

Exhibit 3

SEF Application

Exhibit L – Core Principles

EXHIBIT L
CORE PRINCIPLES

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

See attached.

EXHIBIT L
ANALYSIS OF COMPLIANCE WITH THE SEF CORE PRINCIPLES

Below is a regulatory compliance chart describing the rules, procedures and policies of tpSEF Inc. (“tpSEF”) that comply with each of the fifteen core principles (“Core Principles”) set forth in section 5h of the Commodity Exchange Act, as amended (the “CEA”). All references herein to “tpSEF Rules” or “Rules” are references to the versions of those rules contained in the tpSEF Rulebook scheduled to become effective January 15, 2016 (the “tpSEF Rulebook”).¹ In addition, all references to the “tpSEF Compliance Manual” are references to the version of the tpSEF Inc. Swap Execution Facility Compliance Manual effective December 30, 2015. Capitalized terms not otherwise defined herein have the meanings given them in the tpSEF Rulebook.

| Core Principle | Description of Core Principle | Compliance with Core Principle | Relevant Documents or Agreements |
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| <u>Core Principle 1:</u> Compliance with Core Principles | (A) IN GENERAL.—To be registered, and maintain registration, as a swap execution facility, the swap execution facility shall comply with— (i) the core principles described in this subsection; and (ii) any requirement that the Commission may impose by rule or regulation pursuant to section 8a(5). (B) REASONABLE DISCRETION OF SWAP EXECUTION FACILITY.—Unless otherwise determined by the Commission by rule or regulation, a swap execution facility described in subparagraph (A) shall have reasonable discretion in establishing the manner in which the swap execution facility complies with the core principles described in this subsection. | The tpSEF Rulebook and tpSEF Compliance Manual are designed to comply with the Core Principles and the related rules and regulations of the CFTC. | <ul style="list-style-type: none"> • tpSEF Rulebook • tpSEF Compliance Manual |
| <u>Core Principle 2:</u> Compliance with Rules | A swap execution facility shall— (A) establish and enforce compliance with any rule of the swap execution facility, including— (i) the terms and conditions of the swaps traded or processed on or through the swap execution facility; and (ii) any limitation on access to the swap execution facility; (B) establish and enforce trading, trade | <p><u>Overview</u></p> <p>The SEF has established and enforces a system of rules and related policies and procedures designed to comply with Core Principle 2, including rules relating to: (i) access to the SEF (<i>tpSEF Rulebook, Section 3</i>); (ii) the execution of swaps traded on or processed through the SEF (<i>tpSEF Rulebook, Section 4; tpSEF Inc. Risk Mitigation Procedures</i>); (iii) conduct of market participants (<i>tpSEF Rulebook, Section 5</i>); and (iv) enforcement of rules and disciplinary proceedings (<i>tpSEF Rulebook, Section 6</i>).</p> <p><u>SEF Participation and Access Rules</u></p> <p><i>In General.</i> The tpSEF Rulebook includes rules applicable to Participants, who</p> | <ul style="list-style-type: none"> • tpSEF Rulebook: Sections 1, 3, 4, 5, 6 and 8 • tpSEF Inc. Risk Mitigation Procedures (Appendix C to the tpSEF Rulebook) • tpSEF Compliance Manual: Sections VII, IX, XI, XV and XVI • NFA Regulatory Services Agreement • tpSEF Inc. Trading Systems and Applications (Exhibit Q to tpSEF’s application for SEF Registration) |

¹ A copy of the tpSEF Rulebook was submitted to the CFTC pursuant to Section 5c(c) of the CEA and Section 40.6(a) of the CFTC’s regulations on December 30, 2015.

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| | <p>processing, and participation rules that will deter abuses and have the capacity to detect, investigate, and enforce those rules, including means—</p> <p>(i) to provide market participants with impartial access to the market; and</p> <p>(ii) to capture information that may be used in establishing whether rule violations have occurred;</p> <p>(C) establish rules governing the operation of the facility, including rules specifying trading procedures to be used in entering and executing orders traded or posted on the facility, including block trades; and</p> <p>(D) provide by its rules that when a swap dealer or major swap participant enters into or facilitates a swap that is subject to the mandatory clearing requirement of section 2(h), the swap dealer or major swap participant shall be responsible for compliance with the mandatory trading requirement under section 2(h)(8).</p> | <p>are market participants permitted to transact on the SEF directly, either for their own account or the accounts of their Clients or Customers. The tpSEF Rulebook also includes rules applicable to classes of indirect market participants who access the SEF through Participants, such as Customers trading through an Introducing Broker or Sponsored Participants trading through a Sponsoring Participant. All market participants are subject to the rules of tpSEF and its jurisdiction. <i>(Rule 3107(a))</i></p> <p><i>SEF Participation.</i> The tpSEF Rulebook sets forth the qualification standards for a Person to become a Participant of the SEF. To be eligible for admission as a Participant, an applicant must demonstrate to the satisfaction of the SEF that, among other things, it is an ECP. <i>(Rule 3000(a))</i> The SEF will apply the access criteria in an impartial manner through the application process for prospective Participants. <i>(Rule 3000(a)(9))</i> Consistent with Applicable Law, the SEF will provide access to its trading platform and services on a fair and nondiscriminatory basis to any ECP that complies with the SEF’s documentation and eligibility requirements as set forth in the tpSEF Rules. <i>(Rule 3000(i))</i></p> <p>Failure of an applicant to demonstrate, among other things, its ability to satisfy the eligibility criteria to become and remain a Participant or its capacity to adhere to all applicable tpSEF Rules may lead to a denial of the application. <i>(Rule 3103)</i> The SEF also has the authority to revoke, suspend, restrict or limit access to the SEF on a summary basis where necessary. <i>(Rules 3103(a) and 6018)</i></p> <p><i>Introducing Brokers.</i> The tpSEF Rules provide that a Participant that qualifies as an Introducing Broker may introduce trades on the SEF on behalf of a Customer where such Customer has so authorized the Introducing Broker and notified the SEF in the form and manner specified by the SEF from time to time. <i>(Rules 1000 (Definition of “Introducing Broker”) and 3112)</i></p> <p><i>ISVs.</i> Consistent with Applicable Law, the SEF will provide access to its trading platform, services and data on a fair and nondiscriminatory basis to any ISV that complies with the SEF’s documentation and eligibility requirements for ISVs as set forth in the tpSEF Rules. <i>(Rule 3400)</i></p> <p><i>Sponsored Access.</i> The tpSEF Rules permit a Sponsoring Participant to extend Trading Privileges to one or more Sponsored Participants subject to a number of conditions, including that the Sponsoring Participant must monitor the Sponsored Participant’s access to the SEF and activity on the SEF. <i>(Rule 3110)</i></p> | <p>the “SEF Application”)</p> |

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| | | <p><i>Authorized Traders.</i> An Authorized Trader is a natural person who is appointed, employed or authorized by a Participant (or by a Sponsored Participant) and who has been assigned a User ID by the SEF. (<i>Rule 1000 (Definition of “Authorized Trader”)</i>) Each Participant and Sponsored Participant is required to designate one or more Authorized Traders to transact on the SEF. (<i>Rules 3109 and 3110</i>)</p> <p><u>Duties and Responsibilities of Market Participants</u></p> <p>The tpSEF Rules set forth the duties and responsibilities of Participants, Sponsored Participants, Customers and Clients, including, but not limited to, the requirement to comply with all rules of the SEF, cooperate with SEF investigations, inquiries, audits, examinations and proceedings, and observe high standards of integrity, market conduct, commercial honor, fair dealing and equitable principles of trade. (<i>Rules 3107(a)(3) and 5000</i>)</p> <p><u>Operation of the SEF and Trading Procedures</u></p> <p><i>In General.</i> The tpSEF Rules govern the operation of the SEF and the submission of Orders and Block Trades. Participants of the SEF or any market participant acting through a Participant will have access to an Order Book (<i>Rules 1000 (Definition of “Order Book”) and 4003.B.</i>), as well as certain additional execution methods for Permitted Transactions. (<i>Rules 4003.A. and 4004</i>) Participants may also participate in Risk Mitigation Sessions for the execution of certain Permitted Transactions. (<i>Rules 4003.A.(b) and 4018; tpSEF Inc. Risk Mitigation Procedures</i>)</p> <p>The SEF does not currently offer a Request for Quote mechanism due to lack of Participant demand.</p> <p><i>Execution of Transactions.</i> tpSEF Rule 4003.A. addresses the general requirements for the execution Transactions on or pursuant to the rules of the SEF. (<i>tpSEF Rule 4003.A.</i>)</p> <p><i>Trading Procedures.</i> tpSEF Rule 4003.B. sets forth the trading procedures to be used in entering and executing Orders traded or posted on the Order Book. Orders, including Orders for Required Cross Transactions and Permitted Cross Transactions, may be entered into the Order Book for execution either (i) directly by any Participant that has established direct connectivity to the SEF’s Order Management System, or (ii) by an Execution Specialist acting on the instruction of a Participant. (<i>Rule 4003.B.(f)(1)</i>) All Orders must be submitted to the SEF using the relevant User ID and must also include the required information set forth in the tpSEF Rules, including price, quantity,</p> | |

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| | | <p>product and expiration date. (<i>Rules 4003.B.(b) and 8001(a)</i>) An Order may be modified or cancelled unless and until such Order is executed or has otherwise expired. (<i>Rules 4003.B(c) and 4003.B(f)</i>)</p> <p>In addition to the trading procedures for the execution of Transactions on the Order Book:</p> <ul style="list-style-type: none"> • tpSEF Rule 4004(b) sets forth the trading procedures to be used in entering Permitted Cross Transactions for execution away from the Order Book; • tpSEF Rule 4016 addresses the procedures to be used in executing Block Trades on or pursuant to the rules of the SEF; and • The tpSEF Inc. Risk Mitigation Procedures set forth the trading procedures used for the execution of certain Permitted Transactions through Risk Mitigation Sessions. <p>Additional detail on tpSEF’s trading systems and applications is included in Exhibit Q to the SEF Application.</p> <p><u>Prohibited Activities and Trade Practices</u></p> <p>The tpSEF Rules prohibit certain activities and trade practices, including: (1) fraudulent acts, (2) fictitious, wash or noncompetitive transactions, (3) fraudulent or misleading communications, (4) market disruptions, (5) market manipulation, (6) disruptive trading practices, and (7) misuse of the SEF. (<i>Rules 5100(a), 5201, 5203(a), 5204, 5205 and 5206</i>) Compliance with these rules will be monitored and enforced by the SEF and its Regulatory Services Provider, the National Futures Association (“NFA”). (<i>Rules 1000 (Definitions of “Market Regulation Department,” “Regulatory Services Agreement” and “Regulatory Services Provider”), 6000(c) and 6001</i>)</p> <p><u>Enforcement of tpSEF Rules</u></p> <p>The SEF has established rules and additional procedures in order to monitor and enforce compliance with its rules, including the terms and conditions of the swaps traded or processed on or through the swap execution facility. (<i>tpSEF Rulebook, Section 6; tpSEF Compliance Manual, Section XV</i>) All Clearing Firms, Participants, Sponsored Participants, Account Managers, Authorized Traders, Clients, Customers, Supervised Persons and any other Person using a User ID of a Participant or login credentials linked to a Participant or User ID and any other Person initiating or executing a transaction on or subject to the rules of the SEF directly or through an intermediary or for whose benefit such a transaction has been initiated or executed is subject to the SEF’s</p> | |

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| | | <p>jurisdiction. <i>(Rules 3107(a) and 6000(a))</i></p> <p>The SEF, through its Market Regulation Department (including as applicable, the NFA) (the “MRD”), Review Panels, Disciplinary Panels and Appeals Panels will conduct inquiries, investigations, disciplinary proceedings and appeals from disciplinary proceedings, summary impositions of fines, summary suspensions or other summary actions in accordance with the rules set forth in Section 6 of the tpSEF Rulebook. The SEF is permitted to, and has delegated, certain of its monitoring and enforcement functions to the NFA pursuant to the NFA Regulatory Services Agreement. <i>(Rule 2600(a))</i> The NFA will have the authority to investigate any potential rule violations and to submit investigation reports to the SEF’s Chief Compliance Officer (“CCO”). <i>(NFA Regulatory Services Agreement)</i></p> <p>The MRD will commence an investigation upon the receipt of a request from CFTC staff or upon the discovery or receipt of information by the SEF, or its trading or market surveillance or review of other information or other SEF data, that, in the judgment of the MRD, indicates a possible basis for finding that a violation has occurred or will occur. <i>(Rule 6001(a))</i> Following an investigation, the MRD will submit an Investigation Report to the CCO for review. <i>(Rule 6002(c))</i> The CCO may, in his/her discretion, convene a Review Panel to review the Investigation Report. <i>(Rule 6004(a))</i></p> <p>A Disciplinary Panel will conduct a hearing to make findings and impose sanctions. <i>(Rule 6010)</i> Appeals of any decisions by the Disciplinary Panel by either the respondent and/or the SEF will be permitted to an Appeals Panel. <i>(Rules 6015(a) and 6015(b))</i> In addition, the CFTC will have the review rights described in Part 9 of its regulations. <i>(Rules 6015(m) and 6018(e))</i></p> <p><u>Swap Dealers and Major Swap Participants: Compliance with the CEA’s Mandatory Trading Requirement</u></p> <p>The tpSEF Rules provide that each Person that is registered, or required to be registered, with the CFTC as a Swap Dealer or Major Swap Participant is responsible for compliance with the mandatory trading requirement under Section 2(h)(8) of the CEA when such Person enters into, or facilitates entry into, a swap on the SEF that is subject to the clearing requirement under Section 2(h)(1) of the CEA. <i>(Rule 4013.A.(i))</i></p> | |

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| <p>Core Principle 3: Swaps Not Readily Susceptible to Manipulation</p> | <p>The swap execution facility shall permit trading only in swaps that are not readily susceptible to manipulation.</p> | <p>The tpSEF Rules provide that the SEF shall permit trading only in swaps that are not readily susceptible to manipulation. <i>(Rule 4000.B.(c))</i></p> <p>All swaps that are listed for trading on the SEF must first be approved by the CCO (or his/her designee) and submitted to the CFTC as required under Applicable Law. When listing a swap for trading on the SEF, the CCO (or his/her designee) is required to review the swap to determine that it is not readily susceptible to manipulation, paying special attention to the reference price used to determine the cash flow exchanges. <i>(tpSEF Compliance Manual, Section V.B.)</i></p> <p>After a swap commences trading on the SEF, the CCO (or his/her designee) will periodically review the trading in the instrument. If the CCO cannot determine that such swap is not readily susceptible to manipulation, after taking into account (i) all of the terms and conditions of the swap, (ii) the markets for the swap and any underlying commodity or commodities or security or securities and (iii) the trading in the swap, the SEF may no longer permit the trading of such swap on the SEF. <i>(tpSEF Compliance Manual, Section V.C.)</i></p> <p>For physical delivery swaps, the MRD and/or the NFA on behalf of the SEF pursuant to the Regulatory Services Agreement will monitor the terms and conditions of physical delivery swaps as they relate to the underlying commodity market and will also monitor the availability of the supply of the commodity specified by the delivery requirements of the swap. <i>(tpSEF Compliance Manual, Section IX.F.)</i> tpSEF does not currently list any physical delivery swaps for trading.</p> <p>For cash-settled swaps, the MRD and/or the NFA on behalf of the SEF pursuant to the Regulatory Services Agreement will monitor the pricing of the reference price used to determine cash flows or settlement. If the reference price is formulated and computed by the SEF, the continued appropriateness of the methodology used to derive the reference price will be monitored; if the reference price relies on a third-party index or instrument, the continued appropriateness of the index or instrument will be monitored. <i>(tpSEF Compliance Manual, Section IX.F.)</i></p> <p>The terms and conditions for products that may be traded on the SEF are included in Appendix B to the tpSEF Rulebook.</p> | <ul style="list-style-type: none"> • tpSEF Rulebook: Rule 4000.B. • tpSEF Inc. Swap Specifications (Appendix B to the tpSEF Rulebook) • tpSEF Compliance Manual: Sections V and IX • NFA Regulatory Services Agreement • NFA Market Regulation Procedures Manual for SEFs and DCMs Offering Swaps Contracts (also referred to herein as the “NFA Compliance Procedures”) |

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| <p>Core Principle 4: Monitoring of Trading and Trade Processing</p> | <p>The swap execution facility shall—</p> <p>(A) establish and enforce rules or terms and conditions defining, or specifications detailing—</p> <p>(i) trading procedures to be used in entering and executing orders traded on or through the facilities of the swap execution facility; and</p> <p>(ii) procedures for trade processing of swaps on or through the facilities of the swap execution facility; and</p> <p>(B) monitor trading in swaps to prevent manipulation, price distortion, and disruptions of the delivery or cash settlement process through surveillance, compliance, and disciplinary practices and procedures, including methods for conducting real-time monitoring of trading and comprehensive and accurate trade reconstructions.</p> | <p><u>Procedures for Trading and Trade Processing</u></p> <p>In accordance with Core Principle 4, the SEF has established and enforces rules detailing the trading procedures to be used in entering orders and executing transactions on or through the facilities of the SEF. Section 4 of the tpSEF Rulebook includes rules relating to the execution of transactions on or pursuant to the rules of the SEF. In addition, the tpSEF Inc. Risk Mitigation Procedures set forth the trading procedures used for the execution of certain Permitted Transactions through Risk Mitigation Sessions. Section 5 of the tpSEF Rules includes rules relating to trade cancellation, correction, offset and adjustment. Section 5 of the tpSEF Rules also includes rules relating to conduct on the SEF and addresses, among other things, abusive trading practices and rule violations. Section 6 of the tpSEF Rulebook addresses the enforcement of the SEF’s rules.</p> <p><u>Monitoring of Trading in Swaps</u></p> <p>The tpSEF Compliance Manual includes policies and procedures relating to the monitoring of trading in swaps.</p> <p><i>T+1 Trade Practice Surveillance.</i> As described in Section IX.D. of the tpSEF Compliance Manual and Schedule A of the NFA Regulatory Services Agreement, the NFA has agreed to perform T+1 trade surveillance for the SEF. As part of this surveillance function, the NFA reviews the SEF’s trades to determine whether suspicious activity relating to SEF’s trading standards exists, including, without limitation, whether any potential violations of SEF’s rules may have occurred. In addition, the NFA’s trade practice surveillance system monitors for, among other things, fraudulent trading and manipulative or disruptive trading practices. (<i>tpSEF Compliance Manual, Section IX.D.; NFA Regulatory Services Agreement, Schedule A; NFA Compliance Procedures</i>)</p> <p><i>Market Surveillance.</i> As described in Section IX.D. of the tpSEF Compliance Manual and Schedule A of the NFA Regulatory Services Agreement, the NFA has also agreed to perform market surveillance for the SEF. The NFA’s market surveillance program is designed to, among other things, detect manipulation, price distortions and, where possible, disruptions of the delivery or cash settlement process. To carry out this function, the program includes monitoring price movements and primary/secondary relationships, volume, market information and rumors). (<i>tpSEF Compliance Manual, Section IX.D.; NFA Regulatory Services Agreement, Schedule A; NFA Compliance</i></p> | <ul style="list-style-type: none"> • tpSEF Rulebook: Sections 4, 5 and 6 • tpSEF Compliance Manual: Sections IX and XV • NFA Regulatory Services Agreement • NFA Compliance Procedures |

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| | | <p><i>Procedures)</i></p> <p><i>Real-Time Market Monitoring.</i> As described in Section IX.D. of the tpSEF Compliance Manual, the MRD performs real-time market monitoring of trading activity on the SEF. As part of this function, the MRD reviews transactions for, among other things, abnormal transaction prices or quantities, duplicative or erroneous transactions, market or system malfunctions or outages and abnormal trading patterns. (<i>tpSEF Compliance Manual, Section IX.D.</i>)</p> <p><i>Voice Audit Trail Surveillance Program.</i> As described in Section IX.E. of the tpSEF Compliance Manual, tpSEF has implemented a voice audit trail surveillance program. This program utilizes both targeted and random reviews for voice trades in Required Transactions and Permitted Transactions. (<i>tpSEF Compliance Manual, Section IX.E.</i>)</p> <p><u>Disciplinary Practices and Procedures</u></p> <p><i>In General.</i> The SEF has established rules and policies and procedures relating to investigations and disciplinary proceedings. These are included in Section 6 of the tpSEF Rulebook and Section XV of the tpSEF Compliance Manual.</p> <p>The SEF, through the MRD and SEF Panels will conduct inquiries and investigations, disciplinary proceedings and appeals from disciplinary proceedings, summary impositions of fines, summary suspensions or other summary actions in accordance with the rules set forth in Section 6 of the tpSEF Rulebook. (<i>Rule 6000(b)</i>) The SEF's procedures for conducting investigations and disciplinary proceedings are included in Section XV of the tpSEF Compliance Manual.</p> <p><i>Inquiries and Investigations.</i> Pursuant tpSEF Rule 6001 and Section XV of the tpSEF Compliance Manual, the MRD will commence an investigation upon the receipt of a request from CFTC staff or upon the discovery or receipt of information by the SEF, or its trading or market surveillance or review of other information or other SEF data, that, in the judgment of the MRD, indicates a possible basis for finding that a violation has occurred or will occur. The MRD will determine the nature and scope of its inquiries and investigations in its sole discretion and must inform the CCO of all inquires. (<i>Rule 6001(a); tpSEF Compliance Manual, Section XV</i>)</p> <p><i>Disciplinary Proceedings.</i> Following its investigation, the MRD will prepare an Investigation Report that includes the reasons for initiating the investigation (including a summary of the complaint, if any), all relevant facts and evidence</p> | |

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| | | <p>gathered, the MRD’s analysis and conclusions, the potential respondent’s disciplinary history at the SEF, and the recommendation of the MRD. (<i>Rule 6002(b)</i>; <i>tpSEF Compliance Manual, Section XV.B.</i>) The CCO must review each Investigation Report and either proceed with the MRD’s recommendation or forward the matter to a Review Panel. (<i>Rule 6002(c)</i>; <i>tpSEF Compliance Manual, Section XV.C.</i>) If CCO determines to proceed with the MRD’s recommendation to initiate disciplinary proceedings or a Review Panel authorizes disciplinary proceedings, the MRD will notify each potential respondent that the MRD or Review Panel has recommended formal disciplinary charges against the potential respondent. (<i>Rule 6003(a)</i>; <i>tpSEF Compliance Manual, Section XV.D.</i>)</p> <p>The CCO or the NFA will appoint a Disciplinary Panel to conduct hearings in connection with any disciplinary proceedings authorized by the CCO or a Review Panel to make findings and impose sanctions. (<i>Rule 6000(a)</i>; <i>tpSEF Compliance Manual, Section XV.H.</i>) Promptly following a hearing, the Disciplinary Panel will issue a written order rendering its final decision based on the weight of the evidence contained in the record of the disciplinary proceedings. (<i>Rule 6013(a)</i>; <i>tpSEF Compliance Manual, Section XV.L.</i>)</p> <p><i>NFA as Regulatory Services Provider.</i> As set forth in Rule 6000(c), the SEF and NFA are parties to a Regulatory Services Agreement, pursuant to which NFA has agreed to perform certain regulatory services on behalf of SEF, including services with respect to inquiries and investigations and disciplinary proceedings. Notwithstanding the fact that the SEF has entered into the Regulatory Services Agreement with the NFA to perform some of the SEF’s functions, the SEF retains ultimate legal responsibility for, and control of, such functions. (<i>Rules 2600 and 6000(c)</i>; <i>tpSEF Compliance Manual, Section XV</i>)</p> | |
| <p><u>Core Principle 5:</u> Ability to Obtain Information</p> | <p>The swap execution facility shall—</p> <p>(A) establish and enforce rules that will allow the facility to obtain any necessary information to perform any of the functions described in this section;</p> <p>(B) provide the information to the Commission on request; and</p> <p>(C) have the capacity to carry out such international information-sharing agreements as the Commission may</p> | <p>The SEF has established rules that allow the SEF to obtain information necessary to perform the functions described in Section 5h of the CEA.</p> <p><i>Inspections by the SEF.</i> The tpSEF Rules permit the SEF and its Regulatory Services Provider to inspect and access the books and records of, and the systems, equipment and software operated by, a Participant, Sponsored Participant, Customer or Client in connection with any SEF activity. The SEF and its Regulatory Services Provider are also permitted to remove, copy or reproduce any data to which the SEF has access under the tpSEF Rules. (<i>Rules 5400(a) – (b)</i>; <i>tpSEF Compliance Manual, Section X.B.</i>) In addition, the MRD may require a Participant to furnish information to the SEF concerning the Participant’s activity on the SEF. (<i>Rule 5400(c)</i>)</p> | <ul style="list-style-type: none"> • tpSEF Rulebook: Rules 5400, 5500, 8000 and 8002 • tpSEF Compliance Manual: Sections X and XVI |

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| | require. | <p><i>Books and Records.</i> The tpSEF Rules require all Members, Customers and Clients to prepare and keep, or cause to be kept, all books, ledgers and other records relating to their activity on the SEF. Each such Person is required to make such books and records available upon request to the SEF, the SEF's Regulatory Services Provider, the CFTC or the United States Department of Justice ("DOJ"). (<i>Rule 8002(a)</i>)</p> <p><i>SEF Books and Records; Provision of Information to the CFTC.</i> The tpSEF Rules and tpSEF Compliance Manual require the SEF to maintain complete and accurate books and records of all activities relating to its business, including complete audit trails for all Swaps executed on or otherwise subject to the rules of the SEF, investigatory files, disciplinary files and all books and records required to be maintained pursuant to the CEA and the CFTC Regulations. (<i>Rule 8000(a); tpSEF Compliance Manual, Section XVI.A.</i>) The SEF must make such books and records available for inspection upon request by any representative of the CFTC, the DOJ or the SEC or by any representative of a prudential regulator as authorized by the CFTC. The SEF must also make available to the CFTC or the DOJ all audit trail data and reconstructions. (<i>Rule 8000(c); tpSEF Compliance Manual, Section XVI.B.</i>)</p> <p>Upon request by the CFTC, the SEF will file the following information with the CFTC, in the form and manner and within the time as specified by the CFTC in its request: (i) such information related to its business as a SEF, including information relating to data entry and trade details, and/or (ii) a written demonstration, containing such supporting data, information and documents, that the SEF is in compliance with one or more core principles. The CCO is responsible for complying with any such request. (<i>tpSEF Compliance Manual, Section XVI.F.3.</i>)</p> <p><i>Information-Sharing Agreements.</i> The tpSEF Rulebook and tpSEF Compliance Manual permit the SEF to enter into information-sharing agreements or other arrangements or procedures that will allow the SEF to: (i) obtain any necessary information to perform any monitoring of trading and trade processing; (ii) provide information to the CFTC upon request; and (iii) carry out such international information-sharing agreements as the CFTC may require. (<i>Rule 5500; tpSEF Compliance Manual, Section X.D.</i>)</p> | |

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| <p>Core Principle 6: Position Limits or Accountability</p> | <p>(A) IN GENERAL.—To reduce the potential threat of market manipulation or congestion, especially during trading in the delivery month, a swap execution facility that is a trading facility shall adopt for each of the contracts of the facility, as is necessary and appropriate, position limitations or position accountability for speculators.</p> <p>(B) POSITION LIMITS.—For any contract that is subject to a position limitation established by the Commission pursuant to section 4a(a), the swap execution facility shall—</p> <p>(i) set its position limitation at a level no higher than the Commission limitation; and</p> <p>(ii) monitor positions established on or through the swap execution facility for compliance with the limit set by the Commission and the limit, if any, set by the swap execution facility.</p> | <p><i>In General.</i> To reduce the potential threat of market manipulation or congestion, the tpSEF Rules require the SEF to adopt for each of the contracts of the SEF, as is necessary and appropriate, position limits and position accountability levels for speculators. <i>(Rules 4101 and 4103)</i></p> <p><i>Establishment of Position Limits and Accountability Levels.</i> The CCO will establish, in coordination with the Chief Operating Officer and the MRD, for each of the contracts of the SEF, as is necessary and appropriate, position limits or position accountability levels for any speculators. For any contract that is subject to a position limit established by the CFTC, the CCO shall set its position limit at a level no higher than the CFTC limit. <i>(tpSEF Compliance Manual, Section IX.C.)</i></p> <p><i>Application of Position Limitations and Accountability Levels.</i> No Person (including a Participant, Sponsored Participant, Client or Customer) is permitted to hold or control a position in excess of the position limits adopted by the SEF, and each Participant is prohibited from maintaining positions in excess of such position limits for a Client or Customer if such Participant knows, or with reasonable care should know, that such position will cause such Client or Customer to exceed the applicable position limits. <i>(Rule 4101(b))</i> Any Person, including a Participant, Sponsored Participant, Client or Customer, who owns or controls Swaps in excess of the applicable position accountability level shall provide the SEF, at its request, any information regarding the nature of the position, trading strategy or hedging activities, if applicable, and if ordered by the SEF, shall not increase the size of any such position. <i>(Rule 4103(a))</i></p> <p><i>Enforcement of Position Limits and Position Accountability Levels.</i> In the event the SEF learns that a Person maintains positions in accounts such that the aggregate position in all such accounts exceeds (i) the position limits established by the tpSEF Rules, or (ii) to the extent such Person is ordered not to increase such positions pursuant to the tpSEF Rules, the relevant level, the SEF may instruct each such Person to reduce the positions in such accounts proportionately or otherwise so that the aggregate positions of such accounts does not exceed the position limits and position accountability levels established by the tpSEF Rules. Any Person receiving such instruction shall immediately take necessary steps to liquidate the appropriate contracts in order to comply with the position limits and position accountability levels established by the tpSEF Rules. <i>(Rule 4104)</i> As with other rule violations, violations of the SEF’s position accountability and position limits rules will be</p> | <ul style="list-style-type: none"> • tpSEF Rulebook: Rules 4101, 4103, 4104 and 6014 • tpSEF Compliance Manual: Section IX • NFA Regulatory Services Agreement • NFA Compliance Procedures |

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| | | <p>subject to sanctions. (<i>Rule 6014</i>)</p> <p><i>NFA Large Trader Programs and Tools.</i> The NFA will conduct a series of large trader programs and tools. If there are position limits and/or accountability levels in place, on a T +1 basis, NFA will cross-check these limits and/or levels against the large trader positions and accountability levels to determine if any controllers have exceeded the limits. Furthermore, if it appears that any one member or controller has a concentration or has exceeded an accountability level or position limit in a given swap listed for trading on SEF, NFA will relay this information to SEF. If SEF deems it necessary, either SEF or NFA upon SEF's request will contact the large trader to determine the reason for the concentration or for exceeding the relevant accountability level or position limit. (<i>NFA Regulatory Services Agreement, Schedule A</i>)</p> | |
| <p>Core Principle 7: Financial Integrity of Transactions</p> | <p>The swap execution facility shall establish and enforce rules and procedures for ensuring the financial integrity of swaps entered on or through the facilities of the swap execution facility, including the clearance and settlement of the swaps pursuant to section 2(h)(1).</p> | <p>In accordance with Core Principle 7, the SEF has established and will enforce rules and procedures to ensure the financial integrity of swaps entered on or through the SEF, including the clearance and settlement of the swaps.</p> <p><u>Financial Integrity Qualifications</u></p> <p><i>Participants.</i> To be eligible for admission as a Participant, an applicant must demonstrate to the satisfaction of the SEF that, among other things, it is an ECP and maintains adequate financial resources and credit. (<i>Rule 3000(a)</i>) Once admitted, a Participant must continue at all times to satisfy these eligibility qualifications and must comply with the minimum financial and related reporting requirements set forth under tpSEF Rule 5600. (<i>Rules 3000(a) and 5600</i>)</p> <p><i>Clients, Customers and Sponsored Participants.</i> The tpSEF Rules require the SEF to obtain for each Client of an Account Manager and each Customer of an Introducing Broker a representation from the applicable Account Manager or Introducing Broker that each such Client or Customer will be an ECP each time the Account Manager or Introducing Broker transacts on the SEF on behalf of such Client or Customer. (<i>Rule 3000(f)</i>) The tpSEF Rules also require the SEF to obtain from each Sponsoring Participant a representation that each of its Sponsored Participants will be an ECP at the time each such Sponsored Participant transacts on the SEF. (<i>Rule 3110(f)</i>) In addition to these representations, each Participant that is an Introducing Broker, Account Manager or Sponsoring Participant must verify the ECP status of each of their respective Customers, Clients and Sponsored Participants. (<i>Rule 3501(b) – (d)</i>)</p> | <ul style="list-style-type: none"> • tpSEF Rulebook: Rules 3000, 3501, 3110, 4013.A., 4013.B, 4017 and 5600 • tpSEF Compliance Manual: Section XI • tpSEF Inc. Terms of Use |

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| | | <p><i>Clearing Members.</i> The tpSEF Rules require that each Participant intending to trade Cleared Swaps for its own account must either be Self-Clearing or must have a clearing account with a Clearing Firm. In addition, each Participant that is an Account Manager, Introducing Broker or Sponsoring Participant must ensure that each of its Clients, Customers and Sponsored Participants meets the foregoing requirement. <i>(Rules 3000(c) – (d))</i></p> <p><u>Clearing and Settlement</u></p> <p><i>Cleared Swaps.</i> For Transactions that are required to be cleared, the SEF will submit the Transaction to the relevant DCO directly or via a middleware provider. <i>(Rule 4013.A.(c))</i> The tpSEF Rules require pre-execution credit checks for swaps intended to be cleared <i>(Rule 4017)</i> and include rules and procedures for swaps that are rejected from clearing <i>(Rule 4013.A.(e))</i> and for swaps that are erroneously cleared <i>(Rule 4013.A.(f))</i>. The tpSEF Compliance Manual includes related policies and procedures. <i>(tpSEF Compliance Manual, Section XI.B. and C.)</i> The SEF is permitted to (i) suspend Trading Privileges of the Participant(s) or Sponsored Participant(s) that executed one or more rejected Transactions or prohibit further trading on behalf of the Client(s) or Customer(s) on whose behalf any rejected Transaction(s) were executed, or (ii) take any other action permitted by the tpSEF Rules. <i>(Rule 4013.A.(g))</i></p> <p><i>Uncleared Swaps.</i> A Participant may enter into an Uncleared Swap only with a counterparty with which such Participant has swap trading relationship documentation that meets the requirements of Applicable Law, and may enter into an Uncleared Swap on behalf of a Customer or Client only if such Customer or Client has swap trading relationship documentation with the relevant counterparty that meets the requirements of Applicable Law. The Participant and/or Customer or Client shall provide any information requested by the SEF in the processing and settlement of such Uncleared Swaps. In addition, a Participant, Customer or Client may, from time to time, input onto the SEF’s systems, either itself, or by instructing an Execution Specialist, the credit line for any or all parties with which it has such swap trading relationship documentation. <i>(Rule 4013.B.)</i></p> <p><u>tpSEF Inc. Terms of Use</u></p> <p>The tpSEF Inc. Terms of Use (“tpSEF Terms of Use”) provides that the Participant agrees to effect transactions in swaps via the SEF’s trading system in accordance with the terms and conditions of the tpSEF Terms of Use, the tpSEF Rules and such other terms and conditions as may be established by the SEF from time to time. <i>(tpSEF Inc. Terms of Use, Section 4(a))</i> The</p> | |

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| | | <p>Participant also agrees to accept full responsibility for any transactions effected on the SEF and for any use of the trading system made by the Participant or the Participant’s Authorized Traders. The Participant will be responsible for such trades even if the Orders received via the trading system (i) were entered as a result of a failure in the security controls and/or credit controls, other than due to the gross negligence of the SEF or (ii) were entered by an unknown or unauthorized user. (<i>tpSEF Terms of Use, Section 4(h)</i>)</p> <p><u>Monitoring and Compliance</u></p> <p>As set forth in Section XI.E. of the tpSEF Compliance Manual, the MRD is required to regularly monitor each Participant’s compliance with the SEF’s financial integrity requirements. Upon receiving information indicating that a Participant failed to settle an executed transaction, or by failing to submit for clearing a transaction that is required to be cleared, the MRD will investigate the matter and will report the results of its investigation to the CCO, who may initiate disciplinary action. (<i>tpSEF Compliance Manual, Section XI.E.</i>)</p> | |
| <p><u>Core Principle 8:</u> Emergency Authority</p> | <p>The swap execution facility shall adopt rules to provide for the exercise of emergency authority, in consultation or cooperation with the Commission, as is necessary and appropriate, including the authority to liquidate or transfer open positions in any swap or to suspend or curtail trading in a swap.</p> | <p>tpSEF Rule 7000 and Section XII of the tpSEF Compliance Manual address the SEF’s compliance with Core Principle 8.</p> <p>In the event of an Emergency, the Board and/or the CEO (or, in his absence, the most senior Officer present), in consultation with the CFTC and/or the relevant DCO, as necessary, may implement Emergency Rules, subject to the applicable provisions of the CEA and CFTC Regulations. Emergency Rules may require or authorize the SEF, the Board, any committee of the Board, the CEO, or any other Officer to take Emergency Action necessary or appropriate to respond to the Emergency, including, but not limited to: (1) suspending or curtailing trading or limiting trading (in whole or in part); (2) ordering the fixing of a settlement price, or the reduction of positions; (3) extending, limiting or changing the Trading Hours; (4) temporarily modifying or suspending any provision of the SEF Rules or Obligations; (5) imposing or modifying price limits; (6) altering any contract’s settlement terms or conditions; (7) imposing or modifying position limits; and/or (8) ordering any other action or undertaking to address or relieve the Emergency. If applicable, the SEF may provide for the carrying out of Emergency Actions through its agreements with the Regulatory Services Provider. (<i>Rules 1000 (Definition of “Emergency Action”) and 7000(a); tpSEF Compliance Manual, Section XII.A.</i>)</p> <p>When the Board, any committee of the Board or the CEO determines that the</p> | <ul style="list-style-type: none"> • tpSEF Rulebook: Rules 1000 and 7000 • tpSEF Compliance Manual: Section XII |

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| | | <p>Emergency has been reduced sufficiently to allow the SEF to resume normal functioning, any such actions responding to an Emergency will be terminated. <i>(Rule 7000(c); tpSEF Compliance Manual, Section XII)</i></p> <p>The SEF will use reasonable efforts to notify the CFTC prior to, but no later than 24 hours from, implementing, modifying or terminating an Emergency Rule. <i>(Rule 7000(d))</i> The SEF will document all actions responding to an Emergency and record the decision-making process related to such action. The SEF will retain such documentation for at least five years following the date on which the Emergency ceases to exist or affect the SEF. The SEF will provide all such documentation to the CFTC upon request. <i>(Rule 7000(e); tpSEF Compliance Manual, Section XII.F.)</i></p> | |
| <p>Core Principle 9: Timely Publication of Trading Information</p> | <p>(A) IN GENERAL.—The swap execution facility shall make public timely information on price, trading volume, and other trading data on swaps to the extent prescribed by the Commission.</p> <p>(B) CAPACITY OF SWAP EXECUTION FACILITY.—The swap execution facility shall be required to have the capacity to electronically capture and transmit trade information with respect to transactions executed on the facility.</p> | <p>The tpSEF Rules provide that the SEF will publish trading information as required by Core Principle 9 and by Part 16 of the CFTC Regulations. <i>(Rule 8006)</i> In addition, the tpSEF Compliance Manual provides that the SEF will make public timely information on price, trading volume and other trading data on swaps as required by Core Principle 9 and by Part 16 of the CFTC’s regulations. <i>(tpSEF Compliance Manual, Section XIII)</i></p> <p>The tpSEF Compliance Manual provides that the MRD is responsible for ensuring that the SEF maintains the capability to electronically capture and transmit all trade information with respect to swaps executed on the SEF. <i>(tpSEF Compliance Manual, Section XIII)</i></p> | <ul style="list-style-type: none"> • tpSEF Rulebook: Rule 8006 • tpSEF Compliance Manual: Section XIII |
| <p>Core Principle 10: Recordkeeping and Reporting</p> | <p>(A) IN GENERAL.—A swap execution facility shall—</p> <p>(i) maintain records of all activities relating to the business of the facility, including a complete audit trail, in a form and manner acceptable to the Commission for a period of 5 years;</p> <p>(ii) report to the Commission, in a form and manner acceptable to the Commission, such information as the Commission determines to be necessary or appropriate for the Commission to perform the duties of the Commission under this Act; and</p> | <p>The tpSEF Rulebook and tpSEF Compliance Manual address the SEF’s Compliance with Core Principle 10.</p> <p><i>Required Records.</i> The tpSEF Rules require the SEF to keep, or cause to be kept, complete and accurate books and records of all activities relating to its business, including complete audit trails for all swaps executed on or otherwise subject to the rules of the SEF, investigatory files, disciplinary files and all books and records required to be maintained pursuant to the CEA and CFTC Regulations. <i>(Rule 8000(a))</i></p> <p><i>Retention Requirements.</i> All books and records related to any Swap executed on or pursuant to the rules of the SEF must be retained throughout the life of the Swap and for a period of at least five years thereafter, and all other books and records must be kept for a period of at least five years, in each case, in a form and manner acceptable to the CFTC. All books and records related to a Swap executed on, or pursuant to the rules of, the SEF shall be readily</p> | <ul style="list-style-type: none"> • tpSEF Rulebook: Rule 8000 • tpSEF Compliance Manual: Section XVI |

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| | <p>(iii) shall keep any such records relating to swaps defined in section 1a(47)(A)(v) open to inspection and examination by the Securities and Exchange Commission.</p> <p>(B) REQUIREMENTS.—The Commission shall adopt data collection and reporting requirements for swap execution facilities that are comparable to corresponding requirements for derivatives clearing organizations and swap data repositories.</p> | <p>accessible by the SEF via real-time electronic access throughout the life of the Swap and for two (2) years following the final termination, and all other books and records shall be readily accessible via real-time electronic access during the first two (2) years of the five year required retention period. All books and records shall be thereafter retrievable within three (3) business days through the remainder of the required retention period. (<i>Rule 8000(b)</i>)</p> <p><i>Reports to the CFTC.</i> Upon request by the CFTC, the SEF must file with the CFTC a written demonstration, containing such supporting data, information and documents, in the form and manner and within such time as the CFTC may specify, that the SEF is in compliance with one or more core principles as specified in the request, or that is requested by the CFTC to satisfy its obligations under the CEA. The CCO is responsible for complying with any such request. (<i>tpSEF Compliance Manual, Section XVI.F.3.</i>)</p> <p><i>Inspection of Records.</i> All books and records required to be maintained by the SEF will be open to inspection upon request by any representative of the CFTC, the DOJ or the Securities and Exchange Commission, or by any representative of a prudential regulator as authorized by the CFTC. (<i>Rule 8000(b); tpSEF Compliance Manual, Section XVI.B.</i>)</p> <p><i>Recordkeeping Policies and Procedures.</i> The tpSEF Compliance Manual sets forth the SEF’s policies and procedures relating to recordkeeping, including audit trail records. (<i>tpSEF Compliance Manual, Section XVI</i>)</p> | |
| <p><u>Core Principle 11:</u> Antitrust Considerations</p> | <p>Unless necessary or appropriate to achieve the purposes of this Act, the swap execution facility shall not—</p> <p>(A) adopt any rules or taking any actions that result in any unreasonable restraint of trade; or</p> <p>(B) impose any material anticompetitive burden on trading or clearing.</p> | <p>The tpSEF Compliance Manual sets forth the SEF’s policies and procedures relating to its compliance with Core Principle 11. Specifically, Section XIV of the tpSEF Compliance Manual provides that the SEF will not adopt any rules or take any actions that result in any unreasonable restraint of trade or impose any material anticompetitive burden on trading or clearing. In addition, Section XIV specifically prohibits the SEF and its Employees (as defined in the tpSEF Compliance Manual) from (i) coordinating the prices (including quotations), trades or trade reports of the SEF with any other Participant, any person associated with a Participant or any other person; (ii) directing or requesting another Participant to alter a price or quotation (except as specifically permitted by the tpSEF Rules) or (iii) engaging, directly or indirectly, in any conduct that threatens, harasses, coerces, intimidates or otherwise attempts improperly to influence another Participant, a person associated with a Participant, or any other person. The SEF is also prohibited from limiting a market participant’s choice of Clearing Member or DCO or any SDR’s ability to compete for the SEF’s business.</p> | <ul style="list-style-type: none"> • tpSEF Compliance Manual: Section XIV |

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| | | <p>The SEF is permitted to request that the CFTC consider under the provisions of Section 15(b) of the CEA any of the SEF’s rules. (<i>tpSEF Compliance Manual, Section XIV</i>)</p> | |
| <p><u>Core Principle 12:</u> Conflicts of Interest</p> | <p>The swap execution facility shall—</p> <p>(A) establish and enforce rules to minimize conflicts of interest in its decision-making process; and</p> <p>(B) establish a process for resolving the conflicts of interest.</p> | <p>The tpSEF Rulebook and tpSEF Compliance Manual address the SEF’s Compliance with Core Principle 12.</p> <p><i>Conflicts of Interest Relating to Persons Authorized to Exercise the SEF’s Authority.</i> tpSEF Rule 2500 addresses conflicts of interest relating to persons authorized to exercise the SEF’s authority. Any Director, Officer, SEF Panel member or other Person authorized to exercise the SEF’s authority concerning a Self-Regulatory Action who knowingly has a Material Conflict of Interest between (i) his or her position as a Director, Officer or SEF Panel member, or the exercise of authority concerning a Self-Regulatory Action, and (ii) his or her personal interests, may not participate in any deliberations or vote of the Board or SEF Panel, or exercise any authority with respect to the Self-Regulatory Action involving his or her personal interest, except as specifically permitted by the tpSEF Rules. (<i>Rule 2500(a)</i>)</p> <p><i>Misuse of Material, Non-Public Information.</i> tpSEF Rule 2500 imposes limitations on the use and disclosure of material non-public information gained through the performance of official duties. For example, tpSEF Rules 2500(f) and 2500(h) prohibit Directors, Officers, committee or panel members, SEF employees and consultants from, among other things, using or disclosing, for any purpose other than the performance of any such Person’s official duties, any material, non-public information. (<i>Rules 2500(f) – (h)</i>)</p> <p><i>Voting by Interested Parties.</i> tpSEF Rule 2501 requires any member of the Board, a Board committee or a SEF Panel to abstain from voting and deliberations on any matter involving a Named Party in Interest where such member is conflicted for example because it has a significant, ongoing business relationship with the Named Party in Interest. (<i>Rule 2501(a)(1)</i>) tpSEF Rule 2501 also requires any member of the Board, a Board committee or a SEF Panel abstain from voting or deliberations on any Significant Action if the member knowingly has a direct and substantial financial interest in the result of the vote based on either exchange or non-exchange positions that could reasonably be expected to be affected by the action. (<i>Rule 2501(b)(1)</i>)</p> <p><i>Composition of the Board, the Regulatory Oversight Committee and SEF Panels.</i> Pursuant to tpSEF Rule 2100 and the Amended and Restated By-Laws of tpSEF Inc. (the “tpSEF By-Laws”), at least 35% of the Directors of the Board must be Public Directors (as defined in the tpSEF By-Laws). (<i>Rule 2100(d)</i>;</p> | <ul style="list-style-type: none"> • tpSEF Rulebook: Rules 2401, 2500, 2501, 6004, 6009, 6015 • tpSEF Compliance Manual: Sections II and X • tpSEF Inc. Code of Ethics and Business Conduct (Appendix B of the tpSEF Compliance Manual) • Whistleblower Policy (Appendix C of the tpSEF Compliance Manual) • Amended and Restated By-Laws of tpSEF Inc. |

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| | | <p><i>tpSEF By-Laws</i>) The Regulatory Oversight Committee (“ROC”) is composed entirely of Public Directors. (<i>Rule 2401; tpSEF By-Laws</i>) Each Review Panel, Disciplinary Panel and Appeals Panel must be comprised of three individuals, at least two of whom would not be disqualified from serving as Public Directors. (<i>Rules 6004(b), 6009(a) and 6015(g)</i>)</p> <p><i>Information and Physical Barriers.</i> In an effort to manage potential conflicts of interest and restrict the improper dissemination of confidential information, Sections X.E. and F. of the tpSEF Compliance Manual address the information and physical barriers erected by the SEF. (<i>tpSEF Compliance Manual, Sections X.E. and F.</i>)</p> <p><i>Code of Ethics and Whistleblower Policy.</i> The SEF has adopted the tpSEF Inc. Code of Ethics and Business Conduct (<i>tpSEF Compliance Manual, Appendix B</i>) and a Whistleblower Policy (<i>tpSEF Compliance Manual, Appendix C</i>) to assist with the identification and mitigation of conflicts of interest.</p> <p><i>Resolution of Conflicts of Interest.</i> Section II.D.3. of the tpSEF Compliance Manual addresses the resolution of conflicts of interest. Specifically, Section II.D.3. provides that it is the responsibility of the CCO to resolve any conflicts of interest that may arise, including: (i) conflicts between business considerations and compliance requirements; (ii) conflicts between business considerations and the requirement that the SEF provide fair, open and impartial access as set forth in the CFTC Regulations; and (iii) conflicts between the SEF’s management and members of the Board. In accordance with this requirement, the CCO is required to keep the ROC apprised of conflicts of interest the CCO considers significant on an ongoing basis, and must inform the ROC of those conflicts of interest the CCO considers less significant as part of the CCO’s quarterly meetings with the ROC. In the event that the CCO or any other person becomes aware of any conflict of interest involving the CCO, such matter must promptly be brought to the attention of the ROC and/or CEO and must be resolved by the ROC and/or CEO without the involvement of the CCO. (<i>tpSEF Compliance Manual, Section II.D.3.</i>)</p> | |
| <p><u>Core Principle 13:</u> Financial Resources</p> | <p>(A) IN GENERAL.—The swap execution facility shall have adequate financial, operational, and managerial resources to discharge each responsibility of the swap execution facility.</p> <p>(B) DETERMINATION OF RESOURCE ADEQUACY.—The financial resources of</p> | <p>The tpSEF Compliance Manual addresses the SEF’s compliance with Core Principle 13. Specifically, Section VI.A. provides that (i) the SEF must have adequate financial, operational and managerial resources to discharge each of its responsibilities as a SEF, and (ii) the Chief Financial Officer (“CFO”) will ensure that the SEF’s financial resources exceed the total amount that would enable the SEF to cover its operating costs for a one-year period, as calculated on a rolling basis. The financial resources available to satisfy this</p> | <ul style="list-style-type: none"> • tpSEF Compliance Manual: Section VI • Applicant Financials (Exhibit I to the SEF Application) |

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| | <p>a swap execution facility shall be considered to be adequate if the value of the financial resources exceeds the total amount that would enable the swap execution facility to cover the operating costs of the swap execution facility for a 1-year period, as calculated on a rolling basis.</p> | <p>requirement include the SEF’s own capital (meaning its assets minus its liabilities calculated in accordance with U.S. generally accepted accounting principles) and any other financial resource deemed acceptable by the CFTC. <i>(tpSEF Compliance Manual, Section VI.A.)</i></p> <p>The CFO, on a quarterly basis, based on its fiscal year, makes a reasonable calculation of the SEF’s projected operating costs over a 12-month period to determine the amount needed to meet the SEF’s financial resources requirements. This projection is based on a number of assumptions, including number of employees and the level of their compensation, the amount of direct expenses and the amount of costs allocated to the SEF. <i>(tpSEF Compliance Manual, Section VI.A.)</i></p> <p>The CFO computes the current market value of each financial resource used to meet its financial resources obligation no less than quarterly. Reductions in value to reflect market and credit risk (“haircuts”) will be applied as appropriate. The financial resources allocated by the SEF to meet its financial obligations will include unencumbered, liquid financial assets (i.e., cash and/or highly liquid securities) equal to at least six months’ operating costs. If any portion of such financial resources is not sufficiently liquid, the CFO may take into account a committed line of credit or similar facility for the purpose of meeting this requirement. <i>(tpSEF Compliance Manual, Section VI.A.)</i></p> <p>The CFO will file a report each fiscal quarter, or any time upon request by the CFTC that includes the following information: (1) the amount of financial resources necessary to meet the SEF’s financial resources requirements; (2) the value of each financial resource available; and (3) a financial statement that includes a balance sheet, income statement, and cash flow statement of the SEF. The CFO will make the required calculations as of the last business day of the SEF’s fiscal quarter and submit to the CFTC documentation that explains the basis for its financial requirement, valuation and liquidity determinations; and copies of any arrangements for a credit facility, insurance, or other financial resources. Such report will be filed no later than 40 calendar days after the end of the SEF’s first three fiscal quarters, and not later than 60 calendar days after the end of the SEF’s fourth fiscal quarter. <i>(tpSEF Compliance Manual, Section VI.A.)</i></p> | |

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| Core Principle | Description of Core Principle | Compliance with Core Principle | Relevant Documents or Agreements |
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| <p>Core Principle 14: System Safeguards</p> | <p>The swap execution facility shall—</p> <p>(A) establish and maintain a program of risk analysis and oversight to identify and minimize sources of operational risk, through the development of appropriate controls and procedures, and automated systems, that—</p> <p>(i) are reliable and secure; and</p> <p>(ii) have adequate scalable capacity;</p> <p>(B) establish and maintain emergency procedures, backup facilities, and a plan for disaster recovery that allow for—</p> <p>(i) the timely recovery and resumption of operations; and</p> <p>(ii) the fulfillment of the responsibilities and obligations of the swap execution facility; and</p> <p>(C) periodically conduct tests to verify that the backup resources of the swap execution facility are sufficient to ensure continued—</p> <p>(i) order processing and trade matching;</p> <p>(ii) price reporting;</p> <p>(iii) market surveillance and</p> <p>(iv) maintenance of a comprehensive and accurate audit trail.</p> | <p>In accordance with Core Principle 14, the SEF has established controls, procedures and systems to identify and minimize sources of operational risk. Such controls, procedures and systems have been designed to be reliable and secure and have adequate scalable capacity. The tpSEF Compliance Manual describes the SEF’s business continuity-disaster recovery (“BC-DR”) plan and its system safeguards. (<i>tpSEF Compliance Manual, Section IV.B. and C.</i>)</p> <p><i>BC-DR Plan.</i> As set forth in Section VI.B. of the tpSEF Compliance Manual, the SEF maintains a BC-DR plan, resources and emergency procedures that allow for, in the event of a disaster or emergency, the timely recovery and resumption of operations and the fulfillment of the responsibilities and obligations of the SEF. The SEF is required to conduct regular, periodic and objective testing and review of its BC-DR capabilities to verify that the backup resources of the SEF are sufficient to ensure continue order processing and trade matching, price reporting, market surveillance and maintenance of a comprehensive and accurate audit trail. In addition, the SEF must regularly review its automated systems to ensure that they are reliable, secure, and have adequate scalable capacity. (<i>tpSEF Compliance Manual, Section VI.B.</i>)</p> <p>The SEF’s BC-DR plan was submitted as Exhibit O-3 to the SEF Application.</p> <p><i>System Safeguards.</i> As set forth in Section VI.C. of the tpSEF Compliance Manual, the SEF is required to ensure that its systems provide adequate levels of capacity, resiliency and security. In furtherance of this requirement the SEF is required to: (i) conduct periodic capacity stress tests of critical systems for their ability to process transactions in an accurate, timely and efficient manner; (ii) review and keep current its system development and testing methodology; and (iii) review the vulnerability of its systems and data center computer operations to internal and external threats, physical hazards and natural disasters. (<i>tpSEF Compliance Manual, Section VI.C.</i>)</p> | <ul style="list-style-type: none"> • tpSEF Compliance Manual: Sections IV and VI • NFA Compliance Procedures • tpSEF Business Continuity Plan (Exhibit O-3 of the SEF Application) • Technology Questionnaire (Exhibit V of the SEF Application) |

EXHIBIT L
ANALYSIS OF COMPLIANCE WITH THE SEF CORE PRINCIPLES

| Core Principle | Description of Core Principle | Compliance with Core Principle | Relevant Documents or Agreements |
|--|---|--|--|
| <p>Core Principle 15: Designation of Chief Compliance Officer</p> | <p>(A) IN GENERAL.—Each swap execution facility shall designate an individual to serve as a chief compliance officer.</p> <p>(B) DUTIES.—The chief compliance officer shall—</p> <p>(i) report directly to the board or to the senior officer of the facility;</p> <p>(ii) review compliance with the core principles in this subsection;</p> <p>(iii) in consultation with the board of the facility, a body performing a function similar to that of a board, or the senior officer of the facility, resolve any conflicts of interest that may arise;</p> <p>(iv) be responsible for establishing and administering the policies and procedures required to be established pursuant to this section;</p> <p>(v) ensure compliance with this Act and the rules and regulations issued under this Act, including rules prescribed by the Commission pursuant to this section; and</p> <p>(vi) establish procedures for the remediation of noncompliance issues found during compliance office reviews, look backs, internal or external audit findings, self-reported errors, or through validated complaints.</p> <p>(C) REQUIREMENTS FOR PROCEDURES.— In establishing procedures under subparagraph (B)(vi), the chief compliance officer shall design the procedures to establish the handling, management response, remediation,</p> | <p><i>In General.</i> In accordance with the requirements of Core Principle 15, the SEF has appointed a CCO responsible for overseeing the SEF’s compliance with applicable requirements including, without limitation, the Core Principles. The CCO reports directly to the CEO. (<i>Rule 2201(d); tpSEF Compliance Manual, Section II.D.2.b.</i>)</p> <p><i>Designation and Duties of the CCO.</i> The tpSEF Rules and tpSEF Compliance Manual address the designation of the CCO, along with the duties of the CCO. The Board is required to designate an individual to serve as the CCO and must also approve the CCO’s compensation. (<i>Rule 2201(a); tpSEF Compliance Manual, Section II.D.2.b.</i>) The person appointed as CCO is required to have the background and skills appropriate for fulfilling the requirements of the position and must not be disqualified pursuant to Section 8a(2) or (3) of the CEA. (<i>Rule 2300; tpSEF Compliance Manual, Section II.D.2.b.</i>) The CCO’s duties set forth in the tpSEF Rulebook and tpSEF Compliance Manual correspond to the duties set forth in Core Principle 15. (<i>Rule 2201(b); tpSEF Compliance Manual, Section II.D.2.b.</i>)</p> <p><i>CCO Authority and Resources.</i> In order to fulfill his/her duties, the CCO must have available to him/her at all times the authority and the resources of the MRD and such other resources as may be necessary to develop and enforce policies and procedures necessary to fulfill the duties set forth for chief compliance officers of swap execution facilities in the CEA and the CFTC Regulations. The CCO is responsible for supervision of the MRD staff and all other compliance staff. (<i>Rule 2201(c)</i>)</p> <p><i>Compliance Procedures.</i> In accordance with tpSEF Rule 2201(b)(7), the CCO has established and administers the tpSEF Compliance Manual, which is reasonably designed to ensure compliance with the CEA and the rules and regulations issued under the CEA, including rules prescribed by the CFTC pursuant to section 5h of the CEA. The CCO has also established and administers the tpSEF Inc. Code of Ethics and Business Conduct, which is included as Appendix B to the tpSEF Compliance Manual.</p> <p>The CCO will establish procedures for the handling, management response, remediation, retesting, and closing of potential and actual noncompliance issues for the SEF that are identified to or by the CCO through any of the following: (i) compliance office review; (ii) look-back; (iii) internal or external audit finding; (iv) self-reported error; or (iv) validated complaint. (<i>tpSEF Compliance Manual, Section II.D.2.b.viii.</i>)</p> <p><i>Annual Reports.</i> The tpSEF Rules and tpSEF Compliance Manual require the</p> | <ul style="list-style-type: none"> • tpSEF Rulebook: Rules 2201 and 2300 • tpSEF Compliance Manual: Section II • tpSEF Inc. Code of Ethics and Business Conduct (Appendix B of the tpSEF Compliance Manual) |

EXHIBIT L
ANALYSIS OF COMPLIANCE WITH THE SEF CORE PRINCIPLES

| Core Principle | Description of Core Principle | Compliance with Core Principle | Relevant Documents or Agreements |
|----------------|--|--|----------------------------------|
| | <p>retesting, and closing of noncompliance issues.</p> <p>(D) ANNUAL REPORTS.—</p> <p>(i) IN GENERAL.—In accordance with rules prescribed by the Commission, the chief compliance officer shall annually prepare and sign a report that contains a description of—</p> <p>(I) the compliance of the swap execution facility with this Act; and</p> <p>(II) the policies and procedures, including the code of ethics and conflict of interest policies, of the swap execution facility.</p> <p>(ii) REQUIREMENTS.—The chief compliance officer shall—</p> <p>(I) submit each report described in clause (i) with the appropriate financial report of the swap execution facility that is required to be submitted to the Commission pursuant to this section; and</p> <p>(II) include in the report a certification that, under penalty of law, the report is accurate and complete.</p> | <p>CCO to prepare and file the annual compliance report as required under the CEA and applicable CFTC Regulations. (<i>Rule 2201(b)</i>; <i>tpSEF Compliance Manual, Section II.E.</i>) Such report is required to contain a description of the SEF’s compliance with the CEA and the policies and procedures of the SEF. (<i>tpSEF Compliance Manual, Section II.E.</i>) Promptly upon discovery of any material error or omission made in a previously filed annual compliance report, the CCO is required to file an amendment with the CFTC to correct the material error or omission. (<i>tpSEF Compliance Manual, Section II.E.</i>)</p> | |