

Exhibit F– The Rules of ICE Clear Canada, Inc. and Enforcement Thereof

Exhibit F-1 (Supplement S-1 Clearing)

A description of ICE Clear Canada’s regulatory or compliance department, including its size, experience level, competencies, duties and responsibilities of staff.

ICE Clear Canada does not have a separate compliance department. Pursuant to the terms of a Management Agreement between ICE Clear Canada and ICE Futures Canada (Attachment A-1(1) to Exhibit A-1) which is negotiated and updated on an annual basis, ICE Futures Canada provides regulatory and compliance staff. Please see Exhibit G-1 (Rules of the Foreign Board of Trade and Enforcement thereof) to the FBOT Application submitted by ICE Futures Canada, Inc. for further details on staff of the Regulatory Division.

Exhibit F-2 (Supplement S-1 Clearing)

A description of ICE Clear Canada's rules and how they are enforced, with reference to any rules provided as part of Exhibit A-5 that require ICE Clear Canada to comply with one or more of the RCCPs [PFMIs].

ICE Clear Canada’s Rules and Operations Manual (Attachments A-6(2) and A-6(3) to Exhibit A-6) cover all aspects of its operations and include the obligations of Clearing Participants.

The Rules and Operations Manual provide for all aspects of clearinghouse operations, including definitions and application, corporation as clearing agency and designation under the Payment Clearing and Settlement Act of Canada (“PCSA”), ability to net, legal jurisdiction and forum, Clearing Participant requirements and admission procedures, responsibilities of Clearing Participants under Clearing Authorization and Guaranties and the issuance of System Managed Accounts (“SMAs”), status of Clearing Participants under either Non-Conforming status or suspensions, record keeping, notices and reports, capital requirements, financial reporting, Board actions relating to capital deficiencies, enforcement actions, disciplinary proceedings, Margin Deposits and acceptable forms of collateral, Guaranty Fund and acceptable forms of collateral, daily settlement, committees, options, futures, exercises, tenders and assignment, reporting deadlines and obligations, and fees and charges. See Attachment F-2(1) for a descriptive summary of ICE Clear Canada’s Rules.

The Rules are enforced primarily by the Clearing Participants themselves, who are the significant participants in the credit ring of ICE Clear Canada and who have vested business and operational interests in ensuring that each of them meet and adhere to all of the Rules and processes of ICE Clear Canada.

Review and enforcement of the Rules and Operations Manual requirements is conducted by the staff of the Regulatory Division of ICE Futures Canada, as described in Exhibit F-1.

Over the fourteen years that ICE Clear Canada has been in operation there have been very few situations of non-compliance with the Rules by Clearing Participants. There have been no disciplinary hearings and no sanctions levied against any Clearing Participant for the failure to

adhere to the Rules or Operations Manual¹.

Notwithstanding the history of Rule compliance by Clearing Participants of ICE Clear Canada, Rule amendments were approved by the Board to ensure compliance with the PFMI. Part A-5 of the Rules were significantly amended to provide for the ability to investigate, compel disclosure of information and documentation, and set out detailed hearing and appeal processes. (Further details are set out at Exhibit F-3.) As with the processes for ICE Futures Canada, the hearing and investigation processes are designed to comply with the rules of natural justice and procedural due process that must be accorded under Canadian administrative law.

The investigation procedures conducted for ICE Clear Canada are similar to those conducted for ICE Futures Canada, as described in ICE Futures Canada Exhibit G-2, and as set out in the Regulatory Division's Investigations And Inspections Policy (Attachment F-2(2)). The disciplinary process for ICE Clear Canada is described in Exhibit F-3.

MSC Order No. 6878 mandates ICE Clear Canada to be in compliance with the PFMI. ICE Clear Canada meets the current PFMI standards, as evidenced in Exhibit D-3. ICE Clear Canada's Board intends to ensure that the Rules and procedures remain harmonized with the PFMI as updated, to ensure ongoing compliance with FBOT recognition and to ensure it meets and maintains best practices.

Exhibit F-3 (Supplement S-1 Clearing)

Attach the following, to the extent not included in Exhibit F-2:

A description of the clearing organization's disciplinary rules, including but not limited to rules that address the following -

- (1) Disciplinary authority and procedures that empower staff to recommend and prosecute disciplinary actions for suspected rule violations and that provide the authority to fine, suspend, or expel any clearing participant pursuant to fair and clear standards.**
- (3) The review of investigation reports by a disciplinary panel or other authority for issuance of charges or instructions to investigate further, or findings that an insufficient basis exists to issue charges.**
- (4) Disciplinary committees of the clearing organization that take disciplinary action via formal disciplinary processes.**
- (5) Whether and how the clearing organization articulates its rationale for disciplinary decisions.**
- (6) The sanctions for particular violations and a discussion of the adequacy of**

¹ The one exception was the suspension of MF Global Canada Co. on October 31, 2011. The reason for the suspension was not any rule violation on the part of MF Global Canada Co. however, but rather the fact that the U.S. affiliate, MF Global Inc. had been put into bankruptcy, with the inevitable result that MF Global Canada Co. was rendered insolvent. This matter did not go to a hearing, as the company became insolvent.

sanctions with respect to the violations committed and their effectiveness as deterrents to future violations.

ICE Clear Canada Rule A-5 (see Attachment A-5(2) to Exhibit A-5) sets out the disciplinary rules for ICE Clear Canada.

Investigations can be commenced upon a complaint of any person, including Clearing Participants, customers of Clearing Participants, market participants of ICE Futures Canada, or any regulatory authority. (Rule A-502) The complaint must be in reference to the Rules, Operations Manual, and/or related operations and functions of ICE Clear Canada. ICE Clear Canada does not have the legal basis to deal with complaints that are related to matters outside its jurisdiction, such as violations of *The Commodity Futures Act (Manitoba)* (the CFA MB) or to matters that are strictly within the customer relationship between an FCM and its clients. Such matters would be referred to the appropriate statutory regulatory authority.

Clearing Participants are required to cooperate with investigations (Rule A-503). Rule A-505 sets out detailed requirements pertaining to the provision of documents, records and information. Investigation staff of ICE Clear Canada (Staff) are permitted to take copies or originals of documents and records (providing certified copies in exchange for originals), request written statements or call in persons for interviews under oath before a court reporter.

Rule A-507 stipulates that during the investigation process, and prior to the filing of an Originating Notice, all parties to an investigation, including Staff, are required to maintain all information pertaining to the investigation in confidence, although Staff may disclose such information as it necessary to further the appropriate conduct of an investigation.

Upon the conclusion of an investigation an Investigation Report is prepared summarizing the relevant facts of the investigation and setting out Staff's recommended disposition. Staff may recommend closure of the file, or the filing of charges. The Investigation Memo, which is confidential, is reviewed by a member of the Hearing Committee. This member of the Hearing Committee would be precluded from sitting on any future hearing on the matter.

The requirement for a written Investigation Report and its review and sign-off by a member of the Hearing Committee is to prevent any appearance of bias or conflict. This process provides for a full written record of the processes of Staff during the investigation, and provides for an independent review of the matter outside of the individuals involved in the process of the investigation.

If charges are recommended and agreed to by the member of the Hearing Committee then the Disciplinary Hearing processes set out in Rule A-509 are followed.

As an administrative tribunal that derives its jurisdiction from a statutory body (the Manitoba Securities Commission) under provincial legislation, ICE Clear Canada is required to ensure that all disciplinary and hearing matters adhere to Canadian administrative law requirements, which include the rules of natural justice and due process. These requirements include, but are not limited to, the rights to be provided with full details of the case/charges², the right to be

² The ability to meet the case requires that ICE Clear Canada provides full disclosure of all inculpatory and exculpatory evidence. Prior to a hearing all respondents receive all information and material and the disclosure of witness lists and "will say" statements.

present at the hearing to hear all evidence before you and the right to cross examine that evidence, the right to present evidence and make submissions, the right to an impartial, objective and properly trained tribunal, and the right to receive written reasons for decision.

For investigations in which disciplinary sanctions are sought, a Notice must be served on the respondent(s). The Notice is a formal pleading which provides details of the charges, and the evidence to be relied upon by Staff. It must also include the sanctions that will be sought against the respondent(s).

Within twenty (20) business days of the service of a Notice, a Reply can be filed by the respondent(s). The Reply must set out the respondent's intended plea, their responses to the facts alleged in the Notice, and any additional facts or evidence they intend to rely upon.

After reviewing the Reply, Staff may choose to continue or discontinue the disciplinary proceedings.

At any time, the parties may discuss settlement and enter into a Joint Settlement Proposal. A Joint Settlement Proposal must be approved by a Hearing Panel.

The Hearing Committee is appointed by the Board, and is comprised of up to 25 individuals representing persons with knowledge and expertise in risk management and clearing, as well as members of the legal community. (Rule A-10.07)

For any given hearing or settlement, a panel of at least three (3) members of the Hearing Committee is selected, one of which must be a lawyer or retired judge and who must serve as chairperson of the panel. A panel of the Hearing Committee operates in a manner similar to that of an appellate court, and follows strictly appropriate rules of process and protocol for hearing tribunals.

All evidence and discussion is heard with all of the parties present. Following closing submissions the Hearing Panel will deliberate in private (rule A-510).

At a hearing, the discipline panel may hear any evidence it deems relevant, whether within technical rules of evidence or not. After hearing all evidence and arguments at a hearing, the discipline panel deliberates in private, and then returns its findings. If there is a finding of guilt on one or more of the alleged violations, the panel re-convenes to hear arguments on penalty. The panel may then choose to impose any of the sanctions set out later in this exhibit. In addition to any fines or other monetary sanctions assessed by the panel, the respondent may also be ordered to pay costs, in an amount determined by the panel. (Rule A-512)

ICE Clear Canada Rule A-512 provides for the following disciplinary penalties and sanctions:

- A private warning or reprimand;
- A public notice of censure
- In the case where the respondent is an employee, director, or officer of a Clearing Participant; a finding that the Clearing Participant does not meet ICE Clear Canada's criteria for being a Clearing Participant, either temporarily or permanently;
- Disqualification, either temporarily or permanently, of any of the Clearing Participant's representatives from being a director or serving on a committee of ICE Clear Canada;
- A fine of up to C\$1 million, per violation;

- Disgorgement of any gain made by the Clearing Participant or its representatives;
- Suspension of Clearing Participant privileges;
- Termination of Clearing Participant privileges (expulsion);

These sanctions follow those available at other derivatives clearinghouses, and other self-regulatory organizations (“SROs”) such as the Investment Industry Regulatory Organization of Canada (“IIROC”).

If a Clearing Participant is suspended or expelled, ICE Clear Canada may make such direction as it sees fit in respect of Contracts to which that Clearing Participant is a party. This may include the reduction, transfer, or elimination of such positions.

Appeals of hearing results from the Hearing Committee may be appealed by either the respondent(s) or Staff, to the Board of ICE Clear Canada. (Rule A-513) Appeals must be filed within ten (10) business days of the service of the written decision of the Hearing Committee, and must contain a brief statement of the appellant’s reasons for the appeal, as well as indicate any new evidence intended to be introduced.

Upon hearing an appeal, the Board may: affirm, quash, or vary the finding of the Hearing Committee; make a new finding or order (including an assessment of costs) as it deems appropriate; or refer the matter back to a newly-constituted Hearing Committee panel for further consideration.

Appeals from a decision of the Board, by either the respondent or Staff, may be further appealed to The Manitoba Securities Commission (“MSC”). There is a final appeal, with leave, to the Manitoba Court of Appeal, which is the most senior court in the province of Manitoba³.

(2) The issuance of warning letters and/or summary fines for specified rule violations.

The Rules of ICE Clear Canada do not provide for the issuance of official Warning Letters or summary fines, nor the closure of an investigation without producing an Investigation Report and ensuring that the required reviews are signed off on. No disciplinary action can be taken against a Clearing Participant without the issuance of a Notice, and without the opportunity for a Respondent to be heard before the appropriate disciplinary tribunal(s).

Exhibit F-4 (Supplement S-1 Clearing)

Attach the following, to the extent not provided in Exhibit F-2:

A demonstration that ICE Clear Canada is authorized by rule or contractual agreement to obtain, from members and other participants, any information and cooperation necessary to conduct investigations, to effectively enforce its rules, and to ensure compliance with the conditions of registration.

ICE Clear Canada Rules A-503 and A-505 provide that all Clearing Participants must cooperate in the course of an investigation and provide information and documents. Documents

³ This final right of appeal is contained in *The Commodity Futures Act (Manitoba)*.

and records, and/or information can be obtained from any Clearing Participant or a customer of a Clearing Participant.

Section A-503 Cooperation with Investigations

Every Clearing Participant shall co-operate with Staff during an investigation and shall comply with all requirements to provide information and documents as set forth in the Rules. Failure to cooperate fully with an investigation by the Corporation shall constitute a breach of these Rules.

Section A-505 Requirement to Provide Information and Documents and Records

- a. For the purposes of any investigation, Staff may obtain Documents and Records and/or information from any source whatsoever, including from any Clearing Participant or a customer of a Clearing Participant.
- b. A Clearing Participant shall, forthwith upon the request of the Staff:
 - (i) provide any Documents and Records and/or information in its possession or control in such manner and form, including electronically, as may be required by Staff;
 - (ii) allow the inspection of, and permit copies or the original to be taken of, any Documents and Records and/or information in its possession or control, provided however, that if the original of any document is taken, Staff shall provide a certified copy thereof within a reasonable period of time and at no cost;
 - (iii) provide a statement or statements from such person or persons, in such form and manner and at such time and place as may be specified by Staff on any matter or issue that Staff, in its sole discretion, determines may be relevant to an inspection or investigation. In the case of a person other than an individual, the statement(s) shall be made by the appropriate employee(s), officer(s), director(s), partner(s), auditor(s) or other individual or individuals associated with the Clearing Participant and Staff may, in its sole discretion, specify the individual or individuals who are to provide the statement(s);
 - (iv) produce for an oral examination by Staff, such person or persons, in such manner and at such time and place as may be specified by Staff Division on any matter or issue that Staff, in its sole discretion determines may be relevant to an inspection or investigation. In the case of a person other than an individual, the examination(s) shall be conducted of the appropriate employee(s), officer(s), director(s), partner(s), auditor(s) or other individual or individuals associated with the Clearing Participant and Staff may, in its sole direction, specify the individual or individuals who are to be produced for examination.
 - (v) Staff may specify that any statement(s) required to be given under this Rule be given in writing, by electronic recorded means and/or under oath.
 - (vi) Staff may specify that any examination(s) required to be conducted under this Rule, be conducted under oath and/or recorded by any means, including by and in the presence of an official reporter.

Clearing Participants are contractually bound by these requirements as part of the application/agreements (Form 3-C2014) with ICE Clear Canada.⁴ The application/agreement incorporates the Rules by reference, and Section 2 of the Clearing Participant application/agreement reads as follows:

2. Agreement of Clearing Participant to be Bound by the Clearinghouse Rules and the Exchange Rules

- 2.1 The Applicant agrees that the Corporation's By-laws, Rules and Operations Manual, and the Exchange Rules are hereby incorporated in this Agreement by reference, and shall form part of this Agreement as though they were reproduced herein in their entirety. These documents are also incorporated by reference in each contract or transaction that the Clearing Participant conducts and/or clears or is

⁴ ICE Clear Canada Form 3-C2014, page 6, paragraph 2 (Attachment A-3(1) to Exhibit A-3 – Clearing)
Exhibit F - Supplement S-1 to ICE Futures Canada, Inc. FBOT Application - Clearing
Page 6 of 7

required to conduct and/or clear, pursuant to all Clearing Authorization and Guaranty forms it has executed, or will execute.

- 2.2 The Clearing Participant acknowledges receipt from the Clearinghouse of a copy of the Corporation's By-laws, Rules and Operations Manual and the Exchange Rules, as in effect at the time of submission to the Clearinghouse of this application, and agrees to be bound by the provisions thereof. The Clearinghouse agrees that it will provide the Clearing Participant from time to time, with notice of amendments, changes or supplements to the By-laws, Rules and Operations Manual, and the Exchange Rules, via the Exchange website, provided however, that the failure of the Clearinghouse to provide the Clearing Participant with notice of any such amendments, changes or supplements shall not relieve the Clearing Participant of its obligation to comply with the said Rules as so amended, changed or supplemented. [Emphasis Added]
- 2.3 In providing its services, the Clearinghouse is subject to certain domestic and foreign laws, rules, regulations and treaties, and to agreements entered into, instruments and declarations made and acts done by the Clearinghouse. The Clearing Participant must comply therewith, as applicable, upon being informed by the Clearinghouse of the provisions thereof.

Failure by a Clearing Participant, employee of a Clearing Participant, or customer of a Clearing Participant to comply with a request of Staff as part of an investigation may result in the suspension of that Clearing Participant's registration or other privileges, if ordered by a panel of the Hearing Committee at a hearing on the matter. Furthermore, the Hearing Committee may forego a hearing and immediately suspend trading privileges if they determine that a delay *"...would be prejudicial to the proper regulation of the Corporation."*