisdiction has occurred or is about to occur, the Review Panel will promptly direct the Compliance Department to conduct further investigation.
- (c) Within 30 days of receipt of a completed investigation report, or as soon as commercially reasonable, the Review Panel will determine for each potential respondent whether to authorize one of the following actions:
 - (i) The delivery of a Notice of Charges and the commencement of disciplinary proceedings because a reasonable basis exists to believe that a violation Tera Rules within the Tera's jurisdiction has occurred or is about to occur and adjudication is warranted;
 - (ii) The informal disposition of the investigation (by issuing a warning letter as more fully discussed in Rule 806) because disciplinary proceedings are unwarranted, in which case the Review Panel shall provide a Written explanation which must set forth the facts and analysis supporting the decision to the Compliance Department; or
 - (iii) The closing of the investigation without any action because no reasonable basis exists to believe that a violation of Tera Rules within the Tera's jurisdiction has occurred or is about to occur in which case the Review Panel shall provide a Written explanation including the facts and analysis supporting the decision to the Compliance Department.
- (d) The Review Panel shall be comprised of three individuals, at least one of whom would qualify to serve as a Public Director in accordance with Rule 205(h). In forming a Review Panel, the Chief Compliance Officer shall draw panel members from the individuals appointed by the Board as potential members of Review Panels. No group or class of Participants may dominate or exercise disproportionate influence on a Review Panel, and no member of the Review Panel may participate in deliberations or voting on any matter in which he or she has a material conflict of interest in respect to the proceedings as defined in Rule 208(b). A Review Panel may not include any person involved in adjudicating any other stage of the same proceeding. If a vacancy shall occur on a Review Panel after it has begun its proceedings, the remaining members shall complete consideration and disposition of the matter. Once a Review Panel has determined the matter for which it was appointed and has notified the Chief Compliance Officer in writing of its decision, it shall be dissolved automatically. The Regulatory

Oversight Committee may, at any time, remove any member of a Review Panel for cause.

Rule 806 Warning Letters

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

Rule 807 Notice of Charges

- (a) If the Review Panel authorizes disciplinary proceedings pursuant to Rule 805(c)(i), the Review Panel will prepare, and serve in accordance with Rule 808, a Notice of Charges.
- (b) A Notice of Charges will:
 - (i) State the acts, practices or conduct that the respondent is alleged to have engaged in;
 - (ii) State the Tera Rule or provision of Applicable Law alleged to have been violated or about to be violated;
 - (iii) State the proposed sanctions;
 - (iv) Advise the respondent of its right to a hearing;
 - (v) State the period of time within which the respondent can request a hearing on the Notice of Charges, which will not be less than 20 days after service of the Notice of Charges;
 - (vi) Advise the respondent that any failure to request a hearing within the period stated, except for good cause, will be deemed to constitute a waiver of the right to a hearing;
 - (vii) Advise the respondent that any allegation in the Notice of Charges that is not expressly denied will be deemed to be admitted; and
 - (viii) Advise the respondent of its right to be represented by legal counsel or any other representative of its choosing in all succeeding stages of the disciplinary process.

Rule 808 Service of Notice of Charges

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

Rule 809 Answer to Notice of Charges

- (a) If the respondent determines to answer a Notice of Charges, the respondent must file answers within 20 days after being served with such notice, or within such other time period determined appropriate by the Review Panel.
- (b) To answer a Notice of Charges, the respondent must in Writing:
 - (i) Specify the allegations that the respondent denies or admits;
 - (ii) Specify the allegations that the respondent does not have sufficient information to either deny or admit;
 - (iii) Specify any specific facts that contradict the Notice of Charges;
 - (iv) Specify any affirmative defenses to the Notice of Charges; and
 - (v) Sign and serve the answer on the Review Panel.
- (c) Any failure by the respondent to timely serve an answer to a Notice of Charges will be deemed to be an admission to the allegations in such notice. Any failure by the respondent to answer one or more allegations in a Notice of Charges will be deemed to be an admission of that allegation or those allegations. Any allegation in a Notice of Charges that the respondent fails to expressly deny will be deemed to be admitted. A statement of a lack of sufficient information shall have the effect of a denial of an allegation. A general denial by the respondent, without more, will not satisfy the requirements of paragraph (b) above.

Rule 810 Admission or Failure to Deny Charges

- (a) If respondent admits or fails to deny any of the charges, a Hearing Panel may find that the violations alleged in the Notice of Charges for which the respondent admitted or failed to deny any of the charges have been committed. The Hearing Panel then must take the following action:
 - (i) Impose a sanction for each violation found to have been committed;
 - (ii) Notify the respondent in Writing of any sanction to be imposed and advise the respondent that it may request a hearing on such sanction within a specified period of time.

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

Rule 811 Denial of Charges and Right to a Hearing

In the event a respondent denies charges, such respondent is entitled to a hearing on the charge that is denied. Except for good cause, the hearing must concern only those charges denied for which a hearing has been requested.

Rule 812 Settlements

- (a) A respondent or potential respondent may at any time after the investigation report is complete propose in Writing an offer of settlement to anticipated or instituted disciplinary proceedings. Any offer of settlement should contain proposed findings and sanctions and be signed by the respondent or potential respondent and submitted to the Review Panel. A respondent or potential respondent may offer to settle disciplinary proceedings without admitting or denying the findings contained in the order of the disciplinary proceedings but must accept the jurisdiction of Tera over it and over the subject matter of the proceedings and consent to the entry of the findings and sanctions imposed.
- (b) If a respondent or potential respondent submits an offer of settlement in accordance with paragraph (a) above, the Compliance Department will forward the offer to the Chief Compliance Officer with a recommendation on whether to accept or reject the offer. Any preliminary determination by the Chief Compliance Officer to accept the offer shall be submitted for review by the Review Panel. If the Review Panel agrees, then the Chief Compliance Officer shall conditionally accept an offer of settlement, without alteration unless the respondent agrees, and that the settlement will become final upon the expiration of 20 days after an order of the disciplinary proceedings consistent with the terms of the offer of settlement is served on the respondent.
- (c) If an offer of settlement is accepted, the Review Panel must issue a Written decision specifying the rule violations it has reason to believe were committed, including the basis or reasons for the panel's conclusions, and any sanction to be imposed, which must include full Participant restitution where Participant harm is demonstrated. If an offer of settlement is accepted without the agreement of the Compliance Department, the decision must adequately support the Review Panel's acceptance of the settlement. Where applicable, the decision must also include a statement that the respondent has accepted the sanctions imposed without either admitting or denying the rule violations. Further, if the settlement is accepted the related order of disciplinary proceedings becomes final, the respondent's submission of the offer will be deemed to constitute a waiver of the right to notice, opportunity for a hearing and review under the Tera Rules.

- (d) If the offer of settlement of a respondent or potential respondent is not accepted by agreement between the Chief Compliance Officer and the Review Panel, fails to become final or is withdrawn by the respondent or potential respondent, the matter will proceed as if the offer had not been made and the offer and all documents relating to it will not become part of the record. Neither a respondent or potential respondent nor the Compliance Department may use an unaccepted offer of settlement as an admission or in any other manner at a hearing of disciplinary proceedings.

Rule 813 Hearing Panel

- (a) The Chief Compliance Officer will appoint a Hearing Panel to conduct hearings in connection with any disciplinary proceedings authorized by the Chief Compliance Officer or a Review Panel to make findings and impose sanctions pursuant to this Chapter 8.
- (b) The Hearing Panel shall be comprised of three individuals, at least one of whom would qualify to serve as a Public Director in accordance with Rule 205(h). Members shall be appointed by the Board upon the recommendation of the Chief Compliance Officer. The chairman of the Hearing Panel shall be appointed by the Chief Compliance Officer. No group or class of Participants may dominate or exercise disproportionate influence on a Hearing Panel, and no member of the Hearing Panel may participate in deliberations or voting on any matter in which he or she has a material conflict of interest in respect to the proceedings as defined in Rule 208(b). A Hearing Panel may not include any members of Tera's compliance staff or any person involved in adjudicating any other stage of the same proceeding. If a vacancy shall occur on a Hearing Panel after it has begun its proceedings, the remaining members shall complete consideration and disposition of the matter. Once a Hearing Panel has determined the matter for which it was appointed and has notified the Board in writing of its decision, it shall be dissolved automatically. The Board may, at any time, remove any member of a Disciplinary Panel for cause.
- (c) Any of the functions of Tera or the Review or Hearing Panel under this Chapter 8 may be performed by an outsourced regulatory service provider pursuant to a delegation of such functions by Tera, and references to the Hearing Panel or the Compliance Department, as appropriate, shall be deemed to be references to such third party service provider. Nevertheless, Tera will retain exclusive authority in all substantive decisions, including, but not limited to, denials of access to the Tera System for disciplinary reasons. Tera will document any instances where its actions differ from those recommended by any outsourced regulatory service provider.
- (d) Within ten days of being notified of the appointment of a Hearing Panel, a respondent may seek to disqualify any individual on the Hearing Panel for the reasons identified in Tera Rules or for any other reasonable grounds, by

serving Written notice on the Chief Compliance Officer and providing a copy thereof to the Hearing Panel. By not timely filing a request for disqualification, the respondent will be deemed to have waived any objection to the composition of a Hearing Panel. The President of Tera will decide the merits of any request for disqualification within his or her sole discretion. Any such decision will be final and not subject to appeal.

Rule 814 Convening Hearings of Disciplinary Proceedings

- (a) All disciplinary proceedings (except for summary impositions of fines pursuant to Rule 821) will be conducted at a hearing before the Hearing Panel. A fair hearing will be conducted privately and confidentially. Notwithstanding the confidentiality of hearings, the Hearing Panel may appoint an expert to attend any hearing and assist in deliberations if such expert agrees to be subject to an appropriate confidentiality agreement.
- (b) After reasonable notice to each respondent, the Hearing Panel will promptly convene a hearing to conduct the disciplinary proceedings with respect to such respondent. Parties to a disciplinary proceeding include each respondent and the Compliance Department.
- (c) The chairman of the Hearing Panel may continue, adjourn or otherwise conduct the hearing, as he or she may deem appropriate. The chairman of the Hearing Panel will determine all procedural and evidentiary matters, including the admissibility and relevance of any evidence proffered. In determining procedural and evidentiary matters, the chairman of the Hearing Panel will not be bound by any evidentiary or procedural rules or law; nevertheless, the procedures for the hearing may not be so informal as to deny a fair hearing. Once admitted during the hearing, the Hearing Panel may consider, and attach the weight it believes appropriate to, evidence or other materials.
- (d) Except for procedural and evidentiary matters decided by the chairman of the Hearing Panel pursuant to paragraph (c) above and Rule 816, unless each respondent otherwise consents, the entire Hearing Panel must be present during the entire hearing and any related, deliberations.

Rule 815 Respondent Review of Evidence

- (a) Prior to the commencement of a hearing, each respondent will be given the opportunity to review all books, records, documents, papers, transcripts of testimony and other tangible evidence in the possession or under the control of Tera that the Compliance Department will use to support the allegations and proposed sanctions in the Notice of Charges or which the chairman of the Hearing Panel deems relevant to the disciplinary proceedings. Notwithstanding the foregoing, no respondent will have the right to review,

and Tera will have no obligation to disclose, any information protected by attorney-client privilege.

- (b) If any books, records, documents, papers, transcripts of testimony, or other tangible evidence contain information that could adversely affect the competitive position of the Person providing the information or if such information might compromise other investigations being conducted by the Compliance Department, the Compliance Department may redact, edit or code such information before furnishing it to the respondent.
- (c) Notwithstanding anything in paragraph (b) above to the contrary, the Compliance Department:
 - (i) Will not redact, edit or code competitive or investigative information contained in documents in a manner that would impair the respondent's ability to defend against the allegations or proposed sanctions in the notices of charges; and
 - (ii) Will provide the respondent with access to the information and portions of the documents that the Compliance Department intends to rely on to support the allegations or proposed sanctions in the Notice of Charges.
- (d) For purposes of this Rule 815, information that could adversely affect competitive positions include positions in Instruments currently held, trading strategies employed in establishing or liquidating positions, the identity of any Participant or Authorized Trader and the personal finances of the Person providing the information.

Rule 816 Conducting Hearings of Disciplinary Proceedings

- (a) At a hearing conducted in connection with any disciplinary proceedings, the Compliance Department will present its case supporting the allegations and proposed sanctions in the Notice of Charges to the Hearing Panel. If a respondent has timely filed an answer to the Notice of Charges in accordance with Rule 809, the respondent is entitled to attend and participate in the hearing.
- (b) At a hearing conducted in connection with any disciplinary proceedings, the Hearing Panel or the Compliance Department and each respondent may:
 - (i) Present evidence and facts determined relevant and admissible by the chairman of the Hearing Panel;
 - (ii) Call and examine witnesses; and
 - (iii) Cross-examine witnesses called by other parties.

- (c) Any person within Tera's jurisdiction who is called as a witness must participate in the hearing and produce evidence. Tera will make reasonable efforts to secure the presence of all other persons called as witnesses whose testimony would be relevant.
- (d) If the respondent fails to file an answer, has filed a general denial, or if any or all of the allegations in the Notice of Charges are not expressly denied in the respondent's answer, the chairman of the Hearing Panel may limit evidence concerning any allegations not expressly denied in determining the sanctions to impose. If a respondent fails to file an answer but appears at the hearing, the respondent may not participate in the hearing (by calling or cross examining witnesses, testifying in defense, presenting evidence concerning the Notice of Charges, or otherwise) unless the Hearing Panel determines that the respondent had a compelling reason for failing to timely file an answer. If the Hearing Panel determines that the respondent had a compelling reason for failing to timely file an answer, the Hearing Panel will adjourn the hearing and direct the respondent to promptly file a Written answer in accordance with Rule 809.
- (e) Any Person entitled, or required or called upon, to attend a hearing before a Hearing Panel pursuant to paragraph (b)(ii) above will be given reasonable notice, confirmed in Writing, specifying the date, time and place of the hearing, and the caption of the disciplinary proceedings. Tera will require all Participants that are called as witnesses to appear at the hearing and produce evidence. Tera will make reasonable efforts to secure the presence of all other Persons called as witnesses whose testimony would be relevant.
- (f) If during any disciplinary proceedings the Hearing Panel determines that a reasonable basis exists to believe that the respondent violated or is about to violate a Tera Rule or a provision of Applicable Law other than the violations alleged in the Notice of Charges, the Hearing Panel may consider those apparent violations after providing the respondent with an opportunity to answer the additional allegations in accordance with Rule 809. In connection with considering apparent violations pursuant to this paragraph (f), the Hearing Panel may request that the Compliance Department provide the Hearing Panel with any additional information.
- (g) The Hearing Panel may summarily impose sanctions on any Participant that impedes or delays the progress of a hearing.
- (h) Tera may arrange for any hearing conducted in connection with disciplinary proceedings to be recorded verbatim, or substantially verbatim, in a manner capable of accurate transcription. If the respondent requests a copy of all or portions of the recording of a hearing, the chairman of the Disciplinary Panel may within his or her sole discretion order the respondent to pay the costs for transcribing the recording of the hearing.

- (i) If the respondent has requested a hearing, a record of the hearing will be made and will become a part of the record of the proceeding. The record will be one that is capable of being accurately transcribed; however, it will not be transcribed unless the decision of the Hearing Panel is appealed pursuant to the Rules of Tera, the decision is reviewed by the CFTC pursuant to Section 8(c) of the CEA or Part 9 of the CFTC Regulations, or the transcript is requested by the CFTC or the respondent. The cost of transcribing the record of the hearing will be borne by the respondent who requests the transcript or whose application for the CFTC review of the disciplinary action has been granted. In all other instances, the cost of transcribing the record will be borne by Tera.
- (j) No interlocutory appeals of rulings of any Disciplinary Panel or chairman of the Disciplinary Panel are permitted.
- (k) Sanctions may be summarily imposed upon any Person within Tera's jurisdiction whose actions impede the progress of a hearing.

Rule 817 Decision of Hearing Panel

- (a) As promptly as reasonable following a hearing, the Hearing Panel will issue an order rendering its decision based on the weight of the evidence contained in the record of the disciplinary proceedings. A decision by a majority of the Hearing Panel will constitute the decision of the Hearing Panel.
- (b) Within thirty days of the final decision of the Hearing Panel Tera will serve a copy of the order of the disciplinary proceedings on the respondent, the Compliance Department and provide notice to the CFTC. The order will include:
 - (i) The Notice of Charges or summary of the charges;
 - (ii) The answer, if any, or a summary of the answer;
 - (iii) A brief summary of the evidence introduced at the hearing;
 - (iv) Findings of fact and conclusions concerning each charge, including an explanation of the evidentiary and other basis for such findings and conclusions with respect to each charge;
 - (v) The imposition of sanctions, if any, and the effective date of each sanction; and
 - (vi) Notice of the respondent's right to appeal pursuant to Rule 820.

- (c) The order of the disciplinary proceedings will become final upon the expiration of 20 days after the order is served on the respondent and a copy thereof is provided to the Compliance Department and the CFTC.
- (d) Promptly following a hearing conducted in accordance with the Tera Rules, the Hearing Panel shall render a written decision based upon the weight of the evidence contained in the record of the proceeding and shall provide a copy to the respondent. The decision shall include:
 - (i) The Notice of Charges or a summary of the charges;
 - (ii) The answer, if any, or a summary of the answer;
 - (iii) A summary of the evidence produced at the hearing or, where appropriate, incorporation by reference of the investigation report;
 - (iv) A statement of findings and conclusions with respect to each charge, and a complete explanation of the evidentiary and other basis for such findings and conclusions with respect to each charge;
 - (v) An indication of each specific rule that the respondent was found to have violated; and
 - (vi) A declaration of all sanctions imposed against the respondent, including the basis for such sanctions and the effective date of such sanctions.

Rule 818 Sanctions

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

- (iii) Suspension of Trading Privileges;
 - (iv) Fine (subject to paragraph (b) below);
 - (v) Restitution or disgorgement; or
 - (vi) Termination of Trading Privileges.
- (b) Tera may impose a fine of up to \$100,000, or such other amount Tera determines in its sole discretion to be equitable and just under the circumstances, for each violation of a Tera Rule. If a fine or other amount is not paid within 30 days of the date that it becomes payable, then interest will accrue on the sum from the date that it became payable at the quoted prime rate plus three percent. Tera has sole discretion to select the bank on whose quotations to base the prime rate. Each Participant will be responsible for paying any fine or other amount imposed on, but not paid by, any of its Authorized Traders or Supervised Persons, or any Participant acting on its behalf.

Rule 819 Costs

- (a) Regardless of the outcome of any disciplinary proceeding, the Disciplinary Panel may order a respondent to pay some or all of the costs associated with the disciplinary proceedings that the Disciplinary Panel believes were unnecessarily caused by the respondent. Costs may include costs associated with the inquiry or investigation, the prosecution by the Compliance Department, legal and professional assistance, the hearing and administrative and other expenses incurred by the Disciplinary Panel.
- (b) The Disciplinary Panel may only award costs against Tera if the Panel concludes that Tera has behaved in a manifestly unreasonable manner in the commencement or conduct of the disciplinary proceedings in question. The Disciplinary Panel must limit any award of costs against Tera to an amount that the Panel concludes is reasonable and appropriate, but does not exceed the respondent's costs for external legal or other external professional assistance.
- (c) The Disciplinary Panel may determine the amounts and allocation of costs in any manner it may deem appropriate. Tera or the respondent will pay any costs ordered to be paid by it by the Disciplinary Panel within 30 Business Days of written notice of the amount imposed by the Disciplinary Panel.

Rule 820 Right to Appeal

- (a) Each respondent found by the Disciplinary Panel to have violated (or, in the case of a Participant, whose Authorized Trader, Supervised Person or other Person using its Participant ID was found to have violated) a Rule or who is subject to any summary fine imposed pursuant to Rule 821 or any

summary action imposed pursuant to Rule 822 may appeal the decision within 20 days of receiving the order of the Disciplinary Panel or the notice of summary action, as the case may be, by filing a notice of appeal with the Chief Compliance Officer.

- (b) Tera may appeal all or any part of a decision of the Disciplinary Panel, including any sanctions that may or may not have been imposed by the Disciplinary Panel, within 20 days of receiving the order of the Disciplinary Panel, by filing a notice of appeal with the Chief Compliance Officer.
- (c) While an appeal is pending, the effect of the order of the Disciplinary Panel or the summary action (including any sanctions, remedies or costs imposed thereby) shall be suspended.
- (d) The notice of appeal must state in writing the grounds for appeal, including the findings of fact, conclusions or sanctions to which the appellant objects. An appellant may appeal the order of the Disciplinary Panel or any summary action on the grounds that:
 - (i) The order or summary action was arbitrary, capricious, an abuse of discretion, or not in accordance with these Rules;
 - (ii) The order or summary action exceeded the authority or jurisdiction of the Disciplinary Panel, the Chief Compliance Officer or Tera;
 - (iii) The order or summary action failed to observe required procedures;
 - (iv) The order or summary action was unsupported by the facts or evidence; or
 - (v) The sanctions, remedies or costs which were imposed were inappropriate or unsupported by the record.
- (e) The Chief Compliance Officer will forward copies of any notice of appeal received by it to all parties to the disciplinary proceeding or summary action, as the case may be, except the appellant. On or before the 20th day after filing a notice of appeal, the appellant must file with the Chief Compliance Officer and serve on Tera a brief supporting the notice of appeal and documents supporting the brief. On or before the 20th day after the date on which the appellant serves its' supporting brief, the appellee must file and serve its brief in opposition. On or before the 10th day after the date on which the appellee serves its brief in opposition, the appellant must file and serve on Tera a brief in reply.
- (f) In connection with any appeal, Tera will furnish to the Chief Compliance Officer and to the respondent/appellant a transcript of the hearing, any

exhibits introduced at the hearing, the notice of appeal and briefs filed to support and oppose the appeal.

- (g) No later than 30 days after the last submission filed pursuant to paragraph (e) of this Rule 820, the Chief Compliance Officer will appoint an Appeals Panel to consider and determine the appeal. An Appeals Panel shall be comprised of three individuals, none of whom shall be a member of the Compliance Department or have been a member of any Disciplinary Panel involved in the matters on appeal. No member of an Appeals Panel may have a material conflict of interest in respect to the proceedings defined in Rule 208(b).
- (h) Within 10 days of being notified of the appointment of the Appeals Panel, an appellant or appellee may seek to disqualify any individual named to the Appeals Panel for the reasons identified in these Rules, by serving written notice on the Chief Compliance Officer. By not timely filing a request for disqualification, the appellant or appellee will be deemed to have waived any objection to the composition of the Appeals Panel. The Chief Compliance Officer will decide the merits of any request for disqualification within his or her sole discretion. Any such decision will be final and not subject to appeal.
- (i) The Appeals Panel may hold a hearing to allow parties to present oral arguments. Any hearing will be conducted privately and confidentially. Notwithstanding the confidentiality of hearings, the Appeals Panel may appoint an expert to attend any hearing and assist in the deliberations if such individual(s) agree to be subject to appropriate confidentiality agreements. In determining procedural and evidentiary matters, the Appeals Panel will not be bound by evidentiary or procedural rules or law.
- (j) The Appeals Panel will only consider on appeal the record before the Disciplinary Panel or, in the case of a summary action, the record considered by the Chief Compliance Officer, the notice of appeal, the briefs filed in support and opposition of the appeal, and any oral arguments of the parties. The Appeals Panel may only consider new evidence when the Appeals Panel is satisfied that good cause exists for why the evidence was not introduced during the disciplinary proceeding or when imposing the summary action.
- (k) After completing its review, the Appeals Panel may affirm, modify or reverse any order of the Disciplinary Panel or summary action under appeal, in whole or in part, including increasing, decreasing or eliminating any sanction or remedy imposed, imposing any other sanction or remedy authorized by these Rules, or remanding the matter to the same or a different Disciplinary Panel for further disciplinary proceedings or for reconsideration by the Chief Compliance Officer in the case of summary

action. The Appeals Panel may order a new hearing for good cause or if the Appeals Panel deems it appropriate.

- (l) As promptly as reasonably possible following its review, the Appeals Panel will issue a written decision on appeal rendering its decision based on the preponderance of the evidence before the Appeals Panel. The decision of the Appeals Panel will include a statement of findings of fact and conclusions for each finding, sanction, remedy and cost reviewed on appeal, including each specific Rule and provision of Applicable Law that the respondent is found to have violated, if any, and the imposition of sanctions, remedies and costs, if any, and the effective date of each sanction, remedy or cost.
- (m) The Appeals Panel's written order on appeal (including findings of fact and conclusions and the imposition of sanctions, remedies and costs, and the effective date of any sanction, remedy cost) will be the final action of Tera and will not be subject to appeal within Tera.

Rule 821 Summary Imposition of Fines

- (a) The Chief Compliance Officer may summarily impose a fine against a Participant for failing:
 - (i) To make timely payments of original or variation margin, fees, cost, charges or fines to Tera;
 - (ii) To make timely and accurate submissions to Tera of notices, reports or other information required by the Tera Rules; or
 - (iii) To keep any books and records required by the Tera Rules.
- (b) The Compliance Department, within thirty days of a decision to summarily impose a fine against a Participant and acting on behalf of the Chief Compliance Officer, will provide Written notice of any fine imposed pursuant to this Rule 821 to each Participant subject thereto. The notice will specify:
 - (i) The violations of the Tera 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.
- (c) Within 20 days of serving the notice of fine, the Participant must either pay or cause the payment of the fine. The fine will become final upon the expiration of 20 days after the notice of fine is served on the Participant.

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

Rule 822 Summary Suspensions and Other Summary Actions

- (a) Notwithstanding anything in the Tera Rules to the contrary, the Chief Compliance Officer may, after consultation with the Regulatory Oversight Committee, if practicable, summarily suspend, revoke, limit, condition, restrict or qualify the Trading Privileges of a Participant, and may take other summary action against any Participant in accordance with the Tera Rules; provided, however, that the Chief Compliance Officer must reasonably believe that the business, conduct or activities of the Participant in question is not in the best interests of Tera or the marketplace, including based on any of the following:
 - (i) Statutory disqualification from registration as provided in CEA Section 8a(2) or (3);
 - (ii) Non-payment of fees, costs, charges, fines or arbitration awards; or
 - (iii) The reasonable belief that immediate action is necessary to protect the public or the best interests of Tera.
- (b) Whenever practicable, the Compliance Department, acting on behalf of the Chief Compliance Officer, will provide Written notice to the party against whom any action in accordance with paragraph (a) shall be taken within thirty days of the decision to take summary action. If thirty-day prior notice is not practicable, Tera will give notice at the earliest possible opportunity to the respondent against whom the action is brought. The Compliance Department, acting on behalf of the Chief Compliance Officer, will prepare a notice of summary action (which will state the action, the reasons for the action, and the effective time, date and duration of the action) and serve the notice on such party.
- (c) The summary action will become final upon the expiration of 20 days after the notice of action is served on the respondent.
- (d) At the request of Tera, a respondent against whom a summary action is brought pursuant to this Rule 822 must provide books and records over which the respondent has access or control and must furnish information to, or appear or testify before, Tera or the in connection with the enforcement of any Tera Rule.

Rule 823 Rights and Responsibilities after Suspension or Termination

- (a) When the Trading Privileges of a Participant are suspended, any such suspension will not affect the rights of creditors under the Tera Rules or relieve the Participant in question of its Obligations under the Tera Rules incurred before the suspension, or to pay any SEF fees, costs, or charges incurred during the suspension. Tera may discipline a suspended Participant under this Chapter 8 for any violation of a Tera Rule or provision of Applicable Law committed by the Participant before, during or after the suspension.
- (b) When the Trading Privileges of a Participant are terminated, all of its rights and Trading Privileges will terminate, except for the right of the Participant in question to assert claims against others, as provided in the Tera Rules. Any such termination will not affect the rights of creditors under the Tera Rules. A terminated Participant may only seek to reinstate its Trading Privileges by applying for Trading Privileges pursuant to Rule 302. Tera will not consider the application of a terminated Participant if such Participant continues to fail to appear at disciplinary or appeals proceedings without good cause or continues to impede the progress of disciplinary or appeals proceedings.
- (c) A suspended or terminated Participant remains subject to the Tera Rules and the jurisdiction of Tera for acts and omissions prior to the suspension or termination, and must cooperate with Tera and its agents in any inquiry, investigation, audit, examination, disciplinary or appeals proceeding, summary suspension or other summary action as if the suspended or terminated Participant still had Trading Privileges.
- (d) In the event of the suspension or revocation of the Trading Privileges of a Participant, Tera shall seek to facilitate the transfer of any Accounts held by such Participant to other Participants with Trading Privileges.

Rule 824 Notice to the Respondent and the Public

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

CHAPTER 9 MISCELLANEOUS

Rule 901 Anti-Money Laundering and Anti-Terrorism

- (a) It is Tera policy:
 - (i) Not to engage in or knowingly assist any money laundering or other illicit business, and
 - (ii) Not to engage in or knowingly assist, or be a conduit for, terrorist financing.
- (b) Participants will be required to provide sufficient information for Tera to complete “know your customer” checks and to conduct restricted list searches, including, but not limited to, searches against the Specially Designated Nationals (“SDN”) and Blocked Persons list maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury (“OFAC list”).

Rule 902 Gifts and Gratuities

Except as permitted in Writing by the Chief Compliance Officer, no SEF Official may accept anything of value in excess of \$100 from any Participant.

Rule 903 Market Data

- (a) All Participants understand and acknowledge that Tera has a proprietary interest in:
 - (i) The price and quantity data from each and every bid, offer, Order, Transaction, and modification thereof, including the time at which the Transaction was executed by, or submitted to, Tera and the Participant ID and the Trader ID under which it was entered (as well as other information identifying persons involved in the Transaction);
 - (ii) The price and quantity data of each bid and offer submitted to Tera, including the time at which such bid or offer was submitted to the Tera System;
 - (iii) Any yield curves prepared by Tera;
 - (iv) Any data and information derived from (i), (ii) and (iii) and the format and presentation thereof; and
 - (v) The transmissions and dissemination of the data and information to Participants, any publisher of the data or information with whom Tera has a written agreement, and any other Persons.
 - (vi) Except as may be required for regulatory or self-regulatory purposes, Tera may only use or distribute the aforementioned data

in a manner that prevents identification of Participants or Account Holders, their Accounts or their Participant ID or Trader ID.

- (b) Tera may at any time restrict or establish utilization fees in respect of data described in Rule 903(a), with respect to all or any Participants, in order to safeguard the security or operations of Tera, or to preserve market, integrity, fair and orderly trading, or if otherwise in the public interest.
- (c) Except as provided for in the Exchange User License Agreement, Participants may not distribute, sell or retransmit information displayed on the Tera to any third party.
- (d) Notwithstanding Rule 903(b) and Rule 903(c), and pursuant to Part 43 and Part 45 of the CFTC Regulations, the CFTC will have access to the data described in Rule 903(a).

Rule 904 Extension or Waiver of Tera Rules

If necessary and expedient, the Chief Compliance Officer or President may, in his or her sole discretion, waive, or extend the time period for performing, any act or acts designated by the Tera Rules, but only to the extent such waiver or extension is not inconsistent with the CEA or the CFTC Regulations or other applicable regulations.

Rule 905 Governing Law, Jurisdiction and Dispute Resolution

- (a) The law of the State of New York governs the Tera Rules regardless of the laws that would otherwise apply under applicable choice-of-law principles.
- (b) Any dispute between Tera and a Participant arising from or in connection with the Tera Rules or use of Tera must be brought to arbitration pursuant to subsection (c) of this Rule 905 within one (1) year from the occurrence of the event giving rise to the dispute. This Rule 905 shall in no way create a cause of action nor authorize an action that would otherwise be prohibited by the Tera Rules.
- (c) Any dispute between Tera and a Participant arising from or in connection with the Tera Rules will be settled through arbitration conducted by JAMS in the JAMS office located in New York, New York, and pursuant to the JAMS Commercial Arbitration Rules.
- (d) Any failure on the Part of the Participant to arbitrate a case subject to arbitration, or the commencement by any such Participant of a suit in any court prior to arbitrating a case subject to arbitration, violates these Rules and subjects such Participant to disciplinary proceedings pursuant to Chapter 8.

- (e) In the event that this Rule 905 is held to be unenforceable in connection with any dispute or a claim is deemed by a court of competent jurisdiction to be not arbitrable:
 - (i) Exclusive jurisdiction for any such dispute will reside in any state or federal court sitting in New York County, New York;
 - (ii) Tera and the Participant involved in the dispute will be presumed to have submitted to the personal jurisdiction of any such court;
 - (iii) An action to enforce any judgment or decision of such court may be brought in the same court or in any other court with jurisdiction or venue; and
 - (iv) All Participants unconditionally and irrevocably waive any and all right to trial by jury in connection with any such dispute.

Rule 906 LIMITATION OF LIABILITY, NO WARRANTIES

- (a) THE SERVICES (FOR EACH INSTANCE IN THIS RULE 906, “SERVICES” SHALL HAVE THE MEANING AS PROVIDED IN THE EULA) ARE PROVIDED ON AN “AS IS,” “AS AVAILABLE” BASIS WITHOUT WARRANTIES OF ANY KIND AND THERE ARE NO EXPRESS OR IMPLIED WARRANTIES OR REPRESENTATIONS PROVIDED BY TERA (INCLUDING ITS SUBSIDIARIES AND AFFILIATES, AND ANY CONTRACTORS PROVIDING SERVICES TO TERA), NOR ANY OF THEIR RESPECTIVE DIRECTORS, OFFICERS, EMPLOYEES, MEMBERS, AGENTS, CONSULTANTS, AND LICENSORS (THE “DISCLAIMING PARTY” OR “DISCLAIMING PARTIES”). EACH OF THE DISCLAIMING PARTIES DISCLAIMS ALL WARRANTIES, CONDITIONS, GUARANTIES OR REPRESENTATIONS AS TO MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR OTHER WARRANTIES, CONDITIONS, GUARANTIES OR REPRESENTATIONS. PARTICIPANT IS SOLELY RESPONSIBLE FOR CONFIRMING THE ACCURACY AND ADEQUACY OF INFORMATION, SERVICES OR PROCESSES USED BY IT AND THE RESULTANT TRANSACTIONS OR OTHER OUTPUT THEREOF.
- (b) EXCEPT FOR ANY INDEMNIFICATION OBLIGATION IN ACCORDANCE WITH RULE 206 HEREOF, OR A BREACH OF ITS CONFIDENTIALITY OBLIGATIONS SET FORTH IN RULE 208(G) AND EXCEPT WHEN THERE HAS BEEN A FINDING OF GROSS NEGLIGENCE, FRAUD OR WILLFUL MISCONDUCT (HEREINAFTER “LIMITATION EXCEPTIONS”) BY TERA, ITS SUBSIDIARIES OR AFFILIATES, IN NO EVENT SHALL TERA (INCLUDING ITS SUBSIDIARIES AND AFFILIATES), NOR ANY OF

THEIR RESPECTIVE DIRECTORS, OFFICERS, MEMBERS, EMPLOYEES, AGENTS, CONSULTANTS, AND LICENSOR BE LIABLE TO ANY PERSON FOR ANY LOSSES, DAMAGES, COSTS OR EXPENSES, INCLUDING BUT NOT LIMITED TO LOSS OF PROFITS, LOSS OF USE, SPECIAL, PUNITIVE, INDIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES, ARISING FROM:

- (i) ANY FAULT IN DELIVERY, DELAY, OMISSION, SUSPENSION, INTERRUPTION, INACCURACY OR TERMINATION, OR ANY OTHER CAUSE, IN CONNECTION WITH THE FURNISHING, PERFORMANCE, OPERATION, MAINTENANCE, USE OF OR INABILITY TO USE ALL OR ANY PART OF THE SERVICES, TERA DATA OR OTHER INFORMATION MADE AVAILABLE ON THE SERVICES, OR ANY FACILITIES USED TO SUPPORT THE SERVICES, INCLUDING WITHOUT LIMITATION ELECTRONIC ORDER ENTRY/ORDER DELIVERY, TRANSACTIONS, TRADING THROUGH ANY ELECTRONIC MEANS, ELECTRONIC COMMUNICATION OF MARKET DATA OR INFORMATION, WORKSTATIONS USED, PRICE REPORTING SYSTEMS AND ANY AND ALL TERMINALS, COMMUNICATIONS NETWORKS, CENTRAL COMPUTERS, SOFTWARE, HARDWARE, AND FIRMWARE RELATING THERETO; OR\
- (ii) ANY FAILURE OR MALFUNCTION, FAULT IN DELIVERY, DELAY, OMISSION, SUSPENSION, INACCURACY, INTERRUPTION OR TERMINATION, OR ANY OTHER CAUSE, OF ANY SYSTEM OR SERVICE OF TERA OR SERVICES, EQUIPMENT OR FACILITIES USED TO SUPPORT SUCH SYSTEMS OR SERVICES, CAUSED BY ANY THIRD PARTIES INCLUDING, BUT NOT LIMITED TO, INDEPENDENT SOFTWARE VENDORS AND NETWORK PROVIDERS; OR
- (iii) ANY FAULT IN DELIVERY, DELAY, SUSPENSION, INACCURACY OR ANY OTHER CAUSE OF ANY SYSTEM OR SERVICE USED BY CLEARING FIRM, EXECUTING FIRM OR A CLEARING HOUSE IN SUPPORT OF TRANSACTIONS OR CLEARING ACTIVITIES.

THE LIMITATION OF LIABILITY IN THIS RULE SHALL APPLY WHETHER A CLAIM ARISES IN CONTRACT, TORT, NEGLIGENCE, STRICT LIABILITY, CONTRIBUTION OR OTHERWISE AND WHETHER THE CLAIM IS BROUGHT DIRECTLY OR AS A THIRD PARTY CLAIM.

- (c) NOTWITHSTANDING THE ABOVE, EXCEPT FOR LIMITATION EXCEPTIONS BY TERA, ITS SUBSIDIARIES OR AFFILIATES,

TERA'S TOTAL COMBINED AGGREGATE OBLIGATIONS OR LIABILITY FOR PARTICIPANT OR ANY THIRD PARTY ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR THE SERVICES PROVIDED HEREUNDER SHALL NOT EXCEED \$100,000 (ONE HUNDRED THOUSAND DOLLARS) FOR ALL LOSSES SUFFERED FROM ALL CAUSES IN A SINGLE CALENDAR MONTH; AND \$250,000 (TWO HUNDRED FIFTY THOUSAND DOLLARS) FOR ALL LOSSES FROM ALL CAUSES SUFFERED IN A SINGLE CALENDAR YEAR. ANY DISPUTED CLAIM PURSUANT TO THIS SUBSECTION MUST BE ARBITRATED PURSUANT TO RULE 905.

(i) IF THE NUMBER OF ALLOWED CLAIMS BY PARTICIPANT ARISING OUT OF ANY FAILURES OR MALFUNCTIONS ON A SINGLE DAY OR SINGLE MONTH CANNOT BE FULLY SATISFIED BECAUSE OF THE ABOVE DOLLAR LIMITATIONS, ALL SUCH CLAIMS SHALL BE LIMITED TO A PRO RATA SHARE OF THE MAXIMUM AMOUNT FOR THE RESPECTIVE PERIOD.

(ii) A CLAIM AGAINST TERA SHALL ONLY BE ALLOWED IF SUCH CLAIM IS BROUGHT IN ACCORDANCE WITH PROCEDURES SET FORTH BY THE RULES.

(d) **LIMITATION OF LIABILITY OF PARTICIPANT.** EXCEPT FOR LIMITATION EXCEPTIONS OR A VIOLATION OF THE RULES AND EXCEPT FOR ITS PAYMENT OBLIGATION TO TERA:

(i) IN NO EVENT SHALL PARTICIPANT (INCLUDING ITS SUBSIDIARIES AND AFFILIATES), NOR ANY OF THEIR RESPECTIVE DIRECTORS, OFFICERS, MEMBERS, EMPLOYEES, AGENTS, OR CONSULTANTS BE LIABLE TO TERA FOR ANY LOSSES, DAMAGES, COSTS OR EXPENSES, INCLUDING BUT NOT LIMITED TO LOSS OF PROFITS, LOSS OF USE, SPECIAL, PUNITIVE, INDIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES; AND

(ii) EXCEPT FOR LIMITATION EXCEPTIONS OR A VIOLATION OF THE RULES, THE MAXIMUM AGGREGATE LIABILITY OF PARTICIPANT (INCLUDING ITS SUBSIDIARIES AND AFFILIATES AND ANY CONTRACTORS PROVIDING SERVICES TO THEM), OR ANY OF THEIR RESPECTIVE DIRECTORS, OFFICERS, MEMBERS, EMPLOYEES, AGENTS, OR CONSULTANTS, FOR DIRECT LOSS OR DAMAGE WHETHER IN CONTRACT, TORT (INCLUDING NEGLIGENCE AND BREACH OF STATUTORY DUTY), STRICT LIABILITY OR OTHERWISE ARISING OUT OF OR IN CONNECTION WITH USE OF SERVICES OR

TRANSACTIONS SHALL BE \$100,000 (ONE HUNDRED THOUSAND DOLLARS) FOR ALL LOSSES SUFFERED FROM ALL CAUSES IN A SINGLE CALENDAR MONTH; AND \$250,000 (TWO HUNDRED FIFTY THOUSAND DOLLARS) FOR ALL LOSSES FROM ALL CAUSES SUFFERED IN A SINGLE CALENDAR YEAR. ANY DISPUTED CLAIM PURSUANT TO THIS SUBSECTION MUST BE ARBITRATED PURSUANT TO RULE 533.

- (e) THE LIMITATIONS OF LIABILITY IN THIS RULE 906 SHALL NOT PROTECT ANY PARTY FOR WHICH THERE HAS BEEN A FINAL DETERMINATION (INCLUDING EXHAUSTION OF ANY APPEALS) BY A COURT OR ARBITRATOR TO HAVE ENGAGED IN FRAUD OR WILLFUL MISCONDUCT. ADDITIONALLY, THE FOREGOING LIMITATIONS ON LIABILITY OF THIS RULE SHALL BE SUBJECT TO THE CEA AND THE REGULATIONS PROMULGATED THEREUNDER, EACH AS IN EFFECT FROM TIME TO TIME.

Rule 907 Effect of Amendment, Repeal, or New Rule

- (a) Tera may, pursuant to the CEA and CFTC regulations, amend or repeal any Rule, and/or adopt new Rules. Any such amendment, repeal of a Rule, or adoption of a new Rule shall be binding on all Persons subject to the jurisdiction of Tera upon the effective date of such amendment, repeal, or adoption.
- (b) Any amendment, repeal of a Rule, or adoption of a new Rule shall be published in a Notice to Participants in the manner described in Rule 308.

CHAPTER 10 INSTRUMENT SPECIFICATIONS

Rule 1001 Instruments Listed for Trading

- (a) Tera shall determine which Instruments can be traded from time to time pursuant to these Rules, provided that any such determination shall be submitted to the CFTC as required by the CEA and CFTC Regulations.
- (b) Subject to compliance with the CEA and CFTC Regulations, Instruments traded on Tera may be cleared and uncleared.
- (c) The current list of Instruments available for trading on Tera are posted on its website and below as Annex B.

Annex A
*Excerpt from Dodd Frank Act-Swap Transaction
Reporting Party Requirements*

Product Attribute Determination

RP Tiebreaker Logic - Rates		
Trade Type	Explanation	Reporting Party
Cap/ Floor	When a single Fixed Rate Payer exists	Fixed Rate Payer. Otherwise, Reverse ASCII sort, first LEI/Entity ID
Debt Option	All	Option Buyer
Exotic	All	Reverse ASCII sort, first LEI/Entity ID
FRA	All	Fixed Rate Payer
IRS Basis	All	Reverse ASCII sort, first LEI/Entity ID
IRS Fix-Fix	All	Reverse ASCII sort, first LEI/Entity ID
IRS Fix-Float	All	Fixed Rate Payer
IRSwap: Inflation	When a single Fixed Rate Payer exists	Fixed Rate Payer. Otherwise, Reverse ASCII sort, first LEI/Entity ID
IRSwap: OIS	All	Fixed Rate Payer
Swaption	All	Option Buyer
XCCY Basis	All	Reverse ASCII sort, first LEI/Entity ID
XCCY Fix-Fix	All	Reverse ASCII sort, first LEI/Entity ID
XCCY Fix-Float	All	Fixed Rate Payer

Tiebreaker Logic

When the participant identifier tiebreaker is invoked the following processes will be used:

1a. Determining identifiers

When an entity has multiple entity identifiers (“IDs”), the following hierarchy will be used to determine which entity ID to use in the RP determination logic:

- LEI/CiCi is used before DTCC GTR ID which is used before an AVOX ID which is used before any other identifier.

1b. Identifier Tiebreaker Logic Scenarios

- i. When both firms must have an LEI/CiCi then rank based on the two LEI/CiCis.
- ii. When one firm has an LEI/CiCi and the other firm has a DTCC ID but does not have an LEI then rank based on the comparison of the LEI/CiCi to the DTCC ID.
- iii. When one firm has an LEI/CiCi and the other firm has an AVOX ID but does not have an LEI then rank based on the comparison of the LEI/CiCi to the AVOX ID.
- iv. When neither firm has an LEI/CiCi and both firms have a DTCC ID then rank based on the two DTCC IDs.
- v. When neither firm has an LEI/CiCi and one firm has a DTCC ID and the other firm has only an AVOX ID then rank based on the comparison of the DTCC ID to the AVOX ID.

- vi. A firm will be the RP when that firm has a DTCC ID or LEI/CiCi and the other has neither an LEI/CiCi nor a DTCC ID nor an AVOX ID. Please note that in all cases the RP will have a DTCC ID and by extension will have an LEI/CiCi.

2. Determining sort order of identifiers

- LEI/CiCi, DTCC GTR IDs, and AVOX IDs are comprised of characters from the following set {0-9, A-Z}.
- For avoidance of doubt, before comparing IDs convert all IDs to UPPER CASE only.
- For comparison basis the sort order will be reverse ASCII sort order. For avoidance of doubt the following are sort order of precedence:
- Z, Y, X, W, V, U, T, S, R, Q, P, O, N, M, L, K, J, I, H, G, F, E, D, C, B, A, 9, 8, 7, 6, 5, 4, 3, 2, 1, 0.

3. When comparing two IDs the RP will be the firm with the first ID in the list when sorted in reverse ASCII sort order.

Annex B
Product Terms and Conditions