

**TRUEEX LLC**

**RULEBOOK**

**DECEMBER 3, 2015**

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## CHAPTER 1 DEFINITIONS

### **RULE 101. Definitions**

When used in this Rulebook the following terms shall have the respective meanings as follows:

“Admin ID” means a unique identifier assigned by the Exchange to an Admin User, which enables the Exchange to identify the natural person accessing the administrative functionality of the Platform.

“Administrative User” or “Admin User” means a natural person of the Participant, Sponsored Access Customer or Clearing Firm designated by the Participant, Sponsored Access Customer or Clearing Firm to access and use the Platform for administrative purposes only.

“Affiliate” means, with respect to any juridical entity, any Person that directly or indirectly through one or more intermediaries, controls such entity, is controlled by such entity, or is under common control with such entity.

“Appeal Panel” means a panel comprised of a chair and two individuals appointed by the Board to consider appeals under Chapter 6.

“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 Contact” has the meaning set forth in Rule 538(a)(ii).

“Authorized Representative” has the meaning set forth in Rule 310.

“Authorized Trader” means (a) with respect to a Participant, a natural person who is either an employee of, or is an agent of, such Participant and who is duly authorized to exercise Trading Privileges of such Participant, and (b) with respect to a Sponsored Access Customer, a natural person who is either an employee of, or is an agent of, such Sponsored Access Customer and who is duly authorized to exercise Trading Access of such Sponsored Access Customer granted by the Sponsoring Participant.

“Authorized User” means a natural person that is assigned a User ID or Admin ID.

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

(i) is not executed using the order book functionality of either the DCM or SEF Trading System, but is executed pursuant to the rules and procedures of the Exchange, including on the SEF Trading System as provided for in CFTC No-Action Letter 15-60- expiring at 11:59 p.m. EST on November 15, 2016;

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

(iii) is reported to the Exchange pursuant to Rule 542.

“Board” means the board of managers of the Exchange, which manages the Exchange and is constituted from time to time in accordance with the Operating Agreement.

“Bunched Order” is a single Order entered on the Platform on behalf of multiple Clients.

“Business Day” means a day on which the Exchange is open for trading as shall be established, and may be revised from time to time, by the Exchange pursuant to Rule 503.

“CFTC” or “Commission” means the U.S. Commodity Futures Trading Commission.

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

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

“Chief Executive Officer” means the individual appointed by the Board as the Exchange’s chief executive officer.

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

“Clearing Firm” means a Person that is a member of a Clearing House that has been approved by such Clearing House to clear trades in any or all of the Contracts and has been admitted as a Clearing Firm by the Exchange.

“Clearing House” means a Derivatives Clearing Organization that has an agreement with the Exchange to provide clearing services with respect to any or all Contracts.

“Clearing House Rules” means the certificate of incorporation or equivalent constitutive document, the by-laws and any rule, interpretation, stated policy, or instrument corresponding to any of the foregoing, in each case as adopted or amended from time to time by a Clearing House.

“Client” means a person that has granted investment discretion to a Participant, Sponsored Access Customer or Direct Access Customer to enter Orders, execute Transactions and provide pre-execution and post-execution allocation services on, or through the Platform, in the name of and on behalf of such person.

“CME” means the Chicago Mercantile Exchange, Inc., or its successor.

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

“Confirmation” has the meaning set forth in Rule 546.

“Contract” means any contract, agreement, or transaction approved for trading on the Exchange and pursuant to the Rules.

“Contract Market” has the meaning set forth in CFTC Regulation § 1.3(h).

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

“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 contract, or otherwise. The terms “controlling” or “controlled” shall have meanings correlative to the foregoing.

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

“Control Desk” has the meaning set forth in Rule 538.

“Continuing Session” has the meaning set forth in Rule 539.

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

“Cover” has the meaning set forth in Rule 539(b)(i)(D)

“Cross Trade” has the meaning set forth in Rule 520.

“CTI” means the customer type indicator set forth in Rule 522(d).

“Customer” means any person for whom a Participant transacts on behalf of, on or through the Platform, on a non-discretionary basis.

“DCM Trading System” means the electronic trading system of the DCM established and operated by the Exchange for the purpose of executing Transactions in Contracts listed by the Exchange as identified in Schedule 1001(a) and 1002 to this Rulebook. The DCM Trading System consists of an anonymous central limit order book and a facility for the reporting of Block Trades that are executed pursuant to Rule 542.

“De-registration Basis” means, with respect to a Person, any basis upon which the CFTC could, subject to applicable procedural requirements, refuse to register, register conditionally, or suspend or place restrictions upon the registration of such Person under § 8a(2) of the CEA.

“Derivatives Clearing Organization” or “DCO” has the meaning set forth in § 1a(15) of the CEA.

“Designated Contract Market” or “DCM” has the meaning set forth in CFTC Regulation § 1.3(h).

“Designated Self-Regulatory Organization” or “DSRO” shall, unless otherwise provided, have the meaning attributed to such term in CFTC Regulation § 1.3(ff).

“Direct Access Customer” means a person for whom a Participant has agreed to provide Trading Access using the Firm ID of the Participant. A Direct Access Customer may trade for its own account or for Clients.

“Direct Access Trader” means a natural person who is either an employee of, or an agent of, a Direct Access Customer and who is duly authorized to exercise Trading Access granted to a Direct Access Customer.

“Director” means any member of the Board.

“Disciplinary Action” has the meaning set forth in Rule 601(c).

“Disciplinary Offense” has the meaning set forth in CFTC Regulation § 1.63(a)(6).

“Disciplinary Panel” means a Review Panel or a Hearing Panel appointed by the Board at the recommendation of the Chief Compliance Officer or the Chief Regulatory Officer to act in an adjudicative role and fulfill various adjudicative responsibilities and duties described in Chapter 6.

“DOJ” means the United States Department of Justice.

“DTCC” means DTCC Data Repository (U.S.) LLC.

“Electronic Audit Trail” has the meaning set forth in Rule 522(b)(i).

“Eligible Contract Participant” or “ECP” has the meaning set forth in § 1a(18) of the CEA and CFTC Regulation § 1.3(m).

“Emergency” means any occurrence or circumstance that in the opinion of the Exchange’s governing board, or a person or persons duly authorized to issue such an opinion on behalf of the Exchange’s governing board under circumstances and pursuant to procedures that are specified by rule, requires immediate action, and threatens, or may threaten, such things as the fair and orderly trading in, or the liquidation of or delivery pursuant to, any agreements, contracts, swaps or transactions or the timely collection and payment of funds in connection with clearing and settlement by a Clearing House, including:

- (i) any manipulative or attempted manipulative activity;
- (ii) any actual, attempted or threatened corner, squeeze, congestion, or undue concentration of positions;
- (iii) any circumstance which may materially affect the performance of agreements, contracts, swaps, or transactions, including failure of the payment system or the bankruptcy or insolvency of any Participant or Clearing Firm;
- (iv) any action taken by any governmental body, or any other registered entity, board of trade, market or facility which may have a direct impact on trading or clearing and settlement;
- (v) any other circumstance that may have a severe, adverse effect upon the functioning of the Exchange.

“Emergency Action” has the meaning set forth in Rule 214(a).



“Emergency Rules” has the meaning set forth in Rule 214(a).

“Emergency Disciplinary Action” has the meaning set forth in Rule 618(a).

“End-User Clearing Exception” means the exemption from the clearing requirement set forth in § 2(h)(7) of the CEA.

“End-User Transaction” shall mean a Transaction exempt from the clearing requirement of § 2(h)(1) of the CEA because one of the counterparties to the Transaction is entitled to and has elected to use the End-User Clearing Exception.

“Exchange” means trueEX LLC.

“Exchange Access Committee” means the committee of the Board constituted in accordance with Rule 207.

“Exchange Official” means any Director or Officer of, or individual employed directly by, the Exchange or any individual rendering similar services to the Exchange under an administrative or similar agreement.

“Exchange Panel” has the meaning set forth in Rule 212(b).

“Exchange Proceeding” has the meaning set forth in Rule 215(a).

“Exchange Regulation Department” means all Exchange Officials or agents of the Exchange that assist the Exchange in the implementation, surveillance and enforcement of the Rules and Applicable Law.

“Final Decision” has the meaning set forth in CFTC Regulation § 1.63(a)(5).

“Firm ID” means a unique ID assigned by the Exchange to a Participant or to a Sponsored Access Customer, which is used to identify such Participant or such Sponsored Access Customer accessing the Platform.

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

“Hearing Panel” means a panel selected in accordance with Rule 610 that is authorized to perform such roles and subject to such obligations as Chapter 6 contemplates.

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

“Iceberg Order” means an Order that shall be divided into a displayed portion and a reserve portion in accordance with a fixed display size designated in such Order.

“Immediate Relation” means, with respect to a natural person, a spouse, parent, child, or sibling of such natural person, in each case, whether by blood, marriage, or adoption, or any person residing in the home of such natural person or an Immediate Relation of such natural person.

“Interested Person” has the meaning set forth in Rule 215(a).

“Interest Rate Swap” means a Contract for an interest rate swap of the form provided for in Chapter 10.

“Introducing Broker” or “IB” has the meaning set forth in § 1a(31) of the CEA.

“Investigation” means an investigation conducted by the Exchange Regulation Department pursuant to Chapter 6.

“Investigative Report” has the meaning set forth in Rule 603(b).

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

“LCH” means LCH.Clearnet Limited.

“Limit Order” means an Order to purchase or sell a Contract at a specified price or better.

“Liquidity Provider” means a Participant authorized by the Exchange to participate in a Liquidity Provider program under Rule 317.

“Major Swap Participant” has the meaning set forth in CFTC Regulation § 1.3(qqq).

“Market Data” has the meaning set forth in Rule 904.

“Market Equilibrium Price” has the meaning set forth in Rule 539.

“Market Notice” means a notice published by the Exchange on its Web Site.

“Matched Session” has the meaning set forth in Rule 539.

“Maturity Date” has the meaning set forth in Rule 1001(h).

“Material Relationship”, with respect to a Director, has the meaning set forth in Appendix B to CFTC Part 38, Core Principle 16(b)(2)(ii).

“NFA” means the National Futures Association.

“Nominating Committee” means the committee of the Board constituted in accordance with Rule 206.

“Non-Public Information” means any information that the Exchange owns or otherwise deems confidential, including intellectual property belonging to: (i) the Exchange; or (ii) a third party, which property the Exchange receives on a confidential basis.

“Notice of Charges” shall have the meaning set forth in Rule 606(a).

“Officer” has the meaning attributed to such term in Rule 203.

“Order” means either a bid or an offer for a Contract

“Package Transaction” means a transaction involving two or more Contracts or other instruments:

- (i) that is executed between two or more counterparties;
- (ii) that is priced or quoted as one economic transaction with simultaneous or near simultaneous execution of all Contracts and instruments;
- (iii) where at least one component is a Contract listed for trading on the Exchange; and
- (iv) where the execution of each Contract or other instrument is contingent upon the execution of all other Contracts or instruments.

“Participant” means a person that is granted Trading Privileges by the Exchange to access or utilize the Platform.

“Participant Documentation” means the agreements (together with any applicable schedules, exhibits or appendices thereto required by the Exchange) in form and substance acceptable to the Exchange, which are required to be executed and delivered to the Exchange.

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

“Person” or “person” has the meaning set forth in § 1a(38) of the CEA.

“Platform” means the Exchange electronic trade execution system that is used for trading Contracts on the DCM Trading System and/or the SEF Trading System, including any licensed software that is a part thereof from time to time, and any successor electronic trading system thereto.

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

“Proprietary Account” has the meaning set forth in CFTC Regulation § 1.3(y).

“Public Director” means a Director who has been found by the Board, on the record, to have no Material Relationships with the Exchange in accordance with Rule 202(e).

“Public Participant” [means a person who would not be disqualified from serving as a Public Director by CFTC Regulation § 40.9(c)(2)][has the meaning set forth in CFTC Regulation § 40.9(c)(3)].<sup>1</sup>

“Real-Time Data” means swap transaction and pricing data described in Part 43 of CFTC Regulations, including all relevant appendices to Part 43 of the CFTC Regulations.

“Regulatory Oversight Committee” means the committee of the Board constituted in accordance with Rule 208.

“Reporting Party” has the meaning set forth in Rule 545.

“Request for Quote” or “RFQ” means an electronic message transmitted on the SEF Trading System by a Requestor soliciting bids or offers for a Contact or Package Transaction.

“Requester” means a Person that initiates a RFQ to transmit to other Persons on the SEF Trading System.

“Required Swap Creation Data” has the meaning given that term in CFTC Regulation 45.1.

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

“Respondent” has the meaning set forth in Rule 539(b)(i).

“Review Panel” means a panel selected in accordance with Rule 610 that is authorized to perform such roles and subject to such obligations as Chapter 6 contemplates.

“Rule” means any term or provision of the Participant Documentation, Rulebook, interpretations, orders, resolutions, advisories, notices, statements of policy, decisions, manuals and directives of the Exchange in part or in whole.

“Rulebook” means this trueEX LLC Rulebook.

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

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

“Self-Regulatory Action” has the meaning set forth in Rule 215(a).

“Self-Regulatory Organization” or “SRO” shall, unless otherwise provided, have the meaning set forth in CFTC Regulation § 1.3(ee) and, in addition, shall include a Derivatives Clearing Organization.

“Settlement Agreement” has the meaning set forth in CFTC Regulation § 1.63(a)(7).

“Settlement Price” means the official daily closing price for a Contract calculated each Business Day, as determined by the relevant Clearing Houses in accordance with Rule 804, and used for all open positions at the close of the daily settlement cycle.

“Serious Disciplinary Offense” means, with respect to a natural person, that such person committed any serious disciplinary offense, such as: (1) was found within the prior three years by a Final Decision of a Self-

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<sup>1</sup> [NTD: Pending final version of Conflicts of Interest Notice of Proposed Rulemaking.]

Regulatory Organization, an administrative law judge, a court of competent jurisdiction, or the CFTC to have committed a Disciplinary Offense; (2) entered into a Settlement Agreement within the prior three years in which any of the findings, or in the absence of such findings, any of the acts charged, included a Disciplinary Offense; (3) currently is suspended from trading on any Designated Contract Market, is suspended or expelled from membership with any Self-Regulatory Organization, is serving any sentence or probation or owes any portion of a fine imposed pursuant to either: (a) a finding by a Final Decision of a Self-Regulatory Organization, an administrative law judge, a court of competent jurisdiction or the CFTC that such person committed a Disciplinary Offense, or (b) a Settlement Agreement in which any of the findings or, in the absence 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; (4) currently is subject to an agreement with the CFTC or any Self-Regulatory Organization not to apply for registration with the CFTC or membership in any Self-Regulatory Organization; (5) currently is subject to or has had imposed on him within the prior three years a CFTC registration revocation or suspension in any capacity for any reason, or has been convicted within the prior three years of any of the felonies listed in §§ 8a(2)(D)(ii) through (iv) of the CEA; or (6) currently is subject to a denial, suspension or disqualification from serving on the disciplinary committee, arbitration panel or governing board of any “self-regulatory organization” as that term is defined in § 3(a)(26) of the Securities Exchange Act of 1934.

“Sponsored Access Customer” means a Person (other than a natural person or an ISV) in respect of which Sponsored Designation has occurred and is continuing.

“Sponsored Designation” has the meaning set forth in Rule 316.

“Sponsoring Participant” means a Participant that is an FCM and in respect of which Sponsored Designation has occurred and is continuing.

“Subject Person” means any Clearing Firm, Participant, Sponsored Access Customer or Direct Access Customer.

“Swap Data Repository” or “SDR” has the meaning set forth in § 1a(48) of the CEA.

“Swap Dealer” has the meaning set forth in CFTC Regulation § 1.3(ppp).

“Swap Execution Facility” or “SEF” has the meaning set forth in CFTC Regulation § 1.3(rrrr).

“Technology Services Agreement” means the agreement(s) between the Exchange and the Technology Services Provider whereby technology services are provided to the Exchange.

“Technology Services Provider” means the organization, if any, which provides technology services to the Exchange.

“Tenor” has the meaning set forth in Rule 1001(i).

“TRADEON Session” has the meaning set forth in Rule 539.

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

“Trading Hours” means, for any Business Day, (a) with respect to the DCM Trading System, the hours during which Orders may be placed on the DCM Trading System, and (b) with respect to the SEF Trading System, the hours during which requests for quotes to enter into a Contract may be made, or Orders may be placed, on the SEF Trading System, in each case, as shall be established, and may be revised from time to time, by the Exchange pursuant to Rule 503.

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

“Trading Protocol Committee” means the committee of the Board constituted in accordance with Rule 211.

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

“trueEX Group” means trueEX Group LLC.

“trueEX Party” has the meaning set forth in Rule 537(a).

“User ID” means a unique identifier assigned by the Exchange to an Authorized Trader, which enables the Exchange to identify the natural person accessing the trading functionality of the Platform.

“Web Site” means the web site maintained by the Exchange at [www.trueEX.com](http://www.trueEX.com).

**RULE 102. Rules of Construction** The following rules of construction shall apply to the Rules:

(a) References to any juridical person or Government Agency include any successor to such juridical person or Government Agency.

(b) References to any agreement, policy, statute or regulation refer to such agreement, policy, statute or regulation as amended, modified, supplemented, replaced or renumbered from time to time (and, in the case of statutes, include any rules and regulations promulgated under the statute) and references to any section of any agreement, policy, statute or regulation include any successor to such section.

(c) Words denoting a singular number include the plural number where the context permits and vice versa.

(d) References to any gender include each other gender.

(e) All references to time are to local time in New York, New York except where expressly provided otherwise.

(f) The headings are for convenience only and do not affect the construction of the Rules.

(g) Wherever the word “include”, “includes”, or “including” is used, it shall be deemed to be followed by the words “without limitation”.

(h) For purposes of constructing the rules in Chapters 4, 5, 6 and 9 of the Rulebook, references to the term “Participant” refer to both of the terms, “Participant” and “Sponsored Access Customer”, and references to the term “Trading Privileges”, if any, refer to both of the terms, “Trading Privileges” and “Trading Access”.

(i) References in this Rulebook to an SDR shall mean DTCC, unless or until otherwise specified by the Exchange.

**RULE 103. Amendment of Rules**

New Rules of the Exchange may be adopted, and existing Rules of the Exchange may be amended or repealed, in each instance in the Exchange’s discretion, and at any time. All such new Rules of the Exchange, amendments or repeals will be published on the Web Site in a Market Notice and shall become effective on and from the date specified in the relevant Market Notice in accordance with Applicable Law.

**CHAPTER 2**  
**EXCHANGE OWNERSHIP AND GOVERNANCE**

**RULE 201. Management**

The Exchange is a Delaware limited liability company. The management and operation of the Exchange are governed by the Operating Agreement.

**RULE 202. Board**

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

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

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

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

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

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

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

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

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

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

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

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

(ii) not be Participants or Sponsored Access Customers;

- (iii) not be employed by the Exchange;
- (iv) not primarily perform services for the Exchange in a capacity other than as a member of the Board; or
- (v) not be officers, principals or employees of a firm that is a Participant either in its own name or through an employee on behalf of such firm.

**RULE 203. Officers**

(a) The Board shall appoint a Chief Compliance Officer, a Chief Executive Officer, a Chief Regulatory Officer, and such other officers of the Exchange (each, an “Officer”) as it may deem necessary or appropriate from time to time, in accordance with the Operating Agreement.

(b) The Exchange shall notify the CFTC of the appointment or removal of the Chief Compliance Officer within two Business Days of such appointment or removal.

(c) Any Officer may also be a director, officer, partner or employee of the Exchange or any of its Affiliates.

(d) The Officers shall have such powers and duties in the management of the Exchange as the Board may prescribe from time to time, subject to the terms of the Operating Agreement.

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

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

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

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

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

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

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

(f) An individual may not serve as a Director, or serve on a committee established by the Board, a Disciplinary Panel or an Appeal Panel, if the individual is currently suspended from trading on any contract

market, is suspended or expelled from membership with any self-regulatory organization, is serving any sentence of probation or owes any portion of a fine imposed pursuant to either:

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

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

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

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

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

#### **RULE 205. Standing Committees**

(a) The Board shall initially have four standing committees: the “Nominating Committee”, the “Exchange Access Committee”, the “Regulatory Oversight Committee” and the “Trading Protocol Committee”. The Board may from time to time constitute and appoint in accordance with the Operating Agreement, such additional standing committees of the Board as it may from time to time deem necessary or advisable.

(b) Each member of such standing committees must be a Director. Each standing committee shall have a chairperson who shall be designated by the Board.

(c) Each standing committee may supervise, manage or control the affairs of the Exchange to the extent it is duly authorized to do so by the Board.

(d) Subject to the authority of the Board, each standing committee shall determine the manner and form in which its proceedings shall be conducted. Each standing committee may act only by the decision of an absolute majority in number of the members of such committee, by vote at a meeting or by unanimous written consent without a meeting. The Board has the authority to overrule the decisions of any standing committee.

#### **RULE 206. Nominating Committee**

(a) The Nominating Committee of the Board shall consist of three Directors appointed from time to time by the Board, two of which shall be Public Directors. The Nominating Committee shall be chaired by a Public Director.

(b) The Nominating Committee shall have authority and responsibility to:

(i) Identify individuals qualified to serve on the Board, consistent with the criteria that the Board requires and any composition requirement that the Commission promulgates; and



- (ii) Administer a process for the nomination of individuals to the Board.
- (c) The Nominating Committee shall report to the Board.

**RULE 207. Exchange Access Committee**

(a) The Exchange Access Committee of the Board shall consist of three Directors appointed from time to time by the Board, two of which shall be Public Directors.

(b) The Exchange Access Committee shall have authority and responsibility to:

(i) Determine the standards and requirements for initial and continuing Participant, Sponsored Access Customer and Clearing Firm eligibility;

(ii) Review any determination that a Person (1) fails to satisfy the criteria to qualify as a Participant, Sponsored Access Customer or Clearing Firm or (2) is denied Trading Privileges pursuant to Rule 305(a); and

(iii) Approve rules that would result in different categories or classes of Participants receiving disparate access to the Exchange.

(c) In reviewing appeals of staff denials of Participant applications, the Exchange Access Committee shall not uphold any staff denial if the relevant application meets the standards and requirements that such committee sets forth.

(d) The Exchange Access Committee shall not, and shall not permit the Exchange to, restrict access or impose burdens on access in a discriminatory manner, within each category or class of Participants or between similarly-situated categories or classes of Participants.

(e) The Exchange Access Committee reports to the Board. In the event that the Board rejects a recommendation or supersedes an action of the Exchange Access Committee, the Exchange shall submit a written report to the CFTC detailing: (1) the recommendation or action of the Exchange Access Committee; (2) the rationale for such recommendation or action; (3) the rationale of the Board for rejecting such recommendation or superseding such action; and (4) the course of action that the Board decided to take contrary to such recommendation or action.

**RULE 208. Regulatory Oversight Committee**

(a) The Regulatory Oversight Committee of the Board shall consist of at least two Public Directors appointed from time to time by the Board.

(b) Each member of the Regulatory Oversight Committee shall serve for a term of two calendar years from the date of her appointment or for the remainder of her term as a Public Director, and until the due appointment of her successor, or until her earlier resignation or removal, with or without cause, as a member of the Regulatory Oversight Committee or as a Public Director. A member of the Regulatory Oversight Committee may serve for multiple terms.

(c) The Regulatory Oversight Committee shall oversee the Exchange's regulatory program 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. It shall make such recommendations to the Board as will, in its judgment, best promote the interests of the Exchange. The Regulatory Oversight Committee shall also have such other powers and perform such other duties as set forth in the Rules and as the Board may delegate to it from time to time or as required under CFTC rules.

(d) Without limiting the generality of the foregoing, the Regulatory Oversight Committee shall have authority and responsibility to:

(i) Monitor the regulatory program of the Exchange for sufficiency, effectiveness, and independence;

(ii) Oversee all facets of the regulatory program, including:

(A) Trade practice and market surveillance; audits, examinations, and other regulatory responsibilities with respect to Subject Persons (including ensuring compliance with, if applicable, financial integrity, financial reporting, sales practice, recordkeeping, and other requirements); and the conduct of Investigations;

(B) Reviewing the size and allocation of the regulatory budget and resources, and the number, hiring, termination (by majority vote in the case of the Chief Compliance Officer or Chief Regulatory Officer), and compensation of regulatory personnel, including the Chief Compliance Officer and the Chief Regulatory Officer;

(C) Supervising the Chief Compliance Officer and the Chief Regulatory Officer of the Exchange, each of whom will report directly to the Regulatory Oversight Committee;

(D) Recommending changes that would ensure fair, vigorous, and effective regulation; and

(E) Reviewing all regulatory proposals prior to implementation and advising the Board as to whether and how such changes may impact regulation.

(iii) Prepare an annual report assessing, for the Board and CFTC, the regulatory program of the DCM Trading System. Such report shall: (1) describe the self-regulatory program; (2) set forth the expenses of the regulatory program; (3) describe the staffing and structure of the same; (4) catalogue Investigations and disciplinary actions taken during the year; and (5) review the performance of disciplinary committees and panels.

(e) The Regulatory Oversight Committee reports to the Board. In the event that the Board rejects a recommendation or supersedes an action of the Regulatory Oversight Committee, the Exchange shall submit a written report to the CFTC detailing: (1) the recommendation or action of the Regulatory Oversight Committee; (2) the rationale for such recommendation or action; (3) the rationale of the Board for rejecting such recommendation or superseding such action; and (4) the course of action that the Board decided to take contrary to such recommendation or action.

#### **RULE 209. Chief Compliance Officer**

(a) The Chief Compliance Officer shall have the background and skills appropriate for fulfilling the responsibilities of the position. No individual disqualified from registration pursuant to §§ 8a(2) or 8a(3) of the CEA may serve as a Chief Compliance Officer.

(b) The Chief Compliance Officer shall report directly to, and shall be supervised by, the Regulatory Oversight Committee. The Chief Compliance Officer shall meet with the Board at least annually and with the Regulatory Oversight Committee at least quarterly. The Chief Compliance Officer shall provide any information regarding the Exchange's regulatory program that is requested by the Board or the Regulatory Oversight Committee.

(c) The Chief Compliance Officer shall have the authority and resources to develop and enforce policies and procedures necessary to fulfill the duties set forth for Chief Compliance Officers under the

applicable CFTC Regulations. The Chief Compliance Officer shall have supervisory authority over all staff acting at the direction of the Chief Compliance Officer.

- (d) The Chief Compliance Officer's duties shall include:
  - (i) Overseeing and reviewing the compliance of the SEF Trading System with § 5h of the CEA and any CFTC Regulations;
  - (ii) In consultation with the Board or the senior officer of the Exchange, resolving any conflicts of interest that may arise, including:
    - (A) Conflicts between business considerations and compliance requirements;
    - (B) Conflicts between business considerations and the requirement that the SEF provide fair, open and impartial access as set forth in CFTC Regulation § 37.202; and;
    - (C) Conflicts between the Exchange's management and members of the Board.
  - (iii) Establishing and administering written policies and procedures reasonably designed to prevent violation of the CEA and the CFTC Regulations;
  - (iv) Taking reasonable steps to ensure compliance with the CEA and the CFTC Regulations;
  - (v) Establishing procedures for the remediation of noncompliance issues identified by the Chief Compliance Officer through compliance office reviews, look-backs, internal or external audit findings, self-reported errors, or validated complaints;
  - (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 a written code of ethics designed to prevent ethical violations and to promote honesty and ethical conduct;
  - (viii) Supervising the Exchange's self-regulatory program with respect to trade practice surveillance; market surveillance; real-time market monitoring; compliance with audit trail requirements; enforcement and disciplinary proceedings; audits, examinations and other regulatory responsibilities with respect to Subject Persons (including ensuring compliance with, if applicable, financial integrity, financial reporting, sales practice, recordkeeping, and other requirements);
  - (ix) Supervising the effectiveness and sufficiency of any regulatory services provided to the Exchange by a regulatory service provider in accordance with CFTC Regulation § 37.204;
  - (x) Preparing, signing and filing the annual compliance report of the SEF Trading System, which report shall, at a minimum, contain the following information covering the time period since the end of the period covered by the previously filed annual compliance report:
    - (A) A description of the written policies and procedures, including the code of ethics and conflict of interest policies for the SEF Trading System;
    - (B) A review of the applicable CFTC Regulations and core principles of § 5h of the CEA, that, with respect to each, (1) identifies the policies and procedures that are designed to ensure compliance with such CFTC Regulations and core principles, (2)

provides a self-assessment to the effectiveness of these policies and procedures, and (iii) discusses areas for improvement and recommends potential or prospective changes or improvements to its compliance program and resources;

(C) A list any material changes to such policies and procedures since the last annual compliance report;

(D) A description the financial, managerial, and operational resources set aside for compliance with respect to the CEA and CFTC Regulations, including a description of the Exchange's self-regulatory program's staffing and structure, a catalogue of investigations and disciplinary actions taken since the last annual compliance report, and a review of the performance of disciplinary committees and panels;

(E) A description of any material compliance matters, including noncompliance issues identified through a compliance office review, look-back, internal or external audit finding, self-reported error, or validated complaint, and an explanation of how they were resolved; and

(F) A certification by the Chief Compliance Officer that to the best of his or her knowledge and reasonable belief, and under penalty of law, the annual compliance report is accurate and complete.

(xi) Providing the annual compliance report to the Board for its review prior to submitting the report to the CFTC, and ensuring the submission of the report to the Board and any subsequent discussion of the report is recorded in the Board minutes as evidence of compliance;

(xii) Submitting the annual compliance report to the CFTC electronically no later than 60 calendar days after the end of the Exchange's fiscal year, concurrently with the filing of the fourth fiscal quarter financial report pursuant to CFTC Regulation § 37.1306; and

(xiii) Filing with the CFTC, promptly upon discovery of any material error or omission made in a previously filed annual compliance report, an amendment to correct the material error or omission, which amendment shall include a certification by the Chief Compliance Officer that to the best of his or her knowledge and reasonable belief, and under penalty of law, the annual compliance report, as amended, is accurate and complete.

#### **RULE 210. Chief Regulatory Officer**

(a) It shall be the duty of the Chief Regulatory Officer to enforce the Rules with respect to the DCM Trading System.

(b) The Chief Regulatory Officer shall have available to it at all times the resources of the Exchange Regulation Department and such other Exchange resources as may be necessary to conduct Investigations of alleged rule violations and market conditions.

(c) The Chief Regulatory Officer shall report to, and shall be supervised by, the Regulatory Oversight Committee.

(d) The Chief Regulatory Officer shall have the authority to inspect the books and records of all Participants in connection with their Trading Privileges, and Direct Access Customers and Sponsored Access Customers in connection with their Trading Access and the authority to require any such entity to appear before him or her and produce its books and records and answer questions regarding alleged violations of Rules, at the time, place and in the manner it designates. The Chief Regulatory Officer may also delegate such authority to staff of the Exchange Regulation Department.

(e) The Chief Regulatory Officer shall, in consultation with the Regulatory Oversight Committee or a senior compliance officer, resolve any conflict of interest pursuant to Rule 215.

**RULE 211. Trading Protocol Committee**

(a) The Trading Protocol Committee of the Board shall consist of three Directors appointed from time to time by the Board, two of whom shall be Public Directors.

(b) The Trading Protocol Committee shall have authority and responsibility to:

(i) Establish and modify from time to time Contract specifications and trading protocols and conventions for the Exchange;

(ii) Establish and modify position limits; and

(iii) Designate and modify from time to time products eligible for listing on the Exchange.

(c) The Trading Protocol Committee shall have such other powers and perform such other duties as set forth in the Rules and as the Board may delegate to it from time to time.

**RULE 212. Additional Board Committees and Exchange Panels**

(a) In addition to the standing committees, subject to the Operating Agreement, the Board may from time to time constitute and appoint special committees of the Board and designate their composition, responsibilities and powers. If any standing committee constituted by the Board exercises executive functions, then at least 35% and no fewer than two of such committee's members shall be Public Directors.

(b) The Exchange may create panels of the Exchange, for such purposes as may from time to time be necessary or advisable (each, an "Exchange Panel"). Members of each such panel may be Directors, natural persons of a Participant and such other natural persons, in each instance, as may be qualified to serve on such panel.

(c) Except as otherwise specifically provided in the Rules or the Operating Agreement, the members of any special committee or panel shall be appointed as determined by the Board. Each special committee and panel shall have a chairperson who shall be designated by the Board.

(d) Each additional committee established pursuant to Rule 212(a) or panel established pursuant to Rule 212(b) may supervise, manage or control the affairs of the Exchange to the extent it is duly authorized to do so by the Board.

(e) Subject to the authority of the Board, each additional committee or panel shall determine the manner and form in which its proceedings shall be conducted. Each additional committee or panel may act only by the decision of an absolute majority in number of the members of such committee or panel, either by vote at a meeting or by unanimous written consent without a meeting.

**RULE 213. Regulatory Changes to the Composition Requirements**

Should any of the Applicable Laws establishing minimum thresholds relating to the number or percentage of Public Directors that must serve on the Board or any committee pursuant to Rule 202(c), Rule 205(a), Rule 206(a), Rule 207(a) and Rule 208(a) be amended, the Rule imposing the relevant threshold or composition requirement shall be deemed amended to comply with such Applicable Laws without any further action of the Exchange to the extent permissible by law. Notice of such amendment shall be promptly made in accordance with Rule 312.

## **RULE 214. Emergency Rules**

(a) During an Emergency, the Exchange may implement temporary emergency procedures and rules (“Emergency Rules”) pursuant to Rule 214(b), subject to the applicable provisions of the CEA and CFTC Regulations.

Emergency Rules may require or authorize the Exchange, the Board, any committee of the Board or any Officer to take actions reasonably necessary or appropriate to respond to the Emergency (each such action, an “Emergency Action”), directly or through third party providers of clearing services, including, but not limited to, the following actions:

- (i) suspend or curtail trading or limit trading to liquidation for any Contract;
- (ii) extend or shorten the last trading date for Contracts;
- (iii) provide alternative settlement mechanisms for any Contract (including by altering the settlement terms or conditions or fixing the settlement price);
- (iv) order the transfer or liquidation of open positions in any Contracts; provided that if a Contract is traded on a platform in addition to the Exchange, the liquidation or transfer of open interests in such Contracts shall be as directed, or agreed to, by the CFTC or CFTC staff;
- (v) extend, shorten or change the Trading Hours or the expiration date of any Contract;
- (vi) temporarily modify or suspend any Rule, in whole or in part;
- (vii) require Participants to meet special margin or performance bonds requirements;
- (viii) order the transfer of customer Contracts and the associated margin; or
- (ix) impose or modify position limits, price limits, and intraday market restrictions.

Before taking an Emergency Action, (A) the effects of such Emergency Action on markets underlying the Contract(s) affected by such Emergency Action, on markets that are linked or referenced to such Contracts and similar markets on other trading venues shall be considered and documented as required under Rule 214(e) and (B) the Exchange shall notify and coordinate with any applicable Derivatives Clearing Organization.

(b) Before any Emergency Rule may be adopted and enforced, a required vote of the Regulatory Oversight Committee must approve the enforcement of such Emergency Rule at a duly convened meeting. Directors may attend such a meeting by teleconference. If the Chief Compliance Officer or the Chief Regulatory Officer determines that Emergency Rules must be implemented with respect to an Emergency before a meeting of the Regulatory Oversight Committee can reasonably be convened, then the Chief Compliance Officer or the Chief Regulatory Officer shall have the authority, without Board or committee 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 Chief Compliance Officer or the Chief Regulatory Officer must convene a meeting as soon as practicable. Whenever the Regulatory Oversight Committee, the Chief Compliance Officer or the Chief Regulatory Officer takes an Emergency Action, a duly authorized representative of the Exchange, where possible, will post an announcement in a Market Notice.

(c) Either the Regulatory Oversight Committee, the Chief Compliance Officer or the Chief Regulatory Officer may determine that an Emergency has been reduced sufficiently to allow the Exchange to resume normal functioning, in which case any Emergency Actions responding to such Emergency will be

terminated and a duly authorized representative of the Exchange will post an announcement in a Market Notice.

(d) The Exchange 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, the Exchange will notify the CFTC as soon as possible or reasonably practicable, but in any event no longer than 24 hours after implementing, modifying or terminating such rule.

(e) Upon taking any Emergency Action, the Exchange will document the decision-making process related to such Emergency Action, including the process for minimizing conflicts of interest, the process for notifying and coordinating with any applicable Derivatives Clearing Organization, the extent to which the Exchange considered the effect of its Emergency Action on the underlying markets and on markets that are linked or referenced to the Contract Market and similar markets on other trading venues, and reasons for using emergency authority under this Rule 214. Such documentation will be maintained in accordance with Rule 217.

#### **RULE 215. Conflicts of Interest**

(a) A Director, Officer, Disciplinary Panel member or other Person authorized to exercise the Exchange's authority concerning any inquiry, investigation, disciplinary proceeding (including any summary proceeding or Emergency Disciplinary Action) or appeal from any of the foregoing (any such action, an "Exchange Proceeding"), or Emergency Action taken pursuant to Rule 214 (each such Exchange Proceeding or Emergency Action, a "Self-Regulatory Action") who knowingly has a "material conflict of interest" between his or her position as a Director, Officer, panel member or exercise of authority concerning a Self-Regulatory Action and his or her personal interests (each, an "Interested Person") may not participate in any deliberations or vote of the Board Committee, panel or exercise any authority with respect to such Self-Regulatory Action involving his or her personal interest, except as described in Rule 215(d).

(b) For purposes of Rule 215(a), a Director, Officer, Disciplinary Panel member or other Person has a "material conflict of interest" with respect to a Self-Regulatory Action if such Person:

(i) is named as a respondent or potential respondent in such Self-Regulatory Action;

(ii) is an employer, employee or fellow employee of (x) a respondent or potential respondent in such Self-Regulatory Action, or (y) an Affiliate of a respondent or a potential respondent in such Self-Regulatory Action;

(iii) has any significant, ongoing business relationship with (x) a respondent or potential respondent in such Self-Regulatory Action, or (y) an Affiliate of a respondent or a potential respondent in such Self-Regulatory Action;

(iv) has a family relationship with a respondent or potential respondent in such Self-Regulatory Action (including as the respondent's or potential respondent's spouse, co-habitant, former spouse, parent, step-parent, child, step-child, sibling, step-sibling, grandparent, grandchild, uncle, aunt, nephew, niece, parent-in-law, or sibling-in-law);

(v) has a direct and substantial financial interest in the result of the deliberations or vote based upon either exchange or non-exchange positions (as referenced in CFTC Regulation § 1.69), other than a direct or indirect equity or other interest in trueEX Group, that could reasonably be expected to be affected by such Self-Regulatory Action. A direct and substantial financial interest includes positions in Contracts in accounts of, controlled by, or affiliated with the Interested Person or in 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; or

(vi) otherwise has personal interests that may be prejudiced by a fair and impartial exercise of such Person's authority with respect to such Self-Regulatory Action.

(c) Before considering any Self-Regulatory Action, 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 215(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, Committee or Disciplinary Panel;

(ii) the Board, Committee or Disciplinary Panel 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 215(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 that all Directors are Interested Persons with respect to a matter subject to a vote by the Board, the Chief Executive Officer 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 had if the Directors were not Interested Persons with respect to such matter.

#### **RULE 216. Material, Non-Public Information**

(a) Absent prior written consent from the Exchange, a direct or indirect owner of the Exchange, a Director, Officer, member of any committee or panel established by the Board (including any Disciplinary Panel and Appeal Panel), member of the Exchange Regulation Department, or other employee of the Exchange shall not during his or her association with the Exchange or thereafter:

(i) trade, directly or indirectly, any Contracts traded on the Exchange;

(ii) trade, directly or indirectly, a contract, which is related to any Contract;

(iii) trade, directly or indirectly, in a contract, which is related to any Contract, traded on or cleared by contract markets, swap execution facilities, or clearing organizations other than the Exchange if the employee has access to material, non-public information concerning such contract;

(iv) trade, directly or indirectly, in a commodity interest traded on or cleared by a linked exchange if the employee has access to material, non-public information concerning such commodity interest; or

(v) disclose for any purpose (other than exercise of such person's ownership rights or performance of such person's official duties for the Exchange, as applicable) any non-public information obtained as a result of the individual's ownership interest or performance of official duties for the Exchange.



The written consent from the Exchange shall specify the scope of information that may be disclosed, to whom such information may be disclosed to, and the conditions, if any, that the recipient of such information must agree to prior to receiving such information.

(b) With prior written consent from the Exchange, a direct or indirect owner of the Exchange, and each Director, Officer, member of any committee or panel established by the Board (including any Disciplinary Panel and Appeal Panel), member of the Exchange Regulation Department, and other employee of the Exchange may participate in a pooled investment vehicle or other investment vehicle whose investments are directed by a third-party advisor if the individual has no direct or indirect control over transactions executed by the investment vehicles.

(c) Each direct or indirect owner of the Exchange, and each Director, Officer, member of any committee or panel established by the Board (including any Disciplinary Panel and Appeal Panel), member of the Exchange Regulation Department, and other employee of the Exchange shall take all appropriate steps to safeguard all non-public information obtained as a result of the individual's ownership interest or performance of official duties for the Exchange, as applicable, and to protect such information against disclosure, misuse, espionage, loss and theft.

(d) Each employee of the Exchange shall be required to adhere to the policies and guidelines of the Exchange as in effect from time-to-time and shall, when and as requested, execute an acknowledgement of the Exchange's conflict of interest policy in the form provided by the Exchange.

(e) Any employee that trades in a commodity interest, under the limited circumstances as permitted by this Rule 216, shall provide to the Exchange an annual certification that the employee has not traded in any Exchange Contracts or in any related commodity interest or other commodity interest covered by this Rule 216, and shall provide records of the commodity interest trades conducted by the employee in the past year.

(f) Notwithstanding anything to the contrary in this Rule 216, any direct or indirect owner of the Exchange, and any Director, Officer, member of any committee or panel established by the Board (including any Disciplinary Panel and Appeal Panel), member of the Exchange Regulation Department, and other employee of the Exchange may disclose any non-public information to any (i) Director, Officer, member of any committee or panel established by the Board (including any Disciplinary Panel and Appeal Panel), member of the Exchange Regulation Department, or any other employee of the Exchange to the extent necessary or useful for such person to perform his or her official duties for the Exchange, (ii) any outside advisor to the Exchange to the extent necessary or useful for such outside advisor to perform his or her official duties for the Exchange provided that such outside advisor is subject to confidentiality obligations substantively the same as those imposed on employees of the Exchange by this Rule 216, (iii) if required by the CFTC or another government agency or Self-Regulatory Organization, or (iv) if compelled to do so by valid legal process, provided that the individual or entity making such disclosure notifies the Exchange.

(g) For the purposes of Rule 216, the terms "material information," "non-public information," "linked exchange," "commodity interest" and "pooled investment vehicle" shall each have the meaning set forth in CFTC Regulation § 1.59(a).

#### **RULE 217. Maintenance of Books and Records by the Exchange**

(a) The Exchange shall keep, or cause to be kept, complete and accurate books and records of all activities relating to the business of the Platform including a complete audit trail for all swaps executed on or subject to the Rules of the Exchange, investigatory files and disciplinary files, all books and records required to be maintained pursuant to the CEA, and the CFTC Regulations.

(b) The Exchange shall retain all such books and records for at least five (5) years, and shall make such books and records readily accessible for inspection by the CFTC, the DOJ, the SEC, or by any representative of a prudential regulator as authorized by the CFTC during the first two (2) years of such five-year period; provided, however, that all records required to be kept relating to swap transactions must be retained with respect to each swap throughout the life of the swap and for a period of at least five years following the final termination of the swap; provided further that each record related to a swap transaction shall be (i) readily accessible via real time electronic access throughout the life of the swap and for the two years following the final termination of the swap, and (ii) for the remaining three years of the five year period following the final termination of the swap, such record shall be retrievable within three business days.

**RULE 218. Information-Sharing Agreements**

(a) The Exchange shall share information with other regulatory organizations, data repositories, and third-party data reporting services as required by the Commission or as otherwise necessary and appropriate to fulfill its SRO and regulatory reporting responsibilities. The Exchange may enter into information-sharing agreements or other arrangements, including international information-sharing agreements, if the Exchange considers such arrangements necessary in the furtherance of the Exchange's purpose or duties under Applicable Law. As part of any information-sharing agreements or other arrangements entered into pursuant to this Rule, the Exchange may:

(i) provide market surveillance reports to the Commission and other Government Agencies, or as necessary for the Exchange to comply with its SRO obligations, to other markets;

(ii) share information and documents concerning current and former Participants, Sponsored Access Customers, Direct Access Customers and Authorized Traders with the Commission and other Government Agencies, and or as necessary for the Exchange to comply with its SRO obligations, with other markets;

(iii) share information and documents concerning ongoing and completed Investigations the Commission and other Government Agencies, or as necessary for the Exchange to comply with its SRO obligations, with other markets; or

(iv) require its current or former Participants, Sponsored Access Customers and Authorized Traders to provide information and documents to the Exchange at the request of the Commission or other Government Agency with jurisdiction over the Exchange or as necessary for the Exchange to comply with its SRO obligations; provided however, the Exchange will not require Participants and Sponsored Access Customers to provide information or documents regarding their Customers or Clients, if any, unless required by Applicable Law.

(b) The Exchange may disclose Transactions executed by its Participants, Sponsored Access Customers, Direct Access Customers, or their respective Customers or Clients, if any, to the Commission or other Government Agency, to an SDR where the Exchange reports Transactions pursuant to Parts 43 and 45 of the CFTC Regulations, to a Clearing House for clearing or other services related to such Transactions or to any other person as required by Applicable Law. The Exchange will not disclose any such information to any of the aforementioned persons without a corresponding confidentiality agreement between itself and such person unless the person requesting such information is a Government Agency.

(c) Any production of documents, data or other information to the CFTC required to be provided under subsection (a) and (b) above shall comply with all applicable CFTC data delivery standards.

**RULE 219. [RESERVED]**

**RULE 220. Services Agreement with a Technology Services Provider**

(a) The Exchange may contract with one or more Technology Services Providers to provide certain technology services to the Exchange pursuant to a Technology Services Agreement. In accordance with a Technology Services Agreement, a Technology Services Provider may perform certain functions under the Rules and the Exchange may provide information to the Technology Services Provider in connection with the performance by the Technology Services Provider of those functions.

(b) The Exchange shall retain ultimate decision-making authority with respect to any functions that are contracted to a Technology Services Provider.

**CHAPTER 3**  
**ACCESS TO THE TRADING PLATFORM**

**RULE 301. Jurisdiction; Applicability of Rules**

ANY PERSON INITIATING OR EXECUTING A TRANSACTION ON OR SUBJECT TO THE RULES OF THE EXCHANGE DIRECTLY OR THROUGH AN INTERMEDIARY, AND ANY PERSON FOR WHOSE BENEFIT SUCH A TRANSACTION HAS BEEN INITIATED OR EXECUTED, EXPRESSLY CONSENTS TO THE JURISDICTION OF THE EXCHANGE AND AGREES TO BE BOUND BY AND COMPLY WITH ALL APPLICABLE RULES OF THE EXCHANGE TO THE EXTENT APPLICABLE TO IT, INCLUDING THOSE APPLIED PURSUANT TO APPLICABLE LAW.

**RULE 302. Participants**

- (a) A Person is eligible to be a Participant if such Person:
- (i) maintains good reputation and business integrity;
  - (ii) is not the subject of a proceeding seeking a judgment of insolvency, bankruptcy, liquidation, dissolution, or a similar action instituted by such Person or a regulator;
  - (iii) maintains all applicable registrations required by Applicable Law, including any registration required of an IB or FCM;
  - (iv) is not subject to a De-registration Basis;
  - (v) completes and submits the Participant Documentation;
  - (vi) is, and will continue to be an Eligible Contract Participant for as long as such Person is a Participant, and if such Person will be entering into Transactions on the Platform on behalf of a Customer or for a Client, such Customer or Client is and will continue to be an Eligible Contract Participant for as long as Participant accesses the Platform on behalf of such Customer or Client;
  - (vii) if organized or located outside of the United States, provides the Exchange with a copy of a written agreement acceptable to the Exchange appointing a third party as a U.S. agent for service of process of such Person for purposes of CFTC Regulation § 15.05;
  - (viii) if transacting for its own account, has established a clearing relationship with a Clearing Firm, or is a member of a Clearing House and is eligible to clear at such Clearing House the Contract(s) that such Person will execute on the Exchange; and
  - (ix) satisfies any other criteria that the Exchange may require from a Participant.
- (b) A Participant must notify the Exchange, as soon as reasonably practicable, in writing, if any of the statements in Rule 302(a) cease to be true for such Participant or if a Customer or Client of the Participant ceases to be an Eligible Contract Participant.

**RULE 303. Authorized Traders**

(a) Authorized Traders. Each Participant or Sponsored Access Customer may from time to time appoint one or more Authorized Traders. Authorized Traders shall be entitled to exercise Trading Privileges of a Participant, or exercise Trading Access given to a Sponsored Access Customer, subject to the terms and conditions of these Rules. A Participant or a Sponsored Access Customer, as the case may be, shall appoint an Authorized Trader by notifying the Exchange in writing, in a form acceptable to the

Exchange, and the Exchange will maintain a list of all such designated Authorized Traders. The Exchange may, in its sole but reasonable discretion, suspend, revoke or otherwise condition the right of any Authorized Trader to exercise the Trading Privileges of a Participant or exercise the Trading Access of a Sponsored Access Customer, and promptly notify the relevant Participant or Sponsored Access Customer in accordance with the procedures for notification established by the Exchange.

(b) Revocation by Participant or Sponsored Access Customers. Each Participant and each Sponsored Access Customer may, at any time, immediately terminate or suspend access of any of its Authorized Traders to the Platform using the electronic mechanism provided on the Platform. Participants and Sponsored Access Customers may also revoke an authorization granted by it to any of its Authorized Traders by providing written notice of such revocation to the Exchange. The Exchange shall terminate the access of an Authorized Trader to the Platform as soon as practicable following receipt by the Exchange of a notice of revocation in respect of such Authorized Trader, but in any event no later than: (i) the end of the calendar day on which notice of revocation is received by the Exchange, if such revocation is received during Trading Hours; or (ii) the commencement of Trading Hours on the Business Day following the calendar day on which revocation was received by the Exchange, if such notice of revocation is not received during Trading Hours.

(c) Responsibility of Participants and Sponsored Access Customers. Each Participant and each Sponsored Access Customer shall have reasonable procedures in place to determine on a routine, periodic basis that a De-registration Basis does not exist with respect to any of its Authorized Traders. Each Participant and each Sponsored Access Customer shall ensure that each of its Authorized Traders is technically proficient in the use of the Platform.

**RULE 304. [RESERVED]**

**RULE 305. Trading Privileges**

(a) Subject to Rule 302(a), the Exchange shall grant Trading Privileges to Participants, and Participants shall have the right to exercise Trading Privileges for Proprietary Accounts and accounts of Customers and Clients and to grant Trading Access to Sponsored Access Customers and Direct Access Customers. Trading Privileges are non-assignable, non-transferable and may not be sold or leased. A grant of Trading Privilege by the Exchange does not convey any equity or other form of interest in the Exchange, including voting rights or rights to receive any dividends or other distributions, whether arising from a dissolution, merger, consolidation involving the Exchange or otherwise.

(b) Subject to Rule 308(b), the Exchange may deny a Person's Trading Privileges or revoke, suspend or otherwise condition a Person's Trading Privileges, in whole or in part,:

(i) if such Person is unable to satisfactorily demonstrate a capacity to adhere to all applicable Rules and Applicable Law;

(ii) if such Person is unable to satisfactorily demonstrate its ability to satisfy the eligibility criteria to obtain or retain Trading Privileges;

(iii) if such Person would bring the Exchange into material disrepute, as determined by the Exchange in its sole but reasonable discretion; or

(iv) for such other cause as the Exchange reasonably may decide in good faith.

## **RULE 306. ISV ACCESS**

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

## **RULE 307. [RESERVED]**

## **RULE 308. Scope and Continuation of Rights and Privileges**

(a) A Participant whose Trading Privileges are denied pursuant to Rule 305(b), or revoked, suspended or conditioned pursuant to Rule 305(c), or a Sponsored Access Customer whose Trading Access has been terminated or suspended by the Exchange pursuant to Rule 316(b), may appeal that determination of the Exchange in accordance with Chapter 6.

(b) Any Participant whose Trading Privileges are revoked, terminated, suspended or otherwise conditioned, and each of its Authorized Traders, or any Sponsored Access Customer whose Trading Access is terminated or suspended by the Exchange and each of its Authorized Traders, shall remain bound by the applicable Rules and subject to Applicable Law and jurisdiction of the Exchange with respect to any and all matters arising from, related to, or in connection with, the status, actions or omissions of such Participant or Sponsored Access Customer, prior to such revocation, termination, suspension or other condition.

## **RULE 309. Dues, Assessments and Fees**

(a) The Exchange shall have the authority to set the amounts and times of payment for any dues, assessments or fees (including Platform fees, clearing fees, brokerage and any transaction surcharges) to be paid by Participants or Sponsored Access Customers, which dues, assessments, and fees shall be paid to the Exchange when due. The Exchange shall publish the fees for the DCM Trading System on its Web Site, and will notify all Participants and Sponsored Access Customers of fees to be charged for the SEF Trading System as per agreement. The Exchange may modify them from time to time.

(b) If a Participant fails to pay when due, any dues, assessments or fees levied on such Participant by the Exchange, and such payment obligation remains unsatisfied for thirty (30) days after its due date, the Exchange may suspend, revoke, limit, condition, restrict or qualify the Participant's Trading Privileges or ability to otherwise access the Platform as it deems necessary or appropriate.

(c) If a Sponsored Access Customer fails to pay when due, any dues, assessments or fees levied on such Sponsored Access Customer by the Exchange, and such payment obligation remains unsatisfied for thirty (30) days after its due date, the Exchange may suspend, revoke, limit, condition, restrict or qualify the Trading Access of such Sponsored Access Customer. Except as otherwise agreed between Sponsoring Participant and the Exchange, Sponsoring Participant shall be responsible for any unsatisfied payment obligation of Sponsored Access Customer that remains unsatisfied for thirty (30) days after its due date.

## **RULE 310. Authorized Representatives**

(a) Each Clearing Firm, Participant or Sponsored Access Customer shall designate one or more individuals who is an employee and who will represent, or will designate a third party to represent, it before the Exchange and its committees and receive notices ("Authorized Representative").

(b) Each Authorized Representative shall be empowered by the Clearing Firm, Participant or Sponsored Access Customer, as the case may be, to act on its behalf and the Exchange shall be entitled to rely on the actions of the Authorized Representative as binding on such Clearing Firm, Participant or Sponsored Access Customer, as the case may be.

(c) Each Clearing Firm, Participant or Sponsored Access Customer shall provide the Exchange with current contact and other requested information for each of its Authorized Representatives so that the Exchange is able to immediately contact the Authorized Representatives.

**RULE 311. Recording of Communications**

The Exchange may record conversations in respect of Orders, Transactions and any other activity on or through the Exchange between officers, employees or agents of the Exchange, on one hand, and Clearing Firms, Participants, Sponsored Access Customers, and Authorized Traders, on the other hand. The Exchange shall retain recordings of conversations made pursuant to this Rule in accordance with CFTC Regulations.

**RULE 312. Exchange Notices**

(a) Accurate, complete and current copies of this Rulebook and all Contract Specifications shall be published on the Web Site.

(b) Except as provided herein, the Exchange shall publish a Market Notice, including with respect to each addition to, modification of, or clarification of, the Rulebook, advisories, the matching algorithm described in Rule 539, and any Contract Specification, prior to the earlier of (i) the effective date thereof, and (ii) the filing of such change with the CFTC. All Persons shall be deemed to have received Market Notice upon publication to the Web Site.

(c) If confidential treatment is sought with respect to any filing with a Government Agency (including the CFTC) that would result in a change described in Rule 312(b), only the public version of such filing shall be disclosed pursuant to Rule 312(b).

**RULE 313. Exchange Communications**

(a) Each Clearing Firm, Participant, and Sponsored Access Customers must provide the Exchange with its current electronic mail address and telephone number and the electronic mail address and telephone number of any Authorized User.

(b) All communications between the Exchange and a Clearing Firm, Participant, and Sponsored Access Customer, as the case may be, will be transmitted by electronic mail or posted on the Web Site, except as provided for in Rule 538 and Rule 608, and as otherwise specified by the Exchange.

(c) Each Clearing Firm, Participant, and Sponsored Access Customer shall be responsible for conveying such communications to all of its Authorized Users.

(d) Each Clearing Firm, Participant, and Sponsored Access Customer will be responsible for promptly reviewing and, if necessary, responding to all electronic communications from the Exchange to the Clearing Firm, or Participant, as the case may be, or any of its Authorized Users.

(e) All communications made to the address for notices designated by a Clearing Firm, Participant, or Sponsored Access Customer, or a person designated by such Clearing Firm, Participant or Sponsored Access Customer to accept such communications, as the case may be, shall also be deemed to have been made to all of its Authorized Users.

**RULE 314. [RESERVED]**

**RULE 315. Withdrawal of Participant**

(a) To withdraw from the Exchange, a Participant must notify the Exchange of its withdrawal. Such withdrawal shall be accepted and effective immediately upon the receipt of such notice by the Exchange.

(b) Effective upon the date that the Exchange accepts the withdrawal of a Participant, all rights and privileges of such Participant terminate, including such Participant's Trading Privileges, and Trading Access granted to such Participant's Sponsored Access Customers. The withdrawal of a Participant shall not affect the rights of the Exchange under the Rules or relieve the former Participant of its obligations arising under the Rules before the effective date of such withdrawal (including any contractual obligations relating to any Contracts entered into by such Participant, or the payment of any Exchange fees, costs, or charges incurred prior to such withdrawal). A Participant that has withdrawn remains subject to the Rules, the Exchange requirements and the jurisdiction of the Exchange for acts done and omissions made while a Participant, and must cooperate in any Exchange Proceeding under Chapter 6 as if the withdrawn Participant were still a Participant.

(c) Upon delivery of a withdrawal notice the Exchange shall disable the Participant's and its Sponsored Access Customers' access to the Platform and will promptly notify the Control Desk that the Participant, its Sponsored Access Customers and their respective Authorized Traders, may no longer access the Platform. Disabling the Participant's access terminates the access of its Direct Access Customers.

**RULE 316. Sponsored Access**

(a) Sponsored Designation. Upon Sponsored Designation, the Exchange will provide Trading Access to the relevant Sponsored Access Customer. "Sponsored Designation" in respect of a Person means:

(i) such Person has delivered to the Exchange, the relevant annex (or other form acceptable to the Exchange) identifying a Participant that will serve as Sponsoring Participant;

(ii) such Participant has delivered to the Exchange, the relevant annex (or other form of direct access authorization acceptable to the Exchange) identifying such Person as a Sponsored Access Customer; and

(iii) confirmation by the Exchange that all requested information has been received by the Exchange and such information is satisfactory in form and substance.

(b) Termination.

(i) Unless otherwise provided in this Rule 316, Sponsoring Participant may at any time request that the Exchange suspend the Trading Access or terminate the Sponsored Designation of any of its Sponsored Access Customers, by providing written notice (a "Termination Request") to the Exchange requesting such suspension or termination, as applicable. After the Exchange has received a Termination Request, the Exchange shall either promptly suspend the Trading Access or promptly terminate the Sponsored Designation of the relevant Sponsored Access Customer(s), as set forth in the relevant Termination Request. Notwithstanding the foregoing, a Sponsoring Participant shall remain responsible for all activity of its Sponsored Access Customer that occurs by means of Trading Access prior to the termination or suspension of such Sponsored Access Customer by the Exchange. Upon termination or suspension, the Exchange shall have the right to cancel all resting Orders placed by or on behalf of Sponsored Access Customer on the Platform.



(ii) The Exchange shall have the right to suspend or terminate access to Sponsored Access Customer in accordance with Rules.

(c) Obligations. For so long as Sponsored Designation has not been terminated, Sponsored Access Customer and the Sponsoring Participant identified by such Sponsored Access Customer pursuant to Rule 316(a)(i) agree as follows.

(i) Sponsored Access Customer shall:

(A) maintain all registrations, licenses and consents required by Applicable Law for it and its Authorized Traders to place Orders and enter into Transactions on the Platform;

(B) cooperate with the Exchange, any regulatory or any self-regulatory organization in any inquiry, investigation, audit, examination or proceeding related directly or indirectly to the Trading Access of Sponsored Access Customer, and authorize the Exchange to provide information regarding Sponsored Access Customer to the CFTC or any self-regulatory organization;

(C) access the Platform exclusively through a password protected internet portal using the unique login credentials assigned to Authorized Traders of Sponsored Access Customer by Exchange; and

(D) represent in writing, in a form accepted to the Exchange, that it is, and will continue to be an Eligible Contract Participant for as long as such Person is a Sponsored Access Customer, and if such Person will be entering into Transactions on the Platform on behalf of a Client, such Client is and will continue to be an Eligible Contract Participant for as long as Sponsored Access Customer accesses the Platform on behalf of such Client.

(ii) Sponsoring Participant shall:

(A) assume financial responsibility for all activity of its Sponsored Access Customers on the Platform, including Transactions executed, by means of Trading Access;

(B) deliver a Termination Request to the Exchange in respect of any of its Sponsored Access Customers with Trading Access promptly after becoming aware that any actions or omissions of any of its Sponsored Access Customer violate any applicable Rules or Applicable Law; and

(C) assist the Exchange in a timely manner in any investigation into potential or actual violations of the Rules, the CEA, or CFTC Regulations which occur through or with respect to the Trading Access of any of its Sponsored Access Customers, including requiring any Sponsored Access Customer to produce documents, answer questions from the Exchange, or appear in connection with an investigation.

#### **RULE 317. Liquidity Provider Programs**

The Exchange may from time to time establish programs that provide Liquidity Providers with financial incentives for meeting trading volume, liquidity or other thresholds, as may be established by the Exchange. All Participants who meet the criteria, established by the Exchange from time to time, to be a Liquidity Provider are eligible to participate.

## **CHAPTER 4 OBLIGATIONS OF EXCHANGE USERS**

### **RULE 401. Duties and Responsibilities of Participants And Authorized Traders**

Each Participant and its Authorized Traders, to the extent applicable, shall:

- (a) use the Platform in a responsible manner and not for any improper purpose;
- (b) use the Platform only to exercise Trading Privileges in a manner consistent with these Rules;
- (c) observe high standards of integrity, market conduct, fair dealing, and similar equitable principles of trade in conducting any activity on or through the Exchange and in all aspects of its business connected with or concerning the Exchange;
- (d) not knowingly mislead or conceal any material fact or matter in any dealings or filings with the Exchange or in response to any Exchange Proceeding;
- (e) keep all Firm IDs, User IDs, Admin IDs, account numbers and passwords related to the Platform confidential and secure;
- (f) have the necessary authority from its Customers or Clients prior to initiating or executing Transactions for such Customers or Clients on, or subject to the Rules of, the Exchange;
- (g) be responsible for all Orders and Transactions, and for any other use of the Platform, made under a Firm ID or User ID, as applicable, assigned to such Participant or its Authorized Traders (whether such access or utilization is authorized or known by such Participant or Authorized Trader or not), including any use resulting from a failure in the security controls or credit controls of such Participant, other than due to the gross negligence of the Exchange;
- (h) keep, or cause to be kept, complete and accurate books and records, including records of activity in the underlying commodity and related derivatives markets and all other books and records required to be maintained pursuant to the CEA, the CFTC Regulations or the Rules, for at least five years, and make such books and records (i) readily accessible during the first two years of such five year period, and (ii) available for inspection by a representative of the Exchange, the CFTC, the DOJ, the SEC, or by any representative of a prudential regulator as authorized by the CFTC; and
- (i) be responsible for compliance with the mandatory trading requirements under § 2(h)(8) of the CEA for any Transaction that it enters into or facilitates that is subject to mandatory clearing. This provision 401(i) applies only to Participants that are registered, or are required to be registered, as Swap Dealers or Major Swap Participants.

### **RULE 402. Required Disclosures to the Exchange**

Each Participant shall (and shall cause its Authorized Users to) notify the Exchange Regulation Department upon becoming aware of any of the following events:

- (a) any material changes to the information provided to the Exchange by such Participant in any of the relevant Participant Documentation, including contact information for its Authorized Representative, Authorized Contact, Authorized Users, Direct Access Traders, or any regulatory contact;
- (b) any refusal of admission of, or rejection from membership by, such Participant or any Authorized Trader to any Self-Regulatory Organization;

(c) any expulsion, suspension or fine in excess of \$50,000 (whether through an adverse determination, voluntary settlement or otherwise) imposed on such Participant, or any of its Authorized User, by any SRO or any relevant Government Agency;

(d) any denial or rejection of any application for any registration or license submitted by such Participant, or any of its Authorized Traders, by or from any SRO or the CFTC or any non-voluntary revocation, suspension or conditioning of any registration or license of a Participant necessary to conduct any activity on or through the Exchange granted by the CFTC;

(e) the commencement of any material judicial or administrative proceeding against such Participant or any of its Authorized Traders, or the imposition of any cease and desist order, denial of trading privileges, censure or other sanction or remedy (whether through an adverse determination, voluntary settlement or otherwise) imposed, in each case, by any SRO or any relevant Government Agency; or

(f) Participant becoming the subject of a petition for bankruptcy, liquidation, dissolution or a similar action.

**RULE 403. Ability to Obtain Information**

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

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

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

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

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

**RULE 404. Minimum Financial and Related Reporting Requirements**

Each Participant or Clearing Firm that is registered with the CFTC as an FCM or IB shall:

(a) comply with the provisions of CFTC Regulation § 1.17, applicable Clearing House Rules and other Applicable Law, including any rules and regulations a Government Agency or SRO imposes on a Participant or Clearing Firm relating to minimum financial and related reporting and recordkeeping requirements.

(b) be required to deliver to the Exchange a copy of any notice or written report required to be filed with the CFTC pursuant to CFTC Regulations §§ 1.10 and 1.12 within the time periods prescribed for such filing or delivery in CFTC Regulations §§ 1.10 and 1.12.

**RULE 405. Confidentiality of Financial and Other Information**

All information and data, including information and data obtained pursuant to Rules 403 and 404, obtained or received by the Exchange Regulation Department from inspections of accounting and other records, quarterly balance sheets and declarations or reports on financial condition will be treated as confidential by the Exchange; provided, however, this Rule 405 does not supplant Rule 214 and the Rules in Chapter 6, or any other requirement of Applicable Law.

**RULE 406. Authority to Impose Restrictions**

Whenever a Participant or Clearing Firm is subject to the early warning requirements set forth in CFTC Regulation § 1.12, the Exchange may impose such conditions or restrictions on the business and operations of such Participant or Clearing Firm as the Exchange may deem necessary or appropriate for the protection of any Clearing Firm, Participant, Customer, Client or the Exchange. Any such conditions or restrictions would be imposed in consultation and cooperation with the Participant's or Clearing Firm's DSRO and other SROs of which it is a member.

**RULE 407. Treatment of Customer Funds and Securities**

Each Participant and Clearing Firm that is registered with the CFTC as an FCM shall comply with the provisions of CFTC Regulations, applicable Clearing House Rules and other Applicable Law related to the protection of customer funds, including the segregation of customer and proprietary funds, the custody of customer funds, the investment standards for customer funds, intermediary default procedures and related recordkeeping, including CFTC Regulations §§ 1.20(a) and 1.25. Any violation of the aforementioned CFTC Regulations, Clearing House Rules or other Applicable Law by Participant or Clearing Firm shall be a violation of this Rule 407.

**CHAPTER 5**  
**TRADING PRACTICES AND BUSINESS CONDUCT**

**RULE 501. Scope**

This Chapter 5 applies to all transactions in Contracts except as expressly provided herein.

**RULE 502. Procedures**

(a) With respect to trading on or through the Platform, the Exchange may adopt (in conjunction with a Clearing House, where appropriate), without limitation, procedures relating to transactions in Contracts and trading on the Platform, including procedures to:

- (i) disseminate the prices of trades in Contracts;
- (ii) record, and account for, Contracts and any activity on or through the Exchange;
- (iii) perform market surveillance and regulation on matters affecting Contracts and any activity on or through the Exchange;
- (iv) establish limits on the number and size of Orders that may be submitted or the number and size of trades executed by a Participant through the Platform; and
- (v) establish a limit on the maximum daily price fluctuations for any Contract and provide for any related restriction or suspension of trading in the Contract.

**RULE 503. Business Days and Trading Hours**

The Exchange shall from time to time determine the Business Days and the Trading Hours for each Contract traded on the Platform. The Exchange may vary its Trading Hours among different Contracts, and between the DCM Trading System and the SEF Trading System. Orders may not be submitted outside of Trading Hours. The Business Days, Trading Hours and holidays of the Exchange are published on the Web Site. A Market Notice shall be issued pursuant to Rule 312 for any modification to or establishment of Business Days, Trading Hours or holidays.

**RULE 504. Fraudulent Acts Prohibited**

No Person shall engage in any fraudulent act or engage in any scheme to defraud, deceive, trick or mislead in connection with or related to any activity on or through the Exchange or any activity related to any Clearing House.

**RULE 505. Fictitious and Non-Competitive Transactions Prohibited**

No Person shall create “fictitious transactions” or “non-competitive transactions”, as such terms are commonly understood in the trade or under Applicable Law, or execute any Order with knowledge of its nature as a “fictitious transaction” or “non-competitive transaction,” except in the case of “non-competitive transactions” permitted by the Rules.

**RULE 506. Wash Sales Prohibited**

No Person shall place or accept buy and sell Orders in the same product and expiration month, 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). Buy and sell 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 shall knowingly execute or accommodate the execution of such Orders by direct or indirect means.

**RULE 507. Market Disruption Prohibited**

No Person shall engage in any trading, practice, or conduct on the Platform or subject to the Rules that violates bids or offers, or demonstrates intentional or reckless disregard for the orderly execution of transactions within one half hour prior to the expiration of Trading Hours on any given Business Day, or is, is of the character of, or is commonly known to the trade as, “spoofing,” (bidding or offering with the intent to cancel the bid or offer before execution), as described in § 4c of the CEA.

No Person shall engage in any Exchange Activity that (a) demonstrates intentional or reckless disregard for the orderly execution of transactions during the closing period, (b) consists of placing one or more Order with an intent to cancel such Order(s) prior to execution, (c) submitting or cancelling Orders with an intent to overload the Platform, (d) submitting or cancelling bids or offers with an intent to delay another person’s execution of trades, or (e) submitting or cancelling multiple bids or offers to create an appearance of false market depth; provided, however, that these clauses (a) through (e) shall not apply to Block Trades.

**RULE 508. Market Manipulation Prohibited**

No Person shall directly or indirectly manipulate, or attempt to manipulate, the price of any Contract.

**RULE 509. Prohibition of Misstatements**

No Person shall knowingly make any misstatement of a material fact to the Exchange, any Exchange Official, or any committee of the Board or Exchange Panel or knowingly omit a material fact necessary in order to make the statement made, in light of the circumstances under which they were made, not misleading.

**RULE 510. [RESERVED]**

**RULE 511. [RESERVED]**

**RULE 512. Supervision**

A Participant shall establish, maintain and administer reasonable supervisory procedures to monitor the compliance of its Authorized Traders with the Rules and any applicable provisions of the CEA or CFTC and such Participant may be held accountable for the actions of its Authorized Traders.

**RULE 513. Misuse of the Platform**

It shall be a violation of these Rules to willfully permit unauthorized use of the Platform, to assist any Person in obtaining unauthorized access to the Platform, to trade on the Platform without an agreement and an established account with a Clearing Firm, to alter the equipment associated with the Platform (except with the Exchange’s consent), to interfere with the operation of the Platform, to intercept or interfere with information provided thereby, or in any way to use the Platform in a manner contrary to the Rules.

**RULE 514. Errors and Omissions in Handling Orders**

(a) A Participant that inadvertently, through error or omission, fails to execute a Customer Order at the time it should have been executed may, upon discovery of such error or omission, execute such Customer Order at the best obtainable price. Such Customer Order shall be competitively executed and should be executed in the next available trading session for the applicable listed Contract, but in any event must be executed no later than the close of the next trading day and shall be reported to the Customer at the price at which the Customer Order actually executed. Unless otherwise agreed between Participant and the relevant Customer, if such price is to the advantage of the Customer, the Customer shall receive the benefit thereof; if not, the Customer shall receive such monetary adjustment as will afford the Customer the

equivalent of the price at which such Order should and could have been executed. Full details of all transactions consummated hereunder shall be promptly provided to the Exchange Regulation Department upon request.

(b) A Participant that makes an error in the execution of a Customer Order that is related to the terms of a Contract, including but not limited to, account number, notional amount, tenor, rate/price or other details of the Contract necessary to effect a Transaction on the Platform, shall resolve the error as agreed between the Participant and the relevant Customer or the Participant's error handling policies. If no such agreement or policy exists, Participant shall resolve such error in a manner that is fair and equitable to the Customer and shall include allowing the Customer to retain all or a portion of the executed Transaction, compensating the Customer for such error or some other agreed upon resolution provided it is within the scope of the Participant's error handling policies, if any. If the Customer elects not to retain all or a portion of the executed Transaction, the Participant may transfer the position resulting from the Transaction to a firm error account pursuant to Rule 806. A Participant must document in writing the circumstances surrounding the nature of the error and promptly provide such documentation to the Exchange Regulation Department upon request.

(c) This Rule 514 shall not be construed to contravene any instructions received from a Customer regarding any Customer Order prior to its execution, but shall be construed to permit execution of Customer Orders under the conditions last prescribed without additional instructions from the Customer.

**RULE 515. [RESERVED]**

**RULE 516. Withholding Orders Prohibited**

A Participant shall not withhold or withdraw from the Platform any Order, or any part of an Order, for the benefit or on the instruction of any Person other than for the Customer for whom the Participant is placing the Order.

**RULE 517. Priority of Customers' Orders**

Except as otherwise permitted under the Rules or Applicable Law, no person shall enter an Order into the Platform 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, including an Order allowing discretion as to time and price if such person is in possession of any unsubmitted Order from a Customer that the Platform is capable of executing, unless such Customer provides such person with written consent to delay such Order.

**RULE 518. Handling of Customer Orders**

(a) General Prohibition.

(i) DCM Trading System - Except as otherwise permitted under the Rules or Applicable Law, no person in possession of a Customer Order shall knowingly take, directly or indirectly, the opposite side of such Order on the order book of the DCM Trading System 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.

(ii) SEF Trading System - Except as otherwise permitted under the Rules or Applicable Law, no Participant who is an FCM or Introducing Broker, and in possession of a Customer Order, may knowingly take, directly or indirectly, the opposite side of such Customer Order on the order book of the SEF Trading System 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, in each case, following some form of prior arrangement in respect of such Customer Order.

(b) Exceptions - The foregoing restriction shall not apply to the following:

(i) DCM Trading System. A person may knowingly execute an Order of its Customer against an 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, in any case, on the order book of the DCM Trading System; provided, that (A) such person has entered the relevant Order of the Customer into the order book of the DCM Trading System promptly upon receipt of the Order by such person, and (B) no fewer than 5 seconds has passed since entry of such Order in the order book of the DCM Trading System before such person enters the relevant off-setting Order into the order book of the DCM Trading System.

(ii) SEF Trading System. A Participant who is an FCM or Introducing Broker may knowingly execute an Order of its Customer involving a Required Transaction against an 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, in any case, on the order book of the SEF Trading System; provided, that (A) such person has entered the relevant Order of the Customer into the order book of the SEF Trading System promptly upon its receipt and (B) no fewer than 15 seconds has passed since entry of such Order in the order book of the SEF Trading System before such person enters the relevant off-setting Order into the order book of the SEF Trading System.

**RULE 519. Disclosing Orders Prohibited**

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

**RULE 520. Simultaneous Buy And Sell Orders For Different Beneficial Owners**

(a) DCM Trading System. No Person shall enter through the order book of the DCM Trading System into a pre-arranged transaction prohibited under the Rules or knowingly assume on its own behalf or on behalf of a Customer account the opposite side of its own Order or its Customer's Order (a "Cross Trade"), except (i) in the case of transactions effected pursuant to Rule 542, (ii) where the Person is entering into both sides of a Customer Order on a non-discretionary basis, or (iii) the Person (A) has obtained prior written blanket or transaction specific consent in respect of the relevant Customer(s); and (B) waits for a reasonable period of time, which shall be a minimum of five (5) seconds, after the initial Order is submitted to the order book of the DCM Trading System before submitting the opposite side Order to the order book of the DCM Trading System.

(b) SEF Trading System. No Person shall enter through the order book of the SEF Trading System into a Cross-Trade in respect of a Required Transaction, except (i) where the Person is entering into both sides of a Customer Order, or (ii) the Person (A) has obtained prior written blanket or transaction specific consent in respect of the relevant Customer(s); and (B) waits for a reasonable period of time, which shall be a minimum of fifteen (15) seconds, after the initial Order is submitted to the order book of the SEF Trading System before submitting the opposite side Order to the order book of the SEF Trading System.

(c) Notwithstanding the foregoing, a Participant shall not be in violation of this Rule 520 due to Cross Trades executed by two Participants trading for the same account, or for separate accounts of the same beneficial owner, 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 Participant shall be responsible, upon the request of the Exchange, to demonstrate to the reasonable satisfaction of the Exchange, that neither Participant had knowledge of the other's Order.



**RULE 521. [RESERVED]**

**RULE 522. Recordkeeping Requirements for Entering Orders into the Platform**

(a) General Requirements.

(i) Orders must be entered by electronic transmission to the Platform, and the Exchange shall maintain an electronic record of those entries. Each Authorized Trader entering Orders into the Platform shall input for each Order:

(A) the User ID identifying the individual placing such Order and an identifier of the Clearing Firm that will clear any resultant contracts;

(B) its type, price or yield, quantity, product, maturity or expiration month or date, customer type indicator (“CTI”) code and account number (as provided in Rule 522(d)); and

(C) such additional information as may be prescribed from time to time by the Exchange.

(ii) With respect to Orders received by a Participant that are immediately entered into the Platform, no record other than that set forth above need be made. If a Participant receives an Order that cannot be immediately entered into the Platform, such Participant must (x) prepare a written Order ticket in non-erasable ink and include the account designation, date, an electronic timestamp reflecting the time of receipt, an indication of whether such Order is a Bunched Order, an order number and other information required pursuant to Rule 522(a)(i), (y) enter such Order into the Platform when such Order becomes executable and (z) if such Order is for a Customer, retain all consents and instructions from such Customer to delay entry of such Order.

(b) Electronic Audit Trail Requirements for Electronic Order Routing/Front-End Systems.

(i) Each Participant is responsible for maintaining or causing to be maintained the Order routing and front-end audit trail for all electronic Orders, including Order entry, modification, cancellation and responses to such messages (referred to as the “Electronic Audit Trail”), entered into the Platform by such Participant.

(ii) The Electronic Audit Trail must be maintained for a minimum of five years, and Participants must have the ability to produce this data in a standard format upon request of the Exchange Regulation Department. This Electronic Audit Trail must contain all Order receipt, Order entry, Order modification, Order cancellation and response/receipt times to the highest level of precision achievable by the operating system, but at least to the hundredth of a second. The times captured must not be able to be modified. The data must also contain all FIX Tag information and fields which should include, the following: a record of all fields relating to Order entry, including transaction date, product, Exchange 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 trade along with all fill information.

(iii) In the case where a Participant has a Direct Access Customer that is also a Participant, such Participant may notify such Direct Access Customer in writing that it is the Direct Access Customer’s obligation to maintain the Electronic Audit Trail with respect to such Direct Access Customer’s Orders. If such Direct Access Customer consents, the Participant’s obligations to maintain an Electronic Audit Trail with respect to such Direct Access Customer may be satisfied

by such Direct Access Customer; provided, however, that such Participant will remain liable in case such Direct Access Customer fails to maintain the Electronic Audit Trail for Orders transmitted through the Participant's system.

(iv) Each Participant providing access to Authorized Traders via a FIX API or to Direct Access Traders shall provide to the Exchange in a form and manner prescribed by the Exchange information requested by the Exchange regarding the natural persons entering Orders and execution Transactions using the Firm ID of the Participant. The information requested may include name, telephone number and email address.

(c) **[RESERVED]**

(d) Customer Type Indicator (CTI) Codes. Each Clearing Firm must identify each transaction executed on the Platform on the record of transactions submitted to the Exchange with the correct 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. (These should be non-member customer transactions).

**RULE 523. Modification and Cancellation of Orders**

(a) Any Order that has been entered into the Platform may be modified or cancelled unless and until it has been executed or has otherwise expired. Any such modification or cancellation requires that a modification order or cancellation order, as the case may be, with respect to the original Order be entered into the Platform. Such modification or cancellation will become effective upon receipt by the Platform of the modification order or cancellation order, as the case may be.

(b) Every Order automatically expires at the end of the Trading Hours on the calendar day such Order is placed, in the event of any suspension or curtailment of trading, or in the case of any failure of the Platform.

**RULE 524. Pre-arranged Trades, Pre-Execution Communications and Non-competitive Trades Prohibited**

(a) No Person shall pre-arrange any purchase or sale, or non-competitively execute, any transaction except in accordance with Rule 524(b) or Rule 524(c).

(b) The foregoing restriction shall not apply to Block Trades affected pursuant to Rule 542.

(c) Pre-arranged Trades and Pre-Execution Communications. A Person may engage in pre-execution communications or arrange the purchase or sale of a Contract, subject to the following conditions.

(i) Transactions on the DCM Trading System. Parties may communicate, directly or indirectly, with regard to an Order for a Contract listed for trading on the DCM Trading System

where one party (the first party) wishes to be assured that a contra party (the second party) will take the opposite side of the Order, and:

(A) the party for whose benefit the trade is being made has previously consented to permit such communications;

(B) parties to, and persons involved in, pre-execution communications do not disclose to a nonparty the details of such communications or enter an Order to take advantage of information conveyed during such communications except in accordance with this Rule 524(c); and

(C) the Order details are entered by one of the parties into the DCM Trading System and displayed in a manner that gives other Participants the opportunity to participate in the Order. The second party's Order will not be matched against the first party's Order on the DCM Trading System until a period of five (5) seconds has elapsed from the time of entry of the contra Order. After the five (5) seconds have elapsed, any portion of the first party's Order that was unfilled during the public session will be matched by the second party's Order.

(ii) Permitted Transactions on the SEF Trading System. A Person may arrange with another Person for the execution of a Contract listed on the SEF Trading System, prior to submitting the details of such Contract to the SEF Trading System; provided that:

(A) one party to the arrangement enters into the SEF Trading System, the details of such Contract as required by the SEF Trading System, and the other party to the arrangement verifies such details in the SEF Trading System, in each case, as soon as practicable, but in no event more than 15 minutes following the conclusion of such arrangement;

(B) the relevant Contract or Package Transaction is not a Block Trade;

(C) the relevant Contract or Package Transaction is a Permitted Transaction or or is a Package Transactions effected pursuant to Rule 539(c)(iii). ; and

(D) both parties intend to clear such Contract or Package Transaction at a Clearing House.

(iii) Required Transactions and Permitted Transactions on the SEF Trading System. A Person may engage in pre-execution communications, directly or indirectly, with one or more other Persons with regard to a RFQ for a Contract using the RFQ functionality of the SEF Trading System.

#### **RULE 525. Responsibility For Customer Orders**

(a) Standard of Responsibility.

(i) A Participant shall, at a minimum, exercise reasonable care in the handling and execution of Customer Orders. In the case of a dispute as to whether a Participant has exercised due diligence, the appropriate arbitration or disciplinary committee is authorized to determine whether the Participant failed to exercise due diligence, and if so, whether an adjustment is due to the Customer.

(ii) A Participant is prohibited from directly or indirectly guaranteeing the execution of a Customer Order or any of its terms such as the quantity or price. A Participant may only report an execution that has been effected through the Platform. This Rule 525 shall not be construed to

prevent a Participant from assuming or sharing in the losses resulting from an error or the mishandling of a Customer Order.

(b) **Liability for Failure to Exercise Due Diligence.** A Participant may not adjust the price at which a Customer Order was executed or be held responsible for executing or failing to execute a Order unless such Participant failed to exercise due diligence or is settling a bona-fide dispute regarding failure to exercise due diligence. A Participant, acting on behalf of its Customer, may not compel an adjustment from another Participant in the absence of a bona-fide dispute regarding failure to exercise due diligence. Participants shall document all adjustments. Participants shall make and retain a record which contains the date the adjustment was received, the name of the Participant making the adjustment, the account to which the adjustment was credited, the amount of the adjustment, the Order number and the reason for the adjustment. Such records must be provided to the Exchange Regulation Department upon request.

**RULE 526. [RESERVED]**

**RULE 527. Priority of Execution**

Non-discretionary Customer Orders received by a Participant or an Authorized Trader shall be entered into the Platform in the sequence received; provided, however, that a Customer may request that a Participant delay submission of its Order in which case such Customer shall provide such Participant with written consent to delay submission of its Order. Non-discretionary Orders that cannot be immediately entered into the Platform must be entered when the Orders become executable in the sequence in which the Orders were received.

**RULE 528. [RESERVED]**

**RULE 529. Position Limits And Exemptions**

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

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

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

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

**RULE 530. Position Accountability**

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

(b) For purposes of this Rule, all positions in accounts for which a Person, by power of attorney or otherwise, directly or indirectly controls trading shall be included with the positions held by such Person.

The provisions of this Rule shall apply to positions held by two or more Persons acting pursuant to an expressed or implied agreement or understanding, as if the positions were held by a single Person.

**RULE 531. [RESERVED]**

**RULE 532. [RESERVED]**

**RULE 533. [RESERVED]**

**RULE 534. Platform Access Restrictions**

(a) All Participants permitted to connect to the Platform, must have clearing arrangements in place with a Clearing Firm pursuant to which Clearing Firm agrees to clear Transactions for such Participant and its Customers and Clients, if applicable, pursuant to Rule 809. If the Participant's Customer or Client clears its Transactions through a Clearing Firm other than the Participant, the Customer or Client must have clearing arrangements in place with a Clearing Firm pursuant to which Clearing Firm agrees to clear all Transactions effected by or through the Participant for that Customer or Client, pursuant to Rule 809.

(b) Customer Orders may be entered only from the premises of an entity registered to conduct Customer business.

**RULE 535. Policies Governing Use of Firm IDs, User IDs and Admin IDs**

No Person may use a User ID to place any Order except as permitted by these Rules, nor may any Person knowingly permit or assist the unauthorized use of a User ID. Each Participant on behalf of itself and each of its Authorized Users shall take reasonable measures to ensure that no User ID or Admin ID is used by any Person not authorized by these Rules.

Each Participant must have in place policies and procedures, which:

(a) Restrict access through password protection to any system capable of submitting Orders to the Platform or access the administrative functionality of the Platform to individual users authorized by the relevant Participant and having a User ID or Admin ID, respectively;

(b) Require creation, maintenance and retention, as required in Rule 522, of accurate and complete records regarding each individual that is issued, or authorized to use, a User ID;

(c) Require that its Authorized Users protect and maintain the security of his User ID or Admin ID; and

(d) Prohibit the use of User IDs or Admin IDs by any Person, including any subsidiary, affiliate, division or business unit of Participant, except as permitted by this Rulebook.

**RULE 536. Responsibilities for Firm IDs, User IDs and Admin IDs**

(a) Each Participant shall be solely responsible for controlling and monitoring the use of all User IDs and Admin IDs issued to its Authorized Users by the Exchange.

(b) Each Participant shall ensure that each Authorized User accessing the Platform is assigned a unique password and that each password is used only by the Person to whom it is assigned.

(c) Each individual must use a unique identifier to access the Platform. In no event may a Person enter an Order or permit the entry of an Order by an individual using a User ID other than the individual's own User ID.

(d) Each Participant shall notify the Exchange promptly upon becoming aware of any unauthorized access to the Platform or any unauthorized disclosure or use of any User ID or Admin ID assigned to any of its Authorized Users and of any other reason for terminating an Authorized User's access or deactivating a User ID. Each Participant shall be bound by any actions taken by its Authorized Users (other than any such actions resulting from the fault or negligence of the Exchange), whether or not such actions were taken or authorized by such Participant.

(e) Each Participant shall be solely responsible for ensuring that any front-end interface connecting to the Platform that is not provided by the Exchange, and that is used by the Participant and its Authorized Users and Direct Access Traders, is in compliance, in design and operation, with the requirements of the Exchange, if any, and with Applicable Law.

(f) Each Participant shall ensure that policies required under Rule 535 are implemented by such Participant and that its Authorized Users comply with such policies and procedures.

#### **RULE 537. Limitation of Liability, No Warranties**

THIS RULE 537 SETS FORTH THE LIABILITY AND INDEMNIFICATION OBLIGATIONS OF THE EXCHANGE AND ANY TRUEEX PARTY (AS DEFINED IN RULE 537(a)) TO ANY PERSON, EXCEPT AS OTHERWISE PROVIDED IN THIS RULEBOOK OR IN THE PARTICIPANT DOCUMENTATION, IN WHICH THE PARTIES AGREE TO SUPERSEDE THE TERMS OF THIS RULE 537.

(a) SUBJECT TO CLAUSES (f) AND (g) OF THIS RULE 537, EXCEPT IN INSTANCES WHERE THE EXCHANGE OR A TRUEEX PARTY HAS BEEN FINALLY ADJUDICATED TO HAVE ENGAGED IN GROSS NEGLIGENCE OR WILLFUL MISCONDUCT (IN WHICH CASE THE EXCHANGE OR TRUEEX PARTY FOUND TO HAVE ENGAGED IN SUCH CONDUCT CANNOT AVAIL ITSELF OF THE PROTECTIONS IN THIS RULE 537(a)), NEITHER THE EXCHANGE, ITS SUBSIDIARIES AND AFFILIATES, NOR ANY TECHNOLOGY SERVICE PROVIDER OR CONTRACTOR PROVIDING SERVICES TO THE EXCHANGE, NOR ANY OF THEIR RESPECTIVE SUCCESSORS OR ASSIGNS, NOR ANY OF THEIR RESPECTIVE EMPLOYEES, OFFICERS, DIRECTORS, MEMBERS, PARTNERS, MANAGERS, AGENTS OR SUPPLIERS PROVIDING SERVICES TO THE EXCHANGE (EACH, A "TRUEEX PARTY") SHALL BE LIABLE TO ANY PERSON FOR:

(i) ANY LOSSES, DAMAGES, COSTS OR EXPENSES ARISING FROM OR IN CONNECTION WITH, IN EACH CASE:

(A) ANY FAILURE, MALFUNCTION, FAULT IN DELIVERY, DELAY, OMISSION, SUSPENSION, INACCURACY, ERROR, TERMINATION, OR ANY OTHER CAUSE, IN CONNECTION WITH THE PROVISION, PERFORMANCE, MAINTENANCE, OR USE OF, THE PLATFORM, WEB SITE, ANY INFORMATION OR SERVICES PROVIDED BY THE EXCHANGE OR ANY TRUEEX PARTY OR ANY FACILITIES OR TECHNOLOGY USED TO SUPPORT THE PLATFORM, WEB SITE, EXCHANGE OR EXCHANGE SERVICES INCLUDING ANY FAILURE TO PROVIDE ALL OR ANY PART OF THE PLATFORM, OR ANY INABILITY OF ANY PERSON TO VIEW, ENTER, EXECUTE OR CANCEL ORDERS OR TRANSACTIONS IN WHOLE OR IN PART;

(B) ANY ERRORS OR INACCURACIES IN INFORMATION PROVIDED BY THE EXCHANGE, A TRUEEX PARTY, THE PLATFORM OR ANY PLATFORM SYSTEMS, SERVICES OR FACILITIES, ANY ELECTRONIC COMMUNICATION OF MARKET DATA OR INFORMATION, PRICE REPORTING SYSTEMS AND ANY AND ALL TERMINALS, COMMUNICATIONS NETWORKS, SERVERS,

SOFTWARE, HARDWARE, AND FIRMWARE, WHETHER SUCH ERRORS OR INACCURACIES ARE A RESULT OF ANY ACTION OR INACTION OF THE EXCHANGE, A TRUEEX PARTY OR AN INDEPENDENT THIRD PARTY;

(C) THE CREDITWORTHINESS OF ANY PARTICIPANT, DIRECT ACCESS CUSTOMER, CUSTOMER OR CLIENT;

(D) ACTS OR OMISSIONS OF ANY SUBJECT PERSON, AUTHORIZED TRADER, AUTHORIZED REPRESENTATIVE, DIRECT ACCESS TRADER, CUSTOMER OR CLIENT THEREOF; OR

(E) ANY UNAUTHORIZED ACCESS TO OR UNAUTHORIZED USE OF ANY EXCHANGE SYSTEMS, SERVICES OR FACILITIES BY ANY PERSON.

THE FOREGOING LIMITATION OF LIABILITY SHALL APPLY REGARDLESS OF WHETHER A CLAIM ARISES IN CONTRACT, TORT, NEGLIGENCE, STRICT LIABILITY OR OTHERWISE AND REGARDLESS OF WHETHER THE EXCHANGE HAS BEEN ADVISED OF, OR OTHERWISE MIGHT HAVE ANTICIPATED, THE POSSIBILITY OF SUCH LOSSES, DAMAGES, COSTS OR EXPENSES.

(b) UNLESS THE EXCHANGE OR A TRUEEX PARTY HAS BEEN FINALLY ADJUDICATED BY A COURT OF COMPETENT JURISDICTION TO HAVE ENGAGED IN GROSS NEGLIGENCE OR WILLFUL MISCONDUCT, THE EXCHANGE'S AND ANY TRUEEX PARTY'S TOTAL COMBINED AGGREGATE LIABILITIES SHALL NOT EXCEED \$100,000 FOR ALL LOSSES FROM ALL CAUSES SUFFERED BY ALL PERSONS ON A SINGLE DAY; \$200,000 FOR ALL LOSSES SUFFERED BY ALL PERSONS FROM ALL CAUSES IN A SINGLE CALENDAR MONTH; AND \$1,000,000 FOR ALL LOSSES FROM ALL CAUSES SUFFERED BY ALL PERSONS IN A SINGLE CALENDAR YEAR. IF THE NUMBER OF ALLOWED CLAIMS 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. IN NO EVENT SHALL THE TOTAL COMBINED AGGREGATE LIABILITY OF THE EXCHANGE AND ANY TRUEEX PARTY, FOR ALL CLAIMS ARISING OUT OF ANY FAILURES, MALFUNCTIONS, FAULTS IN DELIVERY, DELAYS, OMISSIONS, SUSPENSIONS, INACCURACIES, INTERRUPTIONS, TERMINATIONS OR ANY OTHER CAUSES IN CONNECTION WITH THE FURNISHING, PERFORMANCE, OPERATION, MAINTENANCE, USE OF OR INABILITY TO USE ALL OR ANY PART OF ANY OF THE EXCHANGE'S SYSTEMS OR SERVICES, OR SERVICES, EQUIPMENT OR FACILITIES USED TO SUPPORT SUCH SYSTEMS OR SERVICES, INCLUDING THE SEF TRADING SYSTEM AND THE DCM TRADING SYSTEM, OR THE NEGLIGENCE OF THE EXCHANGE OR ANY TRUEEX PARTY, EXCEED \$1,000,000 IN ANY GIVEN CALENDAR YEAR.

(c) NEITHER THE EXCHANGE NOR ANY TRUEEX PARTY SHALL BE LIABLE TO ANY PERSON FOR ANY DAMAGES, COSTS, LOSSES OR EXPENSES AND THE SUBJECT PERSON, CUSTOMER, OR CLIENT (AS THE CASE MAY BE) SHALL INDEMNIFY, PROTECT AND HOLD THE EXCHANGE AND ANY TRUEEX PARTY HARMLESS FROM AND AGAINST ANY AND ALL LOSSES, DAMAGES, COSTS OR EXPENSES BASED UPON, OR IN CONNECTION WITH ANY CLAIM BY A THIRD PARTY BASED UPON THE DELAY, OMISSION, SUSPENSION, INACCURACY, ERRORS OR TIMELINESS OR OTHER ACTS OR OMISSIONS OF SUCH SUBJECT PERSON OR ANY OF ITS OR THEIR AUTHORIZED USERS, CUSTOMERS, OR CLIENTS (AS THE CASE MAY BE) IN RESPECT OF TRANSACTIONS OR ANY RELATED DATA, INCLUDING IN CONNECTION WITH QUOTES, BIDS, OFFERS OR OTHER PRICE INFORMATION PROVIDED IN CONNECTION WITH OR RELATING TO ANY TRANSACTION, ANY REQUEST FOR QUOTE OR INDICATION OF INTEREST.

(d) NEITHER THE EXCHANGE NOR ANY TRUEEX PARTY MAKES ANY EXPRESS OR IMPLIED WARRANTIES OR REPRESENTATIONS RELATING TO THE EXCHANGE, THE PLATFORM OR ANY EXCHANGE SERVICES OR FACILITIES USED TO SUPPORT THE PLATFORM, INCLUDING ANY WARRANTIES OF MERCHANTABILITY OR WARRANTIES OF FITNESS FOR A PARTICULAR PURPOSE OR USE. THE EXCHANGE WILL PROVIDE ALL SERVICES ON AN “AS IS” AND “AS AVAILABLE” BASIS AT THE SOLE RISK OF THE SUBJECT PERSON, CUSTOMER, OR CLIENT, AS THE CASE MAY BE. FURTHERMORE, NEITHER THE EXCHANGE NOR ANY TRUEEX PARTY GUARANTEES OR MAKES ANY REPRESENTATION OR WARRANTY, EITHER EXPRESS OR IMPLIED, AS TO THE VALIDITY, SEQUENCE, TIMELINESS, COMPLETENESS, ACCURACY OR CONTINUED AVAILABILITY OF ANY INFORMATION OR DATA MADE AVAILABLE ON OR THROUGH THE EXCHANGE. NEITHER THE EXCHANGE NOR ANY TRUEEX PARTY SHALL HAVE A DUTY OR OBLIGATION TO VERIFY ANY INFORMATION DISPLAYED ON THE PLATFORM SYSTEM OR OTHERWISE. EACH SUBJECT PERSON, CUSTOMER, OR CLIENT ACKNOWLEDGES AND AGREES THAT NEITHER THE EXCHANGE NOR ANY TRUEEX PARTY SERVES OR SHALL SERVE AS THE PRIMARY BASIS FOR ANY DECISIONS MADE BY SUCH SUBJECT PERSON, CUSTOMER, OR CLIENT, AS THE CASE MAY BE, NOR SHALL THE EXCHANGE OR ANY TRUEEX PARTY BE DEEMED TO ACT AS AN ADVISOR OR FIDUCIARY OF ANY SUBJECT PERSON, CUSTOMER, OR CLIENT, AS THE CASE MAY BE.

(e) ANY DISPUTE ARISING OUT OF THE USE OF THE PLATFORM OR EXCHANGE SERVICES OR FACILITIES USED TO SUPPORT THE PLATFORM TO WHICH THE EXCHANGE OR ANY TRUEEX PARTY IS A PARTY SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO ITS CONFLICT OF LAW PRINCIPLES. ANY ACTIONS, ARBITRATIONS, SUITS OR PROCEEDINGS SHALL BE BROUGHT WITHIN TWO YEARS FROM THE TIME THE PERSON FILING THE CLAIM KNEW, OR SHOULD HAVE KNOWN, OF THE ACT OR TRANSACTION THAT IS THE SUBJECT OF THE DISPUTE. ANY SUCH ACTION, SUIT OR PROCEEDING MUST BE BROUGHT IN ANY FEDERAL OR STATE COURTS LOCATED IN THE BOROUGH OF MANHATTAN, THE CITY OF NEW YORK. THIS PROVISION SHALL IN NO WAY CREATE A CAUSE OF ACTION AND SHALL NOT AUTHORIZE ANY ACTION THAT WOULD OTHERWISE BE PROHIBITED BY THE RULES OF THE EXCHANGE.

(f) UNDER NO CIRCUMSTANCES WILL THE EXCHANGE OR ANY TRUEEX PARTY BE LIABLE TO ANY PERSON FOR ANY INDIRECT, INCIDENTAL, PUNITIVE, SPECIAL OR CONSEQUENTIAL DAMAGES, INCLUDING LOSS OF PROFITS, LOSS OF USE, BUSINESS INTERRUPTION, THE COST OF PROCUREMENT OF SUBSTITUTE GOODS, SERVICES OR TECHNOLOGY, OR CORRUPTION OR LOSS OF DATA.

(g) NOTWITHSTANDING ANY OF THE FOREGOING PROVISIONS, THIS RULE 537 SHALL IN NO WAY LIMIT THE LIABILITY OF ANY PERSON ARISING FROM ANY VIOLATION BY SUCH PERSON OF THE CEA OR CFTC REGULATIONS THEREUNDER.

**RULE 538. Control Desk**

(a) Support.

(i) The control center of the Exchange (the “Control Desk”) provides support and problem management only to Clearing Firms and Participants and their Authorized Users.

(ii) In order to be eligible for Control Desk support, a natural person must first be identified to the Exchange by the relevant Participant or Clearing Firm, as the case may be, as an authorized contact (“Authorized Contact”) or must be an Authorized User. The Control Desk provides support via a specified telephone number and during specified hours.



(iii) Control Desk employees may not always be available to assist Authorized Contacts or Authorized Users.

(iv) Individuals other than Authorized Contacts and Authorized Users must contact a Participant's or a Clearing Firm's Authorized Contact to make support requests.

(b) Control Desk Communications.

(i) As provided in Rule 537, the Exchange shall not be liable for any loss resulting from any inability to communicate with the Control Desk.

(ii) The liability of the Exchange for the negligent acts of Control Desk staff shall be subject to the limitations and conditions of Rule 537.

(iii) In no event shall the Exchange be liable for the negligence of the Control Desk if the Person claiming to have suffered a loss could have secured the support it sought from the Control Desk through its own administrative terminal, a terminal of its Clearing Firm or a terminal of an ISV.

(iv) For purposes of this Rule, a Person is deemed able to take action through its own administrative terminal, a Clearing Firm's terminal or an ISV's terminal unless such terminal was inoperative or such terminal service was interrupted at the time the Control Desk took action.

(c) Order Status.

(i) A Person who believes it has received an incorrect Order status or does not receive an appropriate status shall immediately notify the Control Desk. Additionally, such Person shall take any necessary and appropriate market action to mitigate any potential losses arising from the incorrect Order status or lack of appropriate Order status immediately after the Person knew or should have known that the Order status information was incorrect or should have been received. Any liability of the Exchange for incorrect Order status shall be subject to the limitations and conditions of Rule 537.

(ii) Notwithstanding the above, the Exchange shall not be liable for losses related to incorrect Order status information if the Exchange provides prior notification that an Exchange system, service or facility may produce such incorrect information and also provides notification of a means to obtain correct Order status information from such system, service or facility. In the event that the Control Desk and an Exchange system, service or facility provide conflicting information relating to an Order status, a Person may only reasonably rely on the information received from the Control Desk. Any liability of the Exchange shall be subject to Rule 537.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(iii) Exceptions for Required Transactions. Package Transactions that are deemed to be Required Transactions because at least one component includes a swap that is subject to the trade execution requirement in §2(h)(8) of the CEA are eligible for relief from CFTC Regulation 37.9 under CFTC No-Action Letter 15-55. The swap components of these Package Transactions must be executed on the SEF Trading System but the counterparties may execute the swap components of these Package Transactions through any method of execution offered by the Exchange, provided that such swaps are executed at or before 11:59 pm on the expiration dates below and all other terms of No-Action Letter 15-55 are satisfied:

- (A) A new issue bond (expires November 15, 2016)
- (B) A futures contract (expires November 15, 2016)
- (C) A swap that is not subject to the clearing requirement under §2(h)(1)(A) of the CEA and CFTC Regulation 50.4 (expires November 15, 2016)
- (D) A non-swap instrument (as defined in §1a(47) of the CEA) other than an instrument listed in subsections A or B above, or a U.S. Treasury bond (expires November 15, 2016); or
- (E) A security-based swap (as defined in §1a(42) of the CEA) or a mixed swap (as defined in §1a(47)(D) of the CEA) (expires November 15, 2016).

If a Required Transaction is executed on the SEF Trading System in reliance of the relief granted in No-Action Letter 15-55, both counterparties to the transactions must submit to trueEX, upon request, information to demonstrate that the transaction has met the requirements of No-Action Letter 15-55.

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

<b>General</b>
<ul style="list-style-type: none"> <li>• Transaction on PTC can be from 1 to 400 line items, Core RFQ can be 1 (outright), 2 (switch) or 3 (butterfly) line items</li> <li>• Pricing on Package Transactions (2 or more line items) is all or none.</li> <li>• Single currency per Transaction (PTC accommodates up to 18 different clearable currencies, Core RFQ USD only).</li> <li>• Validation of line items to ensure RFQ is sent to required number of Respondents (including Block Trade size to allow RFQ to 1.</li> <li>• Respondent knows how many other Respondents there are but names and their actions are not disclosed to each other, only to Requester</li> <li>• There is no requirement for Requester to select best price or wait for all Respondents to provide a price</li> <li>• If a Respondent changes or cancels a price, the original price is no longer actionable by the Requester.</li> <li>• Requester can send target level or request to refresh price to all active Respondents in RFQ session.</li> </ul>
<b>RFQ Workflow</b>
<ol style="list-style-type: none"> <li>1. Requester transmits an RFQ to required number of Respondents. <ul style="list-style-type: none"> <li>○ For Core RFQ, the session will automatically be cancelled if execution has not occurred by the earlier of 30 minutes from the time RFQ is sent, or market close.</li> <li>○ For PTC, the session will automatically be cancelled if execution has not executed by market close.</li> </ul> </li> <li>2. Respondent(s) receive notification of RFQ and can take the following actions: <ul style="list-style-type: none"> <li>○ Pass (Respondent is not interested and will not receive any further updates on that specific RFQ session)</li> <li>○ Submit a price to the Requester (and subsequently may update or cancel a price that has already been sent).</li> <li>○ All prices sent by the Respondent are subject to Requester’s acceptance and final affirmation by Respondent before execution occurs.</li> </ul> </li> <li>3. Requester can take the following actions:</li> </ol>

- Cancel the RFQ session
  - Ask for prices to be refreshed
  - Accept one of the Respondent's prices which starts an Affirmation Session
    - For Core RFQ, the Affirmation Session is 30 seconds long
    - For PTC, the Affirmation Session is 60 seconds long
4. When an Affirmation Session starts, the selected Respondent can take the following actions:
- Execute.
    - For Core RFQ, execution must take place no later than 30 minutes after the initial RFQ was sent by Requester.
    - For PTC, execution must take place by market close
  - Update the price that was accepted. RFQ session returns to step 3 for action by Requester (including acceptance of price from other Respondent).
  - Cancel the price that was accepted
  - Do nothing. Session expires
5. For PTC, upon execution, package breakdown must occur by Requester or Respondent as agreed by the parties.

**RULE 540. [RESERVED]**

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

(a) Authority Over Trade Corrections and Cancellations

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(ii) Cancellation/Correction Eligibility.

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

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

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

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

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

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

(d) Notification and Review

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

(ii) Error Trades.

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

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

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

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

(f) Liability For Cancelled or Corrected Trades

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



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

**RULE 542. Block Trades**

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

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

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

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

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

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

(g) Pursuant to CFTC NAL 15-60 expiring on November 15, 2016 at 11:59 p.m. EST, a Block Trade, which is intended to be cleared, may be executed using the non-order book functionality of the SEF Trading System during Trading Hours of the relevant Contract(s). A Block Trade executed using the non-order book functionality of the SEF Trading System is not subject to the minimum participant requirements set forth in Rule 539(b)(ii) and, therefore, may be sent to only one Respondent. Electing to execute a transaction as an RFQ to one, provided the transaction meets the requirements listed in (i) through (v) below, serves as notification to the Exchange that the parties to the Transaction have elected treatment as a Block Trade and as such, the Transaction will be reported to the SDR as such. For the purposes of this Rule, a Block Trade executed on the SEF Trading System must:

- (i) involve a swap that is listed by the Exchange on the SEF Trading System;
- (ii) be executed pursuant the Exchange's Rules and procedures;

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

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

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

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

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

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

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

**RULE 543. [RESERVED]**

**RULE 544. Recordkeeping Requirements for Privately Negotiated Trades**

(a) All transactions executed pursuant to Rule 542, unless otherwise exempted by Rule, are subject to the following recordation requirements (in addition to any other recordation requirements applicable under the Rules and Applicable Law):

(ii) At the time of execution, every Order received from a Customer must be in the form of a written or electronic record and include an electronic timestamp reflecting the date and time such Order was received and must identify the specific account(s) for which the Order was placed. Such record shall also include an electronic timestamp reflecting the date and time such Order was executed or cancelled.

**RULE 545. SDR Reporting**

(a) Transmitting and Reporting Data. The Platform shall transmit Real-Time Data and report all Required Swap Creation Data to an SDR, as soon as technologically practicable after execution of such swap on or subject to the rules of the Exchange. The Exchange reports all Real-Time Data and Required Swap Creation Data for each swap to the same SDR.

(b) Non-Disclosure. The Exchange shall not disclose Real-Time Data of any swap executed on or pursuant to the rules of the Platform prior to public dissemination of such Real-Time Data by an SDR in accordance with CFTC Regulations.

(c) Correcting Real-Time Data.

(i) If a Reporting Party becomes aware, whether through the initiative of the Reporting Party or through notice by the non-reporting counterparty to the swap, of an error or omission in Real-Time Data that was transmitted by the Platform to an SDR, the Reporting Party shall promptly submit to the Exchange, Real-Time Data correcting such error or omission and notify the Exchange of the need to correct the original Real-Time Data transmitted to the relevant SDR. The Reporting Party shall make such submission to the Exchange by email to [regulatory@trueex.com](mailto:regulatory@trueex.com).

(ii) If the Exchange becomes aware of an error or omission in Real-Time Data transmitted by it to an SDR, or receives notification from the Reporting Party pursuant to subparagraph (i), the Exchange shall promptly transmit Real-Time Data correcting such error or omission to the same SDR to which incorrect Real-Time Data was transmitted through such SDR's webservice or such other method as provided by the SDR.

(d) Correcting Required Swap Creation Data. The Exchange shall report corrections to any errors and omissions in Required Swap Creation Data that were transmitted by the Exchange to the SDR through the SDR's webservice or such other method as provided by the SDR. Corrections of errors or omissions in Required Swap Creation Data shall be reported to the relevant SDR as soon as technologically practicable after discovery of any such errors or omissions.

(e) Improper Cancellation or Correction. The Exchange shall not transmit or agree to transmit to an SDR a cancellation or correction to Real-Time Data with knowledge that the purpose of re-reporting such Real-Time Data is to gain or extend a delay in public dissemination of accurate Real-Time Data or to otherwise evade the reporting requirements in this part.

(f) Reporting Party Determination. For purposes of these rules, the term "Reporting Party" means, in respect of a swap executed on or pursuant to the Rules of the Exchange, the Participant that is the "reporting counterparty" after application of CFTC Regulation § 45.8. If both principal counterparties to a swap executed on or pursuant to the rules of the Exchange are Swap Dealers; or both are Major Swap Participants; or neither are Swap Dealers nor Major Swap Participants but both are financial entities as defined in CEA § 2(h)(7)(C); or neither are a financial entity as defined in CEA § 2(h)(7)(C), the Reporting Party shall be the Participant that is the fixed rate payer on the swap, and in respect of switches, the Reporting Party shall be the party that is the purchaser of the switch. If both counterparties to a swap are non-Swap Dealer/non-Major Swap Participant counterparties and only one counterparty is a U.S. person, that counterparty who is the U.S. person shall be the reporting counterparty.

#### **RULE 546. Transaction Confirmation.**

For each Transaction executed on or pursuant to the Rules of the Exchange, the Exchange will provide each Participant that is a counterparty to the Transaction on the Platform, an electronic written record of all of the terms of the Transaction at the time of execution, which terms shall legally supersede any previous agreement and serve as a confirmation of the Transaction ("the Confirmation"). The Exchange will not include specific account identifiers for accounts included in Bunched Orders if the applicable requirements of CFTC Regulation 1.35(b)(5) are met.

#### **RULE 547. Orders Eligible for Post-Execution Allocation**

(a) No Participant shall enter a Bunched Order on the Platform unless at the time of entering such Bunched Order, such Participant:

(i) is within at least one of the categories of entities enumerated in CFTC Regulation § 1.35(b)(5)(i); and

(ii) has been granted written investment discretion with regard to the Client accounts to which Participant will allocate the Transaction that results from such Bunched Order.

(b) All Bunched Orders and Transactions resulting from Bunched Orders must be allocated and recorded in accordance with CFTC Regulation § 1.35 and consistent with the principles of NFA's Interpretative Notice 9029 related to Compliance Rule 2-10 as amended from time to time, and as if its terms applied to swaps.

(c) The provisions of (b) above shall also apply to Block Trades in which orders have been aggregated pursuant to CFTC Regulation § 43.6 to meet the minimum transaction size.

**RULE 548. Legal Certainty of Transactions**

A Transaction entered into on or pursuant to the Exchange Rules shall not be void, voidable, subject to rescission, otherwise invalidated, or rendered unenforceable as a result of either (a) a violation by the Exchange of the provisions of CEA § 5h or CFTC Regulations; or (b) any action taken by the CFTC that has the effect of amending, altering or supplementing these Rules or any of the terms or conditions of a Contract listed for trading on the Exchange.

## CHAPTER 6 DISCIPLINARY RULES

### **RULE 601. General**

(a) All Persons subject to the jurisdiction of the Exchange are subject to this Chapter 6 if they are alleged to have violated, or to have aided and abetted a violation of, any Rule of the Exchange or any provision of Applicable Law for which the Exchange possesses disciplinary jurisdiction.

(b) The Exchange, through the Exchange Regulation Department and the Disciplinary Panel, will conduct inquiries, investigations, disciplinary proceedings and appeals from disciplinary proceedings, summary impositions of fines, summary suspensions or other summary actions in accordance with this Chapter 6.

(c) No Exchange Official, Director, or Officer will interfere with or attempt to influence the process or resolution of any inquiry, investigation, disciplinary proceeding, appeal from a disciplinary proceeding, summary imposition of fines, summary suspension or other summary action (each, a "Disciplinary Action"), except to the extent provided under the Rules with respect to a proceeding in which the Director is a member of the relevant Appeal Panel; provided, however, that a Director may participate in the proceedings of an Appeal Panel if such Director is a member of such Appeal Panel to the extent otherwise authorized.

(d) Any Person may be represented by legal counsel or any other representative of its choosing during any Disciplinary Action; provided, however, that no such legal counsel may be an employee of the Exchange or any person related to the underlying investigation.

(e) Liability of a Subject Person or any Authorized Traders, thereof.

The Exchange may hold a Subject Person or any Authorized Trader liable for, and impose sanctions against, such Subject Person or any Authorized Trader thereof, for:

(i) the acts and omissions of such Subject Person or any of its Authorized Traders that constitutes a violation of the Rules of the Exchange or any provision of Applicable Law; or

(ii) any Person's use of a User ID or Admin ID that has been assigned to an Authorized Trader or Administrative User, respectively, of such Subject Person that constitutes a violation of Rule 536 or Rule 801(b), as appropriate.

(f) Ex Parte Communications.

(i) A Person subject to a disciplinary proceeding or an appeal from a disciplinary proceeding (and any counsel or other representative of such Person) and the Exchange Regulation Department (and any counsel or other representative of the Exchange Regulation Department) shall not knowingly make or cause to be made an ex parte communication relevant to the merits of a disciplinary proceeding or an appeal from a disciplinary proceeding to any member of the Disciplinary Panel or the Appeal Panel hearing such proceeding.

(ii) Members of a Disciplinary Panel or Appeal Panel shall not knowingly make or cause to be made an ex parte communication relevant to the merits of a disciplinary proceeding or an appeal from a disciplinary proceeding to any Person subject to such proceeding (and any counsel or representative of such Person) and the Exchange Regulation Department (and any counsel or representative of the Exchange Regulation Department).

(iii) Any Person who receives, makes or learns of any communication that is prohibited by this rule shall promptly give notice of such communication and any response thereto to the Exchange Regulation Department and all parties to the proceeding to which the communication relates.

(iv) 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 602. Inquiries and Investigation**

(a) The Exchange Regulation Department will investigate any matter within the Exchange's jurisdiction of which it becomes aware. Pursuant to this Chapter 6, the Exchange Regulation Department will commence an investigation upon the receipt of a request from Commission staff or upon the discovery or receipt of information by the Exchange that, in the judgment of the Exchange Regulation Department indicates a possible basis for finding that a violation may have occurred or will occur. The Exchange Regulation Department will determine the nature and scope of its inquiries and investigations in its sole discretion and will function independently of any commercial interests of the Exchange.

(b) The Exchange Regulation 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 the Exchange's disciplinary jurisdiction; and
- (iv) represent the Exchange on appeal from any disciplinary proceeding, summary imposition of fines, summary suspension or other summary action.

(c) Each Person:

(i) is obligated to appear and testify and respond in writing to interrogatories within the time period required by the Exchange Regulation Department in connection with:

- (A) any inquiry or Investigation; or
- (B) any preparation by and presentation during a Disciplinary Action.

(ii) is obligated to produce all books, records, papers, documents or other tangible evidence in its, his or her possession, custody or control within the time period required by the Exchange Regulation Department in connection with:

- (A) any inquiry or Investigation; or
- (B) any preparation by and presentation during a Disciplinary Action; and

(iii) may not impede or delay any Disciplinary Action.

#### **RULE 603. Reports of Investigations**

(a) The Exchange Regulation Department will maintain a log of each Investigation and its disposition. The Exchange Regulation Department will prepare a written report of each Investigation, regardless of whether the evidence gathered during such Investigation forms a reasonable basis to believe

that a violation within the Exchange'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 ("Investigative Report") will include the reasons for initiating the Investigation (including a summary of the complaint, if any), all relevant facts and evidence gathered, Exchange Regulation Department staff's analysis and conclusions and the recommendation of the Exchange Regulation Department including as to whether a warning letter should be issued or any other disciplinary action should be pursued. For each potential respondent, the Exchange Regulation Department will recommend either:

- (i) closing the Investigation without further action;
- (ii) settlement;
- (iii) summary action;
- (iv) the preparation and service of a Notice of Charges for instituting a disciplinary proceeding; or
- (v) resolving the Investigation through an informal disposition, including the issuance of a warning letter, provided that no more than one warning letter may be issued to the same Person found to have committed the same rule violation within a rolling twelve month period. An informal disposition (including the issuance of a warning letter) will not constitute a finding of a violation or a sanction, however, the investigative report must include a copy of any warning letter.

(c) The Investigative Report will be provided to the Chief Compliance Officer or the Chief Regulatory Officer for a determination as to whether the Investigative Report is complete. The Chief Compliance Officer or the Chief Regulatory Officer will then provide the completed Investigative Report to the Review Panel of the Disciplinary Panel.

#### **RULE 604. Opportunity to Respond**

(a) After completing its Investigative Report, the Exchange Regulation Department may, upon approval of the Chief Compliance Officer or the Chief Regulatory Officer, notify each potential respondent that the Exchange Regulation Department has recommended formal disciplinary charges against the potential respondent.

(b) The Exchange Regulation 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 Exchange Regulation Department.

#### **RULE 605. Review of Investigative Reports**

(a) Review of Investigative Reports by the Chief Compliance Officer or the Chief Regulatory Officer.

(i) The Chief Compliance Officer or the Chief Regulatory Officer will review the Investigative Report provided pursuant to Rule 603(c) to determine whether a reasonable basis exists to believe that a violation within the Exchange's jurisdiction has occurred or is about to occur.

(ii) If after receiving an Investigative Report pursuant to Rule 605(a)(i) or any additional information pursuant to this Rule 605(a)(ii), the Chief Compliance Officer or the Chief

Regulatory Officer determines that additional investigation or evidence is needed to decide whether a reasonable basis exists to believe that a violation within the Exchange's jurisdiction has occurred or is about to occur, the Chief Compliance Officer or the Chief Regulatory Officer will direct the Exchange Regulation Department to conduct further investigation.

(iii) Upon receiving the Investigative Report pursuant to Rule 605(a)(i) and all additional information requested pursuant to Rule 605(a)(ii), the Chief Compliance Officer or the Chief Regulatory Officer will determine for each potential respondent whether to authorize:

(A) the informal disposition of the Investigation (by issuing a warning letter or otherwise; provided that no more than one warning letter may be issued to the same Person found to have committed the same rule violation within a rolling twelve month period) because disciplinary proceedings are unwarranted; or

(B) the closing of the Investigation without any action because no reasonable basis exists to believe that a violation within the Exchange's jurisdiction has occurred or is about to occur; or

(C) the commencement of disciplinary proceedings because a reasonable basis exists to believe that a violation within the Exchange's jurisdiction has occurred or is about to occur.

(b) Review of Investigative Reports by the Review Panel of the Disciplinary Panel.

(i) After receiving a completed Investigative Report pursuant to Rule 605(a), a Review Panel must promptly review the report and, within 30 days of such receipt, must take one of the following actions:

(A) If the Review Panel determines that additional investigation or evidence is needed, it must promptly direct the Exchange Regulation Department to conduct further investigation.

(B) If the Review Panel determines that no reasonable basis exists for finding a violation or that prosecution is otherwise unwarranted, it may direct that no further action be taken. Such determination must be in writing, and must include a written statement setting forth the facts and analysis supporting the decision.

(C) If the Review Panel determines that a reasonable basis exists for finding a violation and adjudication is warranted, it must direct that the Person alleged to have committed the violation be served with a Notice of Charges and proceed in accordance with the rules of this Chapter 6.

(ii) A failure of the Disciplinary Panel to act within the time prescribed in Rule 605(b)(i) shall not prevent the Chief Compliance Officer or the Chief Regulatory Officer from acting pursuant to Rule 605(a). The Chief Compliance Officer or the Chief Regulatory Officer shall inform the Regulatory Oversight Committee of any such failure of the Disciplinary Panel to act.

(iii) Any conflict between the actions of the Chief Compliance Officer or the Chief Regulatory Officer pursuant to Rule 605(a) and the Disciplinary Panel pursuant to Rule 605(b) shall be resolved by the Regulatory Oversight Committee.

(c) Each Investigation shall be completed in a timely manner. Absent mitigating circumstances (it being understood that the complexity of the Investigation, the number of firms or individuals involved as potential wrongdoers, the number of potential violations to be investigated, and the volume of documents



and data to be examined may constitute such mitigating circumstances), an Investigation shall be complete within 12 months of such Investigation being initiated pursuant to Rule 602(a).

**RULE 606. Notice of Charges**

(a) If the Chief Compliance Officer, the Chief Regulatory Officer or Review Panel authorizes disciplinary proceedings pursuant to Rule 605(a)(iii)(C) or Rule 603(b)(iv), the Exchange Regulation Department will prepare, and serve in accordance with Rule 608, a Notice of Charges (“Notice of Charges”).

(b) A Notice of Charges will:

(i) state the acts, conduct or practices that the respondent is alleged to have engaged in;

(ii) state the 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) advise the respondent of the right to be represented by legal counsel pursuant to Rule 601(d) in all succeeding stages of the disciplinary process;

(vi) state the period of time within which the respondent may file an answer to the Notice of Charges, which will not be less than 20 days after service of the Notice of Charges;

(vii) advise the respondent that any failure to answer the Notice of Charges pursuant to Rule 607 within the period stated pursuant to Rule 606(b)(vi) except for good cause, will be deemed to constitute a waiver of the right to participate in a hearing; and

(viii) advise the respondent that any allegation in the Notice of Charges that is not expressly denied will be deemed to be admitted.

**RULE 607. Answer to Notice of Charges**

(a) If the respondent determines to answer a Notice of Charges, the respondent must file answers within the period indicated in the Notice of Charges pursuant to Rule 606(b)(vi), which period may be extended by written consent of the Chief Compliance Officer or the Chief Regulatory Officer.

(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 Chief Compliance Officer or the Chief Regulatory Officer, who shall forward a copy of the answer to the relevant 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 specifically answer any allegation shall be deemed to be an admission of such allegation. Any allegation in a Notice of Charges that the respondent fails to expressly deny shall be deemed to be admitted. A general denial by the respondent will constitute an admission of all allegations in a Notice of Charges.

(d) If the respondent timely files an answer to a Notice of Charges, the respondent shall be entitled to attend and participate in a hearing pursuant to Rule 613.

#### **RULE 608. Service of Notice of Charges**

Documents (including a Notice of Charges) contemplated by this Chapter 6 may be served on any respondent (a) in person to the respondent or an Authorized Representative of the respondent, (b) by delivery to the place of business of the respondent or an Authorized Representative of the respondent, by 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 the Exchange, (c) via electronic mail to the electronic mail address of the respondent or an Authorized Representative of the respondent as it appears on the books and records of the Exchange.

#### **RULE 609. Settlements**

(a) A respondent at any time after an Investigative Report is completed pursuant to Rule 603 may propose in writing an offer of settlement related to anticipated or instituted disciplinary proceedings.

(b) 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 the Exchange over it and over the subject matter of the proceedings and consent to the entry of the findings and sanctions imposed.

(c) Any offer of settlement should contain proposed findings and sanctions and be signed by the respondent or potential respondent and submitted to the Exchange Regulation Department. The Exchange Regulation Department shall provide a copy of any offer of settlement and its recommendation on whether to accept or reject such offer to the Chief Compliance Officer, the Chief Regulatory Officer and/or the Review Panel considering the matter at issue, or if no Review Panel is considering the matter, then the Hearing Panel convened to consider such matter.

(d) Any preliminary determination by the Chief Compliance Officer or the Chief Regulatory Officer to accept the offer shall be submitted for review by the relevant Disciplinary Panel. If the relevant Disciplinary Panel agrees, then the Chief Compliance Officer or the Chief Regulatory Officer shall conditionally accept an offer of settlement, 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.

(e) If an offer of settlement is accepted by the relevant Disciplinary Panel, the panel accepting the offer 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 take into account the respondent's disciplinary history and include full customer restitution where harm to a customer and the customer's identity can be reasonably determined. If an offer of settlement is accepted without the agreement of the Exchange Regulation Department, Chief Compliance Officer or the Chief Regulatory Officer, the decision must adequately support the Disciplinary Panel's acceptance of the settlement. If applicable, the decision must also include a statement that the respondent has accepted the sanctions imposed without either admitting or denying the rule violations.

(f) If an offer of settlement is accepted and 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 and appeal under the Rules.

(g) If the offer of settlement of a respondent or potential respondent is not accepted by agreement between the Chief Compliance Officer or the Chief Regulatory Officer and the relevant Disciplinary 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 Exchange Regulation Department may use an unaccepted offer of settlement as an admission or in any other manner at a hearing of, or appeal from, disciplinary proceedings.

#### **RULE 610. Disciplinary Panels**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

#### **RULE 611. Convening Hearings of Disciplinary Proceedings**

(a) A hearing will be conducted privately and confidentially. Notwithstanding the confidentiality of hearings, the Hearing Panel may appoint an expert to attend any hearing and assist in deliberations if such expert agrees to be subject to an appropriate confidentiality agreement.

(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 Exchange Regulation Department.

(c) The chair of the Hearing Panel may continue, adjourn or otherwise conduct the hearing, as he or she may deem appropriate. The chair 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 chair of the Hearing Panel will not be bound by any evidentiary or procedural rules or law. Once admitted during the hearing, the Hearing Panel may consider, and attach the weight it believes appropriate to, evidence or other materials. The general counsel of the Exchange, or its designee, will provide guidance to the chair of the Hearing Panel on the conduct of the hearing.

(d) Except for procedural and evidentiary matters decided by the chair of the Hearing Panel pursuant to Rule 611(c) and Rule 612, unless each respondent otherwise consents, the entire Hearing Panel must be present during the entire hearing and any related deliberations.

**RULE 612. 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 the Exchange that the Exchange Regulation Department will use to support the allegations and proposed sanctions in the Notice of Charges or which the chair of the Hearing Panel deems relevant to the disciplinary proceedings. Notwithstanding the first sentence in this Rule 612(a), no respondent will have the right to review, and the Exchange will have no obligation to disclose, any documents that are privileged or constitute attorney work product, documents that were prepared by an employee of the Exchange but will not be offered in evidence at the hearing, documents that may disclose a technique or guideline used in examinations, investigations or enforcement proceedings, or documents that disclose the identity of a confidential source.

(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 Exchange Regulation Department, the Exchange Regulation 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 Exchange Regulation 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 Exchange Regulation Department intends to rely on to support the allegations or proposed sanctions in the Notice of Charges.

(d) For purposes of this Rule 612, information that could adversely affect competitive positions include positions in Contracts currently held, trading strategies employed in establishing or liquidating positions, the identity of any Person, and the personal finances of any Person.

**RULE 613. Conducting Hearings of Disciplinary Proceedings**

(a) At a hearing conducted in connection with any disciplinary proceedings, the Exchange Regulation 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 607, 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 Exchange Regulation Department and each respondent may:

(i) present evidence and facts unless determined irrelevant or inadmissible by the chair of the Hearing Panel;

(ii) call and examine witnesses; and

(iii) cross-examine witnesses called by other parties.

(c) If the respondent has failed to file an answer, has filed a general denial, or otherwise has failed to expressly deny any allegation in the Notice of Charges, the chair 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 607.

(d) Any Person entitled, or required or called upon, to attend a hearing before a Hearing Panel pursuant to Rule 613(b)(ii) will be given reasonable notice, confirmed in writing, specifying the date, time and place of the hearing, and the caption of the disciplinary proceedings. Any Person that is called as a witness is required to appear at the hearing him- or herself if such Person is an individual or by a duly authorized officer or another appropriate representative if such Person is a juridical entity, and where applicable, produce evidence. The Exchange will make reasonable efforts to secure the presence of any Person called as witnesses whose testimony would be relevant.

(e) 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 Rule of the Exchange 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 607. In connection with considering apparent violations pursuant to this Rule 613(e), the Hearing Panel may request that the Exchange Regulation Department provide the Hearing Panel with any additional information related to the violations at issue.

(f) The Hearing Panel may summarily impose sanctions on any Person that impedes or delays the progress of a hearing (including by failing to comply with the obligations of such Person under Rule 613(d)).

(g) The Exchange will 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 a transcript of the hearing is requested by the CFTC staff or the respondent, the decision of the Hearing Panel is appealed pursuant to Rule 616, or is reviewed by the CFTC pursuant to § 8c of the CEA or part 9 of Chapter 38 of the CFTC Regulations, the Exchange shall produce a transcript of the hearing; provided, however, that the costs of transcribing the hearing shall be borne by the respondent if the respondent requests the transcript, appeals the decision of the Hearing Panel pursuant to Rule 616, or submits an application for the decision of the Hearing Panel to be reviewed by the CFTC and such application is granted.

(h) No interlocutory appeals of any rulings made by a Hearing Panel or a chair of a Hearing Panel are permitted.

#### **RULE 614. Decision of Hearing Panel**

(a) As promptly as reasonable following a hearing, the Hearing Panel will issue a written 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) The Exchange will serve each of the respondents and the Exchange Regulation Department with a copy of the order of the Hearing Panel. 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 or, where appropriate, incorporation by reference of the Investigative Report;

(iv) a statement of findings and conclusions concerning each charge, including a complete explanation of the evidentiary and other basis for such findings and conclusions with respect to each charge;

(v) a reference to each specific Rule or provision of Applicable Law that the respondent is found to have violated;

(vi) a declaration of all sanctions imposed against the respondent, if any, including the basis for such sanctions and the effective date of each sanction; and

(vii) notice of the respondent's right to appeal pursuant to Rule 616.

(c) Unless a timely notice of appeal is filed pursuant to Rule 616, the order of the disciplinary proceedings will become final upon the expiration of 20 days after the order is served on the respondent and provided to the Exchange Regulation Department.

#### **RULE 615. Sanctions**

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

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

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

(ii) censure;

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

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

(v) restitution;

(vi) disgorgement; or

(vii) any other sanction or remedy deemed to be appropriate.

(b) If a fine or other amount is not paid within 30 days of the date that it becomes payable, then interest will accrue on the sum from the date that it became payable at the quoted prime rate plus three percent. The Exchange has sole discretion to select the bank on whose quotations to base the prime rate. Each Participant will be responsible for paying any fine or other amount imposed on, but not paid by, any of its Authorized Traders, Direct Access Customers or Sponsored Access Customers.

**RULE 616. Appeal from Hearing Panel Decision, Summary Impositions of Fines and Other Summary Actions**

(a) A Person found by the Hearing Panel to have violated any of the Rules or a provision of Applicable Law or who is subject to any summary fine imposed pursuant to Rule 617 or any summary action imposed pursuant to Rule 618 may appeal the decision within 20 days of receiving the order of the disciplinary proceedings or the notice of summary action, as the case may be, by filing a notice of appeal with the Chief Compliance Officer or the Chief Regulatory Officer. While an appeal is pending, the effect of the order of disciplinary proceedings or the summary action (including any sanctions, remedies or costs imposed thereby) shall be suspended, except as provided in Rule 613(f) with respect to any denial or limit on Trading Privileges or ability to otherwise access the Platform.

(b) The notice of appeal must state in writing the grounds for appeal, identifying each finding of fact, conclusion and sanctions to which the appellant objects. An appellant may appeal the order of disciplinary proceedings or any summary decision on the grounds that:

(i) the order or decision was arbitrary, capricious, an abuse of discretion, or not in accordance with the Rules;

(ii) the order or decision exceeded the authority or jurisdiction of the Hearing Panel, the Chief Compliance Officer, or the Chief Regulatory Officer or the Exchange;

(iii) the order or decision failed to observe required procedures;

(iv) the order or decision was unsupported by the facts or evidence; or

(v) the imposed sanctions, remedies or costs are inappropriate or unsupported by the record.

(c) The Chief Compliance Officer or the Chief Regulatory 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 or the Chief Regulatory Officer and serve on the Exchange Regulation Department 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 supporting brief, the appellee must file and serve its brief in opposition with the Exchange Regulation Department. On or before the 10th day after the date on which the appellee serves its brief in opposition, the appellant must file and serve a brief in reply with the Exchange Regulation Department.

(d) In connection with any appeal, the Exchange Regulation Department will furnish to the Chief Compliance Officer or the Chief Regulatory Officer and to the respondent a transcript of the hearing, any exhibits introduced at the hearing, the notice of appeal and briefs filed to support and oppose the appeal.

(e) Within 30 days after the last submission filed pursuant to Rule 616(c), the Board will appoint an Appeal Panel to consider and determine the appeal. The Board shall appoint individuals at the recommendation of the Chief Compliance Officer or the Chief Regulatory Officer to serve on the Appeal Panel for a term of one year, subject to reappointment by the Board, as potential participants on Appeal Panels. The Chief Compliance Officer or the Chief Regulatory Officer's recommendation shall include Public Participants. The term of an individual that has been selected as a member of an Appeal Panel will not expire until the related proceedings are completed. No individual appointed to an Appeal Panel shall be a member of the Exchange Regulation Department or have been a member of any Disciplinary Panel involved in the matters on appeal.

(f) The chair of the Appeal Panel shall be a Public Participant.



(g) Within 10 days of being notified of the appointment of the Appeal Panel, an appellant may seek to disqualify any individual named to the Appeal Panel for the reasons identified in Rule 215 or for any other reasonable grounds, by serving written notice on the Chief Compliance Officer or the Chief Regulatory Officer. By not timely filing a request for disqualification, the appellant will be deemed to have waived any objection to the composition of an Appeal Panel. The general counsel of the Exchange will decide the merits of any request for disqualification within his or her sole discretion.

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

(i) The Appeal Panel will only consider on appeal the record before the Hearing Panel or, in the case of a summary action, the record considered by the Chief Compliance Officer or the Chief Regulatory Officer, the notice of appeal, the briefs filed in support and opposition of the appeal, and any oral arguments of the parties. The Appeal Panel may only consider new evidence when the Appeal Panel determines that good cause exists as to why the evidence was not introduced during the disciplinary proceeding or when imposing the summary action.

(j) After completing its review, the Appeal Panel may affirm, modify or reverse any order of the disciplinary proceedings 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 the Rules, remanding the matter to the same or a different Hearing Panel for further disciplinary proceedings, or ordering a new hearing.

(k) As promptly as reasonably possible following its review, the Appeal Panel will issue a written decision based on the weight of the evidence before the Appeal Panel. The decision of the Appeal Panel will include a determination for each finding, conclusion and sanction reviewed on appeal; provided, however, that the Appeal Panel need not make any determination with respect to a finding, conclusion or sanction if making such finding or reaching such conclusion would have no effect on the sanctions, remedies or costs imposed on the parties to the appeal.

(l) The Appeal Panel's written order will be the final action of the Exchange and will not be subject to appeal within the Exchange.

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

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

(i) to make timely payments of original or variation margin, fees, cost, charges or fines to the Exchange or any Clearing House;

(ii) to make timely and accurate submissions to the Exchange of notices, reports or other information required by the Rules; and

(iii) to keep any books and records required by the Rules.

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

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

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

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

#### **RULE 618. Emergency Suspensions and Other Disciplinary Actions**

(a) Notwithstanding anything in the Rules to the contrary, the Chief Compliance Officer or the Chief Regulatory Officer, after consultation with the Regulatory Oversight Committee, if practicable, may summarily suspend, revoke, limit, condition, restrict or qualify any Person's access to, or use of, the Platform, and may take other summary action against any Person in accordance with the Rules (any such action, an "Emergency Disciplinary Action"); provided, however, that the Chief Regulatory Officer must reasonably believe that such Emergency Disciplinary Action is necessary to protect the best interest of the marketplace served by the Exchange.

(b) Whenever practicable, the Exchange shall provide prior written notice to the Person and any Subject Person on whose behalf such Person may be acting for, against whom any Emergency Disciplinary Action will be taken. If prior notice is not practicable, the Exchange will give notice at the earliest possible opportunity to the respondent against whom the Emergency Disciplinary Action is brought. The notice shall state the Emergency Disciplinary Action taken or to be taken, as applicable, briefly state the reasons for the Emergency Disciplinary Action, and state the effective time and date, and duration of the Emergency Disciplinary Action.

(c) As soon as is reasonably practicable following provision of a written notice pursuant to Rule 618(b), there shall be a hearing pursuant to Rule 611, Rule 612, Rule 613, and Rule 614; provided, however, that the notice served pursuant to Rule 618(b) shall be used instead of a Notice of Charges; provided, further, that the decision of the Hearing Panel shall specify a description of the Emergency Disciplinary Action, the reasons for the Emergency Disciplinary Action, a summary of the evidence produced at the hearing, a statement of findings and conclusions, a determination that the Emergency Disciplinary Action should be affirmed, modified or reversed, and a declaration of any action to be taken pursuant to such determination as well as the effective time, date and duration of such action (rather than the information required by Rule 614(b)).

(d) The decision of the Hearing Panel convened to dispose of an Emergency Disciplinary Action shall be appealable pursuant to Rule 616. A respondent may offer to settle the Emergency Disciplinary Action pursuant to Rule 609 without regard to whether an Investigation has been completed.

(e) At the request of the Exchange, a respondent against whom an Emergency Disciplinary Action is brought must provide books and records over which the respondent has access or control and must furnish information to, or appear or testify before, the Exchange in connection with the enforcement of any of the Rules or provision of Applicable Law.

**RULE 619. Rights and Responsibilities after Suspension or Termination**

(a) When a Person's access to, or use of, the Platform is suspended for a period of 12 months or less, none of its rights (including the right to hold oneself out to the public as a Participant, Direct Access Customer, Sponsored Access Customer, or Clearing Firm, to enter Orders into the Platform and to receive rates for fees, costs, and charges and deposit margin that are conditional on its status as a Participant, Direct Access Customer, Sponsored Access Customer, if applicable) will apply during the period of the suspension, except for the right of such Person to assert claims against others as provided in the Rules. Any suspension does not affect the rights of creditors of any Person under the Rules or relieve any Person of its obligations (including obligations to perform under any Contract to which such Person is a party, or obligations to pay any Exchange fees, costs, or charges incurred during the suspension). The Exchange may discipline a suspended Person under this Chapter 6 for any violation by such Person of the Rules or any provision of Applicable Law committed by such Person before, during or after the suspension.

(b) When a Subject Person's status as a Subject Person or any Authorized Trader or Administrative User, thereof, has been terminated, or when the Trading Privileges or the ability to otherwise access the Platform of a Subject Person or an Authorized Trader or an Administrative User have been terminated, (i) all of such Subject Person's or its Authorized Trader's or Administrative User's related rights will terminate, except for the right of such Subject Person or Authorized Trader or Administrative User to assert claims against others, as provided in the Rules, and (ii) the status, Trading Privileges or ability to otherwise access the Exchange of such Subject Person or any Authorized Trader or Administrative User may only be reinstated by such Subject Person applying for such status, Trading Privileges or ability to otherwise access the Exchange pursuant to the Rules. Any such termination will not affect the rights of creditors of such Subject Person under the Rules.

(c) The Exchange will not consider the application of a terminated Subject Person if such Subject Person continues to fail to appear at disciplinary proceedings without good cause or continues to impede the progress of disciplinary proceedings.

(d) In the event of the suspension or revocation of a Subject Person's Trading Privileges or the ability to otherwise access the Platform, the Exchange may postpone the effective date of such suspension or revocation if it is in the best interest of Customers or Clients serviced by the Subject Person.

**RULE 620. Notice to the Respondent and the Public**

The Exchange will provide written notice of disciplinary proceedings to each of the parties consistent with applicable CFTC Regulations. Whenever the Exchange suspends, expels, fines or otherwise disciplines, or denies any Person access to the Exchange, the Exchange will make the public disclosures required by CFTC Regulations.

**CHAPTER 7**  
**ARBITRATION RULES and GOVERNING LAW**

**RULE 701. Arbitration Forum and Applicable Rules**

The Exchange offers an alternative dispute resolution forum through NFA for all Persons involved in disputes arising from any activity on or through the Platform. If Persons wish to pursue a claim through this dispute resolution forum, NFA will conduct any and all arbitrations described in Rule 702 pursuant to NFA's Member Arbitration Rules as if each party to the arbitration is an "NFA Member," References in the NFA Member Arbitration Rules to an "Associate" of a "NFA Member" shall mean and include any Authorized Trader if such person is filing or is named in the claim. However, for disputes involving transactions or activity on the DCM Trading System, a Person that is not an ECP will not be required to participate in an arbitration in which it is named. The decision of NFA pursuant to NFA's Member Arbitration Rules shall be final and binding on all parties thereto, and there shall be no appeal to a Hearing Panel of the Exchange.

**RULE 702. Disputes Subject to Arbitration**

(a) Except as otherwise provided in the Rules and to the fullest extent permitted under Applicable Law, any Person may submit to NFA Arbitration a claim for any dispute between and among one or more Persons arising out of or in connection with any transaction on or through the Platform. NFA must receive any such claim within two (2) years from the time that the Person filing the claim knew, or should have known, of the act or transaction that is the subject of the dispute. This Rule 702 shall in no way be construed to create a cause of action and shall not authorize an action that is otherwise prohibited by these Rules or Applicable Law.

(b) Notwithstanding the foregoing, this rule 702 does not apply to disputes between or among such Persons if:

(i) such Persons are required by the rules of another SRO to submit to the dispute resolution procedures of that SRO; or

(ii) such Persons have, by valid and binding agreement, committed to negotiate or litigate in a forum other than the forum set out in Rule 701.

**RULE 703. Penalties**

The Exchange may summarily suspend, pursuant to Chapter 6, any Person (and any Subject Person on whose behalf such Person may be acting for) that fails to satisfy an arbitration award rendered in any arbitration pursuant to this Chapter 7.

## **CHAPTER 8 CLEARING**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(B) Ping Tools. Upon the submission of an Order, RFQ request or RFQ response, the Exchange contacts or "pings" the Clearing Firm (in the case of the trueEX ping tool) or Traiana (in the case of the Traiana ping tool), to confirm sufficient credit is

available. If there is sufficient credit, the submission is accepted; however a Clearing Firm may revoke its approval at any time prior to execution of the Transaction. If there is insufficient credit or the credit check request expires before approved, that submission is canceled. The party submitting the canceled Order, RFQ request or RFQ response may resubmit such submission to the same or different Clearing Firm.

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

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

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

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

**RULE 802. Clearing House Rules**

(a) The clearing services provided by a Clearing House with respect to any Contract, and the rights and obligations of purchasers and sellers under cleared Contracts (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 in which such Clearing Firm has a clearing membership.

**RULE 803. Other Clearing Organizations**

Each Clearing Firm must be a member of at least one Clearing House at all times. The Exchange may designate an additional clearing organization as a Clearing House from time to time. Whenever the

Exchange designates a new Clearing House, a Clearing Firm may become a member of such Clearing House and clear Contracts through the Clearing House.

**RULE 804. Settlement Prices; Publication of Trade Information**

Each Clearing House will determine the Settlement Price for Contracts. For each Contract, the Exchange shall provide the appropriate Clearing House with the information necessary to enable the Clearing House to determine such Settlement Prices. The Settlement Price of each Contract shall be determined by the relevant Clearing House in accordance with its Clearing House Rules; provided that, if more than one Clearing House is designated for the same Contract, the Exchange shall publish the Settlement Price for that Contract as determined by each Clearing House.

The Exchange shall daily publish information regarding volume, price ranges (based on non-cancelled bids, non-cancelled offers, and trades) subject to such prices accurately reflecting market conditions within the discretion of the Exchange, and opening and closing prices. The Exchange shall also publish, on a daily basis, the total quantity of Block Trades that are included in the total volume of trading. Information on Settlement Prices and open interest, if applicable, shall be provided by the relevant Clearing House.

**RULE 805. [RESERVED]**

**RULE 806. Transfers of Trades**

(a) Subject to the limitations of Rule 807, or as otherwise permitted by the rules of the relevant Derivatives Clearing Organization, existing trades may be transferred either on the books of a Clearing Firm or from one Clearing Firm to another Clearing Firm provided:

- (i) the transfer merely constitutes a change from one account to another account, provided the underlying beneficial ownership in said accounts remains the same;
- (ii) an error has been made in the clearing of a trade and the error is discovered and the transfer is completed within two Business Days after the trade date; or
- (iii) the transfer constitutes a transfer of positions from a Customer to the Clearing Firm's house account in the event of a Customer default.

(b) Subject to the limitations of Rule 807, Exchange Officials may, upon request by the Clearing Firm(s), approve a transfer of existing trades either on the books of the same Clearing Firm, or from the books of one Clearing Firm to the books of another Clearing Firm if the transfer is in connection with, or as a result of, a merger, asset purchase, consolidation or similar non-recurring transaction between two or more entities where one or more entities become the successor in interest to one or more other entities.

(c) Provided that the transfer is permitted pursuant to Rule 806(a) or (b) above, the transactions must be recorded and carried on the books of the receiving Clearing Firm at the original trade dates. Trades may be transferred using either the original trade price or the most recent settlement price.

(d) All transfers shall be reported to each relevant Clearing House in a form acceptable to the Exchange for the type of transactions involved. The proper indicator must be included in the transfer such that the transactions, including the transaction(s) to reverse an error, clear as transfers. The Clearing Firms involved shall maintain a full and complete record of all transactions together with all pertinent memoranda.



**RULE 807. Concurrent Long and Short Transactions**

Set forth below are the procedures that must be followed for concurrent long and short positions and hold-open accounts.

(a) Concurrent long and short positions in the same commodity and month may be held by a Clearing Firm at the direction of a Customer or Client or on behalf of an omnibus account, however, it shall be the duty of the Clearing Firm to ascertain whether such positions are intended for offset or to be held open prior to final transmission of position data to the relevant Clearing House.

(b) Clearing Firms, which pursuant to this Rule carry concurrent long and short positions, must report to the Exchange both sides as open positions.

(c) The Exchange takes no position regarding the internal bookkeeping procedures of its Clearing Firms, which for the convenience of a Participant or Customer or Client may “hold open” a position only on their books. However, the Clearing Firm must accurately report to the Exchange and the relevant Clearing House, as appropriate, large trader positions, long positions eligible for delivery and open interest.

**RULE 808. [RESERVED]**

**RULE 809. Clearing Acceptance**

(a) Any Person initiating or executing a Transaction on or subject to the Rules of the Exchange directly or through an intermediary, as the case may be, must have clearing arrangements in place with a Clearing Firm that apply to such Transactions.

(b) Until such time as Clearing Firm or Exchange suspends or terminates the ability of a Person to enter into Transactions on the Platform as described in paragraph (c) below, each Clearing Firm that has been designated by such Person, as applicable, on the Platform as the Clearing Firm through which a Transaction is intended to be cleared shall accept for clearing all Transactions that satisfy the risk limits set by the Clearing Firm pursuant to the clearing arrangements between Clearing Firm and such Person, as of the time such Transaction is executed.

(c) A Clearing Firm or the Exchange may at any time amend, adjust or suspend risk limits of any Person set on the Platform by utilizing the risk controls in the Platform interface to amend, adjust or suspend the applicable risk limits within the Platform. Such amendment, adjustment or suspension will be effective upon receipt by the Exchange’s server of the electronic message generated by such change and the Exchange will send an electronic message to Clearing Firm, confirming that such amendment, adjustment or suspension is effective, as soon as technologically practicable.

**CHAPTER 9  
MISCELLANEOUS**

**RULE 901. Contract Specifications**

The Exchange will permit trading in Contracts that will be listed by the Exchange and submitted to the CFTC for self-certification from time to time.

**RULE 902. Post-Trade Processing**

Subject Persons shall permit the Exchange to share with certain third-party post-transactional processing providers, including SDRs, Clearing House routing services, or post-trade allocation systems used by the Exchange, all market data and information that is necessary to support the post-trade processing and confirmation of Transactions.

**RULE 903. Gifts and Gratuities**

Except as permitted in writing by the Chief Compliance Officer or the Chief Regulatory Officer, no Person shall, directly or indirectly, give or permit to be given anything of value, including gifts and gratuities, in excess of one hundred dollars (\$100) per individual per year to a Person publicly known, or known by such Person, to be an Exchange Official.

**RULE 904. Market Data**

(a) All Participants and all employees, agents, vendors, and other Persons affiliated with the foregoing acknowledge and agree that subject to each Participant's rights in Participant's own data, the Exchange has a proprietary interest in and to all data and other information contained in, displayed on, generated by or derived from the Platform ("Market Data") including:

(i) the price and quantity data from each and every Transaction, including the time at which the Transaction was executed by, or submitted to, the Platform and the Firm ID and User 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 the Platform, including the time at which such bid or offer was submitted to the Platform;

(iii) the yield curves prepared by the Exchange;

(iv) any data and information derived from (i), (ii) and (iii) and the format and presentation thereof; and

(v) the transmission and dissemination of the data and information to Participants, any publisher of the data or information with whom the Exchange has a written agreement, and any other Persons.

(b) Notwithstanding anything in this Rule 904, Participant shall maintain a proprietary interest in any bid, offer or other information that has been entered on the Platform or otherwise provided to the Exchange by Participant or any of its Authorized Traders in connection with any bid, offer or Transaction.

(c) The Exchange may at any time restrict or establish utilization fees in respect of Market Data, with respect to all or any Participants, in order to safeguard the security or operations of the Platform, or to preserve market integrity, fair and orderly trading, or if otherwise in the public interest.

(d) Participants may not distribute, sell or retransmit information displayed on the Platform to any third party.

(e) The Exchange shall not use for business or marketing purposes any proprietary data or personal information it collects or receives, from or on behalf of any person, for the purpose of fulfilling its regulatory obligations, unless consented to, in writing, by such person. Market Data is not information collected for the purpose of fulfilling the Exchange's regulatory obligations.

(f) Notwithstanding Rule 904(b), Rule 904(c) or Rule 904(d), and pursuant to Part 43 and Part 45 of the CFTC Regulations, the Exchange will report certain of the Market Data to the SDR, which shall publicly report such data in a manner that does not disclose the business transactions or market positions of any Participant. Data that is publicly disseminated by the SDR shall be available from an internet website in a format that is freely available and readily accessible to the public.

(g) The CFTC will have access to the Market Data pursuant to Part 43 and Part 45 of the CFTC Regulations.

**RULE 905. Extension or Waiver of Rules**

The Exchange may, in its sole discretion, waive, or extend the time period for performing, any act or acts designated by the Rules, but only to the extent such waiver or extension is not inconsistent with the CEA or the CFTC Regulations.

**RULE 906. Governing Law**

Unless preempted by the CEA, this Rulebook shall be governed by, and construed in accordance with, the laws of the State of New York, without regard to its conflict of laws principles.

## **CHAPTER 10**

### **INTEREST RATE SWAP CONTRACTS**

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

(a) **Contract Description.** Fixed for Floating Interest Rate Swap. This is an Interest Rate Swap for which settlement is in the form of periodic fixed interest payments and a stream of periodic floating interest payments based on floating rate index over a term to maturity. The interest rate payments are exchanged for a specified period based on a notional amount. This Rule 1001 contains general information about the Contract terms and conditions. Contracts eligible for trading on the DCM Trading System and SEF Trading System, as well as the attributes related to each Currency can be found on Schedule 1001 on the Web Site ([www.trueex.com](http://www.trueex.com)).

(b) **Trading Hours.**

(i) **DCM Trading Hours.** The Trading Hours of the DCM Trading System that are applicable to the Contract described in this Rule 1001 will commence each Business Day at 7:30 a.m. New York time and end each Business Day at 5:00 p.m. New York time.

(ii) **SEF Trading Hours.** The Trading Hours of the SEF Trading System that are applicable to the Contract described in this Rule 1001 will be as follows:

- The RFQ Trading Hours will commence each Business Day at 7:30 a.m. New York time and end each Business Day at 5:00 p.m. New York time.
- The PTC Trading Hours will commence each Business Day at 7:30 a.m. New York time and end each Business Day at 6:00 p.m. New York time.

(c) **Currency.**

(i) **Super-Major Currencies**

- United States dollar (USD)
- European Union Euro Area euro (EUR)
- Japan yen (JPY)
- United Kingdom pound sterling (GBP)

(ii) **Major Currencies**

- Australia dollar (AUD)
- Canada dollar (CAD)
- Denmark krone (DKK)
- Kingdom of Norway krone (NOK),
- Kingdom of Sweden krona (SEK)
- New Zealand dollar (NZD)
- Republic of South Africa rand (ZAR)
- Switzerland franc (CHF)

(iii) **Non-Major Currencies**

- Czech Koruna (CZK)
- Hong Kong dollar (HKD)
- Hungarian Forint (HUF)

- Mexican Peso (MXN)
- Polish Zloty (PLN)
- Singapore dollar (SGD)

(d) Trading Conventions.

- (i) Buyer (Payer) pays fixed interest rate and receives floating interest rate.
- (ii) Seller (Receiver) receives fixed interest rate and pays floating interest rate.

(e) Swap Leg Conventions. The terms of Fixed vs. Floating Interest Rate Swaps are based on a number of combinations of the criteria below. Approved contracts available for trading on the Exchange can be found on the Web Site ([www.trueex.com](http://www.trueex.com)).

(i) Fixed Leg

(A) Payment Frequency. 28 Days, Monthly (1M), Quarterly (3 M), Semi-Annually (6 M), Annually (12 M), One Time (1T)

(B) Day Count Convention.

- 30/360
- 30E/360
- ACT/360
- ACT/365.Fixed
- ACT/365.ISDA
- ACT/ACT.ISMA
- ACT/ACT.ISDA
- 30E/360.ISDA
- ACT/ACT.ICMA

(C) Holiday Calendar. Dependent on Currency

- US – New York (USNY)
- Europe – Target (EUTA)
- Great Britain – London (GBLO)
- Japan – Tokyo (JPTO)
- Australia – Sydney (AUSY)
- Canada – Toronto (CATO)
- Denmark – Copenhagen (DKCO)
- New Zealand – Wellington (NZWE)
- New Zealand – Auckland (NZAU)
- Norway – Oslo (NOOS)
- South Africa – Johannesburg (ZAJO)
- Sweden – Stockholm (SEST)
- Switzerland – Zurich (CHZU)
- Czech Republic – Prague (CZPR)
- Hong Kong –(HKHK)
- Hungary – Budapest (HUBU Singapore – (SGSI)
- Mexico – Mexico City (MXMC)
- Poland – Warsaw (PLWA)
- Singapore – Singapore (SGSI)

(D) Business Day Convention. Modified Following with adjustment to period end dates. Business days in this convention must be valid business days in respect to Holiday Calendar associated with Currency for effective and payment dates. If not, it will be the next day that is a business day. If the adjusted end dates fall at the end of the month, the day rolls to the preceding day.

(E) Fixed Rate. The traded interest rate yield or basis points on Trade Date.

(ii) Floating Leg

(A) Reset Frequency. 28 Days, Monthly (1M), Quarterly (3 M), Semi-Annually (6 M), or Annually (12 M).

(B) Day Count Convention.

- 30/360
- 30E/360
- ACT/360
- ACT/365.Fixed
- ACT/ACT.ISDA
- 30E/360.ISDA

(C) Holiday Calendar. Dependent on Currency

- US – New York (USNY)
- Europe – Target (EUTA)
- Great Britain – London (GBLO)
- Japan – Tokyo (JPTO)
- Australia – Sydney (AUSY)
- Canada – Toronto (CATO)
- Denmark – Copenhagen (DKCO)
- New Zealand – Wellington (NZWE)
- New Zealand – Auckland (NZAU)
- Norway – Oslo (NOOS)
- South Africa – Johannesburg (ZAJO)
- Sweden – Stockholm (SEST)
- Switzerland – Zurich (CHZU)
- Czech Republic – Prague (CZPR)
- Hong Kong –(HKHK)
- Hungary – Budapest (HUBU)
- Mexico – Mexico City (MXMC)
- Poland – Warsaw (PLWA)
- Singapore – Singapore (SGSI), London (GBLO)

(D) Business Day Convention. Modified Following with adjustment to period end dates. Business days in this convention must be valid business days in respect to Holiday Calendar associated with Currency for effective and payment dates. If not, it will be the next day that is a business day. If the adjusted end dates fall at the end of the month, the day rolls to the preceding day.

(E) Payment Frequency. 28 Days, Monthly (1M), Quarterly (3 M), Semi-Annually (6 M), Annually (12 M), One Time (1T)

(F) Float Rate Index.

- USD-LIBOR-BBA
- EUR-EURIBOR-REUTERS
- EUR-EURIBOR-Telerate
- EUR-LIBOR
- JPY-LIBOR-BBA
- GBP-LIBOR-BBA
- AUD-BBR-BBSW
- CAD-BA-CDOR
- DKK-CIBOR-DKNA13
- DKK-CIBOR2-DKNA13
- NOK-NIBOR-NIBR
- SEK-STIBOR-SIDE
- NZD-BBR-FRA
- ZAR-JIBAR-SAFEX
- CHF-LIBOR-BBA
- CZK-PRIBOR-PRBO
- HKD-HIBOR-HKAB
- HUF-BUBOR-REUTERS
- MXN-TIIE-Banxico PLN-WIBOR-WIBO
- SGD-SOR-REUTERS, SGD-SOR-VWAP

(f) Effective Date. The first date from which fixed and floating interest amounts accrue. It is also referred to as the Start Date. The Effective Date of the Swap must be a business day subject to the appropriate Business Day Convention.

(g) Trade Start Type

(i) Spot Starting. A swap with an Effective Date that follows market convention per each Currency, ranging from T+0 to T+2. For example USD is 2 business days from the Trade Date (T+2).

(ii) Forward Starting. A swap whose Effective Date is anything after the Effective Date for a Spot Starting swap.

(h) “Maturity Date” means the final date until which Fixed and Floating amounts accrue. The Maturity Date may also be referred to as the “Termination Date” or “End Date”.

(i) “Tenor” means the duration of time from the Effective Date to the Maturity Date. The Exchange will support Tenors of any duration greater than 0 years up to 50 years.

(i) Listed Tenors, with respect to the DCM Trading System, also referred to as On-the-Run, means whole year Spot Starting Contracts with a Tenor of 2 through 10, 12, 15, 20, 25 and 30 years.

(ii) Other Tenors, also referred to as Off-the-Run, means any whole year Tenors other than the Listed Tenors and any partial year Tenor. Transactions in Other Tenors (with the exception of Block Trades), are executed through the System’s Off-the-Run trading functionality. All such trades will be subject to the requirements of Exchange Rule 524(c).

(A) Standard Off-the-Run means any whole year Other Tenor that is Spot Starting.

(B) Non-Standard (or Custom) Off-the-Run means any partial year Tenor that is Spot Starting and all Forward Starting Contracts (whole and partial year Tenors).

(j) Roll Day Convention. The date used for determining all fixed and floating Reset Dates. Roll Days define the beginning and end of Fixed and Floating interest accrual periods. For On-the-Run Contracts, the Roll Day is the same date of the month as the Effective Date. For Off-the-Run Contracts, it can be any date of the month, subject to the provisions of the Business Day Convention. Roll Day marks the start of a new interest accrual period, and is the date on which a Reset Rate takes effect. The Exchange supports the following roll types:

(i) Standard. Standard roll will be the same day of the month accordingly aligned to the roll frequency. For example, Effective date January, 10th, 2013 and Maturity Date January, 10th, 2015 with a 3M payment, roll frequency will settle on the 10th day every three months.

(ii) End of Month (EOM). For EOM convention, if the roll date falls at the end of the month the date moves back to the preceding business day based on the applicable Business Day Convention employed.

(iii) International Money Market (IMM). IMM roll dates are the 3rd Wednesday of March, June, September and December.

(k) Floating Reset Dates. Dates utilized to determine the Floating Rate amounts for each interest accrual period during the Tenor of the contract. Except in the case of a Stub Period, the Reset Date is 2 business days prior to the Roll Date for that interest accrual period.

(l) First Period Fixing Date. (Based on Holiday Calendar of the Currency)

(i) For Spot Starting swaps, the Interest Rate for the first interest period is fixed on the Trade Date, for both Floating and Fixed Rates.

(ii) For Forward Starting swaps, the Fixed Rate for the first interest period is fixed on the Trade Date, and the Floating Rate for the first interest period is fixed up to 2 business days prior to the Effective Date

(m) Stub Period Rate. For swaps with partial year Tenors, a first interest period that is shorter than the standard underlying Floating index interest periods may occur between the Effective Date and the first Roll Date (known as a Stub Period). In these cases, the Interest Rate for such Stub Period is determined using linear interpolation based on the two index rates that surround the Stub Period.

(i) Stub Index Frequency. 1 Week (1W), 2 Week (2W), 28 Days, 1 Month (1M), 2 Month (2M), 3 Month (3M), 6 Month (6M), 9 Month (9M), 12 Month (12M)

(n) Trade Types. The Platform may support the following trade types:

(i) Outrights. An Outright swap is where one party is the payer of the fixed rate and receiver of the floating rate and the other party is the receiver of the fixed rate and payer of the floating rate.

(ii) Switches. Switches are the simultaneous purchase and sale of two different Tenors of the yield curve (e.g. 2 year by 10 year).



- (iii) Butterflies. Butterflies are the simultaneous purchase(s) and sale(s) of three different Tenors of the yield curve (e.g. 2 year by 5 year by 10 year).
- (iv) Spreads. A Spread trade consists of a transaction where the payer and receiver of the fixed rate on the Interest Rate Swap simultaneously enter into a transaction for a treasury security of an equivalent Tenor. For the treasury transaction, the payer of the fixed rate on the swap buys and the receiver of the fixed rate on the swap sells either a single treasury security or two treasury securities using a simple weighted average to match the risk,
- (v) Invoice Spreads. An Invoice Spread trade consists of a transaction where two parties enter into a treasury futures contract and simultaneously enter into an interest rate swap transaction. The buyer of the futures contract is the payer of the fixed rate on the interest rate swap transaction and the seller of the futures contract is the receiver of the fixed rate on the interest rate swap transaction. The interest rate swap is of an equivalent Tenor to match the risk.
- (vi) Block Trades has the meaning as defined in Chapter 1 of this Rulebook.
- (o) Contract Size.
  - (i) On-the-Run. Minimum notional size of \$1 million USD or multiple thereof and increments of \$1 million USD depending on Tenor.
  - (ii) Off-the-Run. Minimum notional size of \$1 million USD and increments of \$1,000 USD.
  - (iii) Block Trades. Minimum notional size as indicated in Rule 1001(t) and increments of \$1,000 USD.
- (p) Quoting Convention
  - (i) Outrights. Outrights are quoted in interest rate yield.
    - (A) On-the-Run. The interest rate yield is quoted to 3 decimal places.
    - (B) Off-the-Run. The interest rate yield is quoted to 5 decimal places.
    - (C) Block Trades. The interest rate yield, regardless of Tenor, is quoted to 5 decimal places.
  - (ii) Switches, Butterflies. These trade types are quoted in basis points. The basis points are quoted to 1 decimal place.
  - (iii) Spreads, Invoice Spreads. These trade types are quoted in basis points. The basis points are quoted to 1 decimal place.
- (q) Minimum Price Fluctuation.
  - (i) Outrights. The interest rate yield is quoted in increments of .001 (1/10<sup>th</sup> of a basis point).
  - (ii) Switches, Butterflies. The basis points are quoted in increments of .1 (1/10<sup>th</sup> of a basis point).
  - (iii) Spreads, Invoice Spreads. The basis points are quoted in increments of .1 (1/10<sup>th</sup> of a basis point).

- (r) Last Trading Day.
  - (i) Spot Starting. Close of business on Trade Date.
  - (ii) Forward Starting. Close of business three business days prior to the Effective Date of the swap.

(s) Final Settlement Price. Multiple payments take place during the term of the swap. Settlement price used for the periodic exchange of fixed and floating payments is based on the following factors:

(i) Fixed Leg. Payment amount on the fixed leg is based on the trade price of the swap on Trade Date. Payment timing on the fixed leg is based on the Payment Frequency, Day Count Convention, Business Day Convention, and Roll Day.

(ii) Floating Leg. Payment on the floating leg is based on the Interest Rate Benchmark of the swap. Payments on the floating leg are based on the Payment Frequency, Day Count Convention, Business Day Convention, Roll Day Convention and Floating Reset Dates.

(t) Block Trades.

(i) Minimum Notional Sizes. The Exchange has established the following minimum Block Trade sizes in accordance with Appendix F to Part 43 of the CFTC Regulations:

Initial Maturity greater than	Initial Maturity less than or equal to	Minimum Block Size (\$ Notional)		
		Super Major Currencies	Major Currencies	Non-Major Currencies
0 days	46 days	\$6.4 billion	\$2.2 billion	\$230 million
46 days	3 months (107 days)	\$2.1 billion	\$580 million	\$230 million
3 months (107 days)	6 months (198 days)	\$1.2 billion	\$440 million	\$150 million
6 months (198 days)	1 year (381 days)	\$1.1 billion	\$220 million	\$110 million
1 year (381 days)	2 years (746 days)	\$460 million	\$130 million	\$54 million
2 years (746 days)	5 years (1,842 days)	\$240 million	\$88 million	\$27 million
5 years (1,842 days)	10 years (3,668 days)	\$170 million	\$49 million	\$15 million
10 years (3,668 days)	30 years (10,973 days)	\$120 million	\$37 million	\$16 million
30 years (10,973 days)		\$67 million	\$15 million	\$15 million

(ii) For non-US dollar denominated swaps, the minimum block sizes will be based on a currency exchange rate that is widely published within the preceding two business days from the date of execution of the swap transaction.

(iii) Terminations. When executing a Transaction that is terminating an existing Contract, the Maturity Date of the Contract shall be its remaining time to maturity and not the original Tenor of the Contract.

(iv) Reporting. All Block Trades must be reported to the Exchange as soon as technologically practicable after execution but in no event more than 10 minutes after the parties have agreed to the terms of such Block Trade.

(u) Clearing House. CME or LCH. Choice of Clearing House is determined at the time of order entry.

## **RULE 1002. Market Agreed Coupon (“MAC”) Interest Rate Swap Contracts**

(a) **Contract Description.** This Contract is a forward starting Fixed for Floating Interest Rate Swap that exchanges periodic fixed interest payments at a rate equal to the market agreed coupon recommended by the Securities Industry and Financial Markets Association Asset Management Group (SIFMA AMG) for the relevant Tenors and Currencies. This Rule 1002 contains general information about the Contract terms and conditions. Contracts eligible for trading on the DCM Trading System and SEF Trading System, as well as the attributes related to each Currency can be found on Schedule 1002 on the Web Site ([www.trueex.com](http://www.trueex.com)).

(b) **Trading Hours.**

(i) **DCM Trading Hours.** The Trading Hours of the DCM Trading System that are applicable to the Contract described in this Rule 1002 will commence each Business Day at 7:30 a.m. New York time and end each Business Day at 5:00 p.m. New York time.

(ii) **SEF Trading Hours.** The Trading Hours of the SEF Trading System that are applicable to the Contract described in this Rule 1002 will be as follows:

- The RFQ Trading Hours will commence each Business Day at 7:30 a.m. New York time and end each Business Day at 5:00 p.m. New York time.
- The PTC Trading Hours will commence each Business Day at 7:30 a.m. New York time and end each Business Day at 6:00 p.m. New York time

(c) **Currency.** US Dollar, British Pound, Euro, Japanese Yen

(d) **Listing/Trading Conventions.** The terms of a MAC Swap are based on the criteria below.

(i) **Series.** The Exchange will list four MAC Swap Series each year on a quarterly cycle, in connection with quarterly International Monetary Market (IMM) dates, in March, June, September and December. Each Series will be identified by the month and year of their applicable IMM start date.

### Prior to December 2014:

(A) **On-the-Run.** The two most current Series will be listed concurrently for trading at any one time.

(B) **Off-the-Run.** After the Last Trading Day of an On-the-Run MAC Swap Series, the Series will be listed as Off-the-Run for one year after its Last Trading Day as an On-the-Run Swap. Transactions in Other Tenors (with the exception of Block Trades), are executed through the System’s Off-the-Run trading functionality. All such trades will be subject to the requirements of Exchange Rule 524(c).

From December 2014: Two Series will be available at any point in time, with a third Series being added in the month of the most current IMM date, as follows:

(A) **Nearby and Second Series.** The two most immediate (Nearby and Second) Series will be available concurrently for trading at any one time. Provided these swaps meet other made available to trade criteria, transactions in the Nearby and Second Series will represent Required Transactions.

(B) Third Series. The Exchange will list a Third Series in the month of the most current IMM date (for example, in October and November, the December and March Series will be available as the Nearby and Second Series, respectively. In December, the June Series will be listed as the Third Series concurrently with the December and March Series).

(ii) Tenor. The duration of time from the Effective Date of the MAC Swap to the Maturity Date. The Exchange may list Tenors of 1, 2, 3, 4, 5, 7, 10, 15, 20 and 30 years for each Series.

(iii) Holiday Calendar. New York and London

(iv) Business Day Convention. Modified Following with adjustment to period end dates. Business days in this convention must be valid business days on both the New York and London calendar. If not, it will be the next day that is a business day on both the New York and London calendar.

(v) First Trading Day.

Prior to December 2014:

(A) On-the-Run. Six months and two business days prior to the IMM date for the Series. IMM dates are the third Wednesday in March, June, September and December. For example, the first trading day for the September Series will be two business days prior to the March IMM date.

(B) Off-the-Run. One business day after the Last Trading Day as an On-the-Run MAC Swap.

From December 2014:

(C) Nearby and Second Series are listed concurrently.

(D) Third Series. The First Trading Day of the Third Series is the first Business Day of the current IMM month. At its discretion, the Exchange reserves the right to make the Third Series available earlier or later than the First Business Day of the current IMM Month, provided SIFMA AMG's MAC Sub-Committee has published recommended MAC coupons for the Third Series.

(vi) Last Trading Day

Prior to December 2014:

(A) On-the-Run. Three business days prior to the IMM date for the Series.

(B) Off-the-Run. One year after the Last Trading Day as an On-the-Run MAC Swap.

From December 2014:

(C) Nearby Series. The Last Trading Day applies to Nearby Series Only. The Last Trading Day for which transactions in the Nearby Series will be deemed to be Required Transactions will be one Business Day prior to the current IMM date. On the current IMM date, the Nearby Series will become a previous Series (known as a grey Series), the Second

Series will become the new Nearby Series, and the Third Series will become the new Second Series.

(D) Transactions in each previous Series will be available on the DCM and SEF Trading Systems as Permitted Transactions.

(vii) MAC Fixed Rate. The market agreed coupon rate for each Series will be equal to the MAC coupons recommended by SIFMA AMG's MAC Sub-Committee and published periodically at [www.sifma.org](http://www.sifma.org).

(A) Methodology. The MAC coupon for each Tenor of a Series will be set close to par based on the three month or six month forward curve rounded up or down to the nearest 25 basis points.

(B) Adjustments. The Exchange reserves the right to adjust MAC Fixed Rates in the event forward rates move more than 50 basis points from the MAC Fixed Rate for any Tenor in a Series. The Exchange will list the adjusted Series (referred to as Version) on the first business day following the rate adjustment. The original Series and any subsequent Versions will be available until the Last Trading Day for the Series, at which time they will become previous (or grey) Series.

(viii) Trade Types. The Platform may support the following trade types:

(A) Outrights.

(B) Switches.

(1) Calendar Switches (including rolls). Calendar switches/rolls are simultaneous trades of two different Series of the same Tenor (for example, June 5 year vs. September 5 year).

(2) Tenor Switches. Tenor switches are simultaneous trades of two Tenors in the same Series (e.g. June 5 year vs. June 10 year).

(C) Block Trades has the meaning as defined in Chapter 1 of this Rulebook.

(ix) Contract size

(A) Minimum notional size of \$1 Million USD and increments of \$1 Million USD.

(B) Block Trades. Minimum notional size as indicated in Rule 1002(e) and increments of \$1 Million USD.

(x) Quoting convention.

(A) Outrights. A MAC Swap will be quoted based on price (not yield), where 100 points equals par, or can be quoted based on the Upfront Payment (which is a function of price).

(B) Switches.

(1) Calendar Switch prices will be quoted as the difference between the later start date and the earlier start date.

(2) Tenor Switches. Tenor Switch prices will be quoted as the difference between the longer Tenor and the shorter Tenor.

(C) Minimum Price Increments. For Outrights and Switches, Minimum Price Increments are:

(1) .001 when MAC Swap is quoted in Price.

(2) \$1 when MAC Swap is quoted as Upfront Payment.

(xi) Upfront Payment. An upfront payment will be exchanged between the payer and the receiver of an MAC Swap. The direction and amount of the payment is dependent on the price at which the MAC Swap was transacted on.

(A) Payment Direction.

(1) If Price > 100, the Fixed Rate Payer receives payment from the Fixed Rate Receiver.

(2) If Price < 100, the Fixed Rate Payer makes payment to the Fixed Rate Receiver.

(B) Payment Calculation. Upfront Payment is calculated using the following formula:

(1) If  $P > 100$  (implying that the current market fixed rate is less than the MAC Fixed Rate), the payment will be calculated as follows:

$$P = 100 + \frac{\text{Upfront Payment} * 100}{\text{Notional}} \quad \text{OR} \quad \text{Upfront Payment} = \frac{\text{Notional} * (P - 100)}{100}$$

(2) If  $P < 100$  (implying that the current market fixed rate is greater than the MAC Fixed Rate), the payment will be calculated as follows:

$$P = 100 - \frac{\text{Upfront Payment} * 100}{\text{Notional}} \quad \text{OR} \quad \text{Upfront Payment} = \frac{\text{Notional} * (100 - P)}{100}$$

(C) Final Settlement Date and Price. Settlement of the upfront payment will occur on T+1 and is calculated as described in (B) above.

(e) Block Trades.

(i) Minimum Notional Sizes. A Block Trade in a MAC Swap will be subject to the same minimum block size for Fixed for Floating Interest Rate Swaps as indicated in Rule 1001(t)(i).

(ii) Reporting. All Block Trades must be reported to the Exchange as soon as technologically practicable after execution but in no event more than 10 minutes after the parties have agreed to the terms of such Block Trade..

(f) Clearing House. CME or LCH. Choice of Clearing House is determined at the time of order entry. See Schedule 1002 for Clearing House availability on the Platform

(g) Terms of the Forward Starting Swap.

- (i) Buyer of the MAC Swap receives fixed interest rate and pays floating interest rate.
- (ii) Seller of the MAC Swap pays fixed interest rate and receives floating interest rate.
- (iii) Fixed Leg
  - (A) Payment Frequency. Semi-Annually, Annually
  - (B) Day Count Convention. 30/360, actual/365
  - (C) Holiday Calendar. New York and London
  - (D) Business Day Convention. Modified Following with adjustment to period end dates. Business days in this convention must be valid business days on both the New York and London calendar. If not, it will be the next day that is a business day on both the New York and London calendar.
  - (E) Fixed Rate. The MAC Fixed Rate as described in (d)(vii) above.
- (iv) Floating Leg
  - (A) Reset Frequency. Quarterly, Semi-Annually
  - (B) Day Count Convention. actual/360, actual/365
  - (C) Holiday Calendar. New York and London
  - (D) Business Day Convention. Modified Following with adjustment to period end dates. Business days in this convention must be valid business days on both the New York and London calendar. If not, it will be the next day that is a business day on both the New York and London calendar.
  - (E) Interest Rate Benchmark. LIBOR, Euribor, TIBOR
- (v) Effective Date (also referred to as Start Date). The Effective date is the IMM date of the Series (i.e. the effective date of a June 2013 MAC Swap is the June 2013 IMM date). This is the first date from which fixed and floating interest amounts accrue.
- (vi) Maturity Date. The final date until which Fixed and Floating amounts accrue. The Maturity Date may also be referred to as the Termination Date or End Date. For a MAC Swap, the Maturity Date will be the same calendar month and date as the Effective Date.
- (vii) Roll Day Convention. The date used for determining all fixed and floating Reset Dates for the life of the swap after its Effective Date. Roll Days define the beginning and end of Fixed and Floating interest accrual periods. Roll Day marks the start of a new interest accrual period, and is the day on which a Reset Rate takes effect. For a MAC Swap, Roll Day is the same date of the month as the Effective Date.
- (viii) Floating Reset Dates. Dates utilized to determine the Floating Rate amounts for each interest accrual period during the life of the swap after its Effective Date. The Reset Date is 2 London business days prior to the Roll Date that begins the applicable interest accrual period.
- (ix) First Period Fixing Date. The Fixed Rate is the MAC Fixed Rate as described in (d)(vii) above. The Floating Rate for the first interest period is fixed 2 business days prior to the Effective Date.