

Dated: September 4, 2013

Exhibit M – Rules and Manuals.

Attach as Exhibit M, a copy of the Applicant's rules (as defined in § 40.1 of the Commission's regulations) and any technical manuals, other guides or instructions for users of, or participants in, the market, including minimum financial standards for members or market participants. Include rules citing applicable federal position limits and Commission's regulations and any facility set position limit rules. Include rules on publication of daily trading information with regards to the requirements of Part 16 of the Commission's regulations. The Applicant should include an explanation, and any other forms of documentation the Applicant thinks will be helpful to its explanation, demonstrating how the swap execution facility will be able to comply with each core principle and how its rules, technical manuals, other guides or instructions for users of, or participants in, the market, or minimum financial standards for members or market participants provided in this Exhibit M help support the swap execution facility's compliance with the core principles.

BGC Derivative Markets, L.P.

RULES

BY ACCESSING, OR ENTERING ANY ORDER INTO, THE BGC DERIVATIVE MARKETS, L.P. FACILITY, AND WITHOUT ANY NEED FOR ANY FURTHER ACTION, UNDERTAKING OR AGREEMENT, A PARTICIPANT, AND ITS AUTHORIZED CUSTOMERS EACH REPRESENT THAT IT IS AN ELIGIBLE CONTRACT PARTICIPANT AS DEFINED IN SECTION 1A(18) OF THE COMMODITY EXCHANGE ACT AND SUCH PERSONS, AND THEIR AUTHORIZED TRADERS, AGREE:

(I) TO BE BOUND BY, AND COMPLY WITH, THE RULES OF BGC DERIVATIVE MARKETS, L.P., THE RULES OF THE APPLICABLE CLEARINGHOUSE IN RESPECT OF CLEARED SWAPS, SWAP SPECIFICATIONS AND APPLICABLE LAW, IN EACH CASE TO THE EXTENT APPLICABLE TO IT OR THEM, AND

(II) TO BECOME SUBJECT TO THE JURISDICTION OF BGC DERIVATIVE MARKETS, L.P. WITH RESPECT TO ANY AND ALL MATTERS ARISING FROM, RELATED TO, OR IN CONNECTION WITH, THE STATUS, ACTIONS OR OMISSIONS OF SUCH PARTICIPANT AND THE PARTICIPANT'S AUTHORIZED TRADERS, ITS CUSTOMERS AND THEIR AUTHORIZED TRADERS.

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RULES

PART 1. MEANING OF TERMS.

101. Definitions.

The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Any pronoun shall include the corresponding masculine, feminine and neuter forms. The word “will” shall be construed to have the same meaning and effect as the word “shall.”

Unless the context otherwise indicates, the following terms have the meanings set forth below:

“**Affiliate**” means, with respect to a Person, any other Person which directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such Person.

“**Applicable Law**” means (i) the Commodity Exchange Act, and all rules and interpretations of the Commodity Futures Trading Commission; (ii) the constitution, by-laws, rules, regulations, policies, procedures, interpretations and customs of any applicable U.S. or non-U.S. board of trade, exchange, contract market, trading facility or execution facility, including, without limitation, a trading facility, venue or service, or Clearing Organization or of any self-regulatory agency or organization; and (iii) any other laws, rules, interpretations, customs or usage of the trade applicable to trading on the Facility; all as in force from time to time.

“**Authorized Customer**” means a person that has been authorized by a Participant to access directly the Trading System or the Facility through a BGC Broker and thereby enjoy Trading Privileges.

“**Authorized Trader**” means any person that is issued a User ID to trade for a Participant, including, but not limited to, an employee of a Participant, an employee of a Participant’s affiliate provided the Participant maintains supervisory authority over such employee, or an employee of an Authorized Customer who is authorized to have direct access to the Trading System or to trade on the Facility through a BGC Broker, an Introducing Broker or investment manager who is authorized by a Participant to enter Orders into the Trading System or to trade through a BGC Broker on behalf of a Participant.

“**Automated Order Generator (“AOG”)**” means a device also known as a “black box” or “automated trading machine” that is preprogrammed in accordance with a single trading strategy to independently initiate activity on the Trading System without active human input.

“**Bespoke Swap**” means a Swap that is customized as to tenor, roll dates, compounding and/or any other material term.

“BGC Broker” means an employee of the Facility acting on behalf of one or more Participants using telephonic or other means of electronic communication devices: 1) to assist Participants in the entry or withdrawal of Orders to be matched through the operation of the Trading System and the negotiation and execution of Block Trades provided under Rule 510, and 2) to facilitate Voice Trading. BGC Brokers also function as members of the Control Desk in connection with the operation of various Trading Facility sessions of the Trading System.

“Bid” means an order to buy a Contract or pay fixed payments on a contract at a specified price.

“Block Trade” shall have the same meaning as in Commission Rule 43.2, 17 C.F.R. §43.2.

“Board” means the Board of Directors of the Facility.

“Business Day” means any day on which the Facility is open for trading. The Facility will publish the trading days for the Swaps on its website.

“Chief Compliance Officer” or **“CCO”** means the person with (i) the authority and resources to develop and enforce policies and procedures necessary to fulfill the duties set forth for chief compliance officers in the Commodity Exchange Act and Commission regulations; and (ii) supervisory authority over all staff acting in further of the Chief Compliance Officer’s statutory, regulatory, and self-regulatory obligations.

“Clearing Organization” means a Derivatives Clearing Organization specified by the Facility to clear transactions effected on or subject to the Rules of the Facility.

“Clearing Participant” means any Person that has clearing and settlement privileges on a Clearing Organization.

“Clearing Participant ID” means the unique identifier code assigned by the Facility to each Clearing Participant.

“Commodity” means any commodity within the definition of that term contained in the Commodity Exchange Act.

“Commodity Exchange Act” means the Commodity Exchange Act, as it may be amended from time to time.

“Commission” means the Commodity Futures Trading Commission.

“Commission Regulation” means any rule, regulation, or order of the Commission, as in effect from time to time, and any interpretation thereof by the Commission or its staff.

“Compliance Department” means the Department of the Facility responsible to oversee market activity and that the trading and other activities conducted on the Facility comply

with the Applicable Law and Rules of the Facility. The Compliance Department includes the regulatory service provider and the Control Desk.

“Contract” means a Swap contract executed on or through the Facility.

“Control” means the power, directly or indirectly, to direct the management or policies of a company, whether through ownership of securities, by contract, or otherwise. Any person that (i) is a director, general partner or officer exercising executive responsibility (or having similar status or functions); (ii) directly or indirectly has the right to vote 25% or more of a class of a voting security or has the power to sell or direct the sale of 25% or more of a class of voting securities; or (iii) in the case of a partnership, has the right to receive upon dissolution, or has contributed, 25% or more of the capital, is presumed to control that company.

“Control Desk” means the designated group of employees that is responsible for Facility market operations, real-time market monitoring, customer support and surveillance. BGC Brokers may carry out certain of the Control Desk functions.

“Customer” means any Person who is a “customer” within the meaning set forth in Section 1.3(k) of Commission Regulations.

“Delta hedge” means a trading strategy that aims to reduce (hedge) the risk associated with an option, swaption, variance Swap, tranche or other structured trade from price movements in the underlying asset.

“Electronic Order Book” means all open Orders entered into the Trading System displayed electronically.

“Electronic Order Book Trading Session” means a Trading Session that remains open throughout the Business Day and in which the Trading System will receive and execute Orders in accordance with these Rules.

“Electronic Trading System” means the same as “Trading System.”

“Eligible Contract Participant or ECP” means any Person who is an “eligible contract participant” within the meaning set forth in section 1a(18) of the Commodity Exchange Act.

“Emergency” means those occurrences or events enumerated in Rule 1204 or any other occurrence or circumstance that, in the opinion of the Facility requires immediate action and threatens or may threaten fair and orderly trading in Swaps on the Facility.

“Entity” means any Person other than a natural person.

“Facility” means BGC Derivative Markets, L.P., a registered swaps execution facility.

“FINRA” means the Financial Industry Regulatory Authority.

“Futures Commission Merchant or FCM” shall have the same meaning as defined in section 1a(28) of the Commodity Exchange Act.

“Governmental Agency” means the Commission, the Securities and Exchange Commission and any other agency, federal or state, domestic or foreign authority, regulating trading in commodities, securities, futures contracts, options, currencies or other financial instruments.

“Illiquid Swap” shall mean any Swap having an Average Daily Trading Volume of fewer than five transactions per week on the Facility over the preceding three month period, calculated on a rolling basis.

“Indicative Order” shall mean a quote which provides pricing information but which is not automatically executable by the Trading System or other trading functionality. If present, Indicative Quotes entered by the Facility do not include quantity information; indicative quotes entered by a participant include both price and quantity information.

“Introducing Broker” shall have the same meaning as defined in section 1a(31) of the Commodity Exchange Act.

“Last Sale Information” means, at any given time, the price and quantity data from any and all transactions executed on the Trading System including the times at which such transactions were executed on or submitted to the Trading System.

“Made Available to Trade” means the transactions listed or offered for trading on the Facility as defined in Rule 1301.

“Major Swap Participant” shall have the meaning in section 1a(33) of the Commodity Exchange Act.

“Market Data” means any and all Last Sale Information and Quotation Information, any data derived from the Last Sale Information and Quotation Information, the format and presentation of any such data or information, and transmissions of such data or information to Participants, Clearing Participants, Authorized Traders, Market Data Vendors and other Persons.

“Market Data Vendors” means publishers of electronic information with whom the Facility has a contractual relationship to disseminate Market Data.

“Named Party in Interest” means a “named party in interest” as defined in Section 1.69 of the Commission Regulations.

“NFA” means the National Futures Association.

“Non-U.S. Participant” means any person located outside the United States, its territories or possessions who is engaged in soliciting or in accepting orders for the purchase or sale of any Swap on or subject to the rules of the Facility from only persons located outside the United States, its territories or possessions.

“**Offer**” means an order to sell a Contract or receive fixed payments on a contract at a specified price.

“**Opening Period**” means the opening period of a specified Trading Session.

“**Order**” means any Bid or Offer placed into the Trading System for purposes of buying or selling a Swap on or subject to the rules of the Facility.

“**Participant**” means any Person granted trading privileges to trade on the Facility.

“**Participant Agreement**” means the agreement between a Participant and the Facility in accordance with which the Participant is authorized to trade on the Trading System or otherwise provided access to the Trading System.

“**Participant ID**” means the unique identifier code assigned by the Facility to each Participant.

“**Permitted Transaction**” means any transaction involving a Swap listed or offered for trading on or subject to the rules of the Facility for Trading that is not a Required Transaction.

“**Person**” means an individual, corporation, limited liability company, partnership, trust, or other entity.

“**Proprietary Account**” means a “proprietary account” as defined in Section 1.3(y) of the Commission Regulations.

“**Quote**” means a Bid or an Offer, or a Bid and an Offer.

“**Quotation Information**” means, at any given time, the price and quantity data and all data derived from all Bids and Offers submitted for entry into the Trading System, including the times at which such Bids and Offers are entered.

“**Regular Voice Trading Facility**” means a Voice Trading Session that remains open throughout the Business Day and in which a BGC Broker stands ready to facilitate the execution of Orders in accordance with these Rules.

“**Regulatory Services Agreement**” means the agreement between the Facility and the NFA, pursuant to which the NFA has agreed to perform certain regulatory functions on behalf of the Facility.

“**Request for Quote (RFQ)**” means a solicitation for Bids and Offers for a Swap or combination of Swaps.

“**Request for Quote (‘RFQ’) Matching Trading Facility**” means a Trading Facility which is an auction operated by the Control Desk pursuant to Rule 602(e) where prices are determined by the interaction of multiple Participants entering Orders into the Trading System.

“Required Transaction” means any transaction involving a Swap Made Available to Trade on the Facility that is subject to the trade execution requirement of section 2(h)(8) of the Act.

“Respondent” has the meaning set forth in Rule 1004.

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

“SDR” means “Swap Data Repository” as defined in section 1a(48) of the Act.

“Securities Exchange Act” means the Securities Exchange Act of 1934, as it may be amended from time to time.

“Settlement Price” means the price established each day as the basis for settlement of Swaps.

“Significant Action” means a “significant action” as defined by Section 1.69(a)(8) of the Commission Regulations.

“Sponsored Access” means the practice by a Participant (“Sponsoring Participant”) of providing access to the Facility to another firm or customer (“Authorized Customer”). Sponsored Access takes multiple forms, including but not limited to: (a) direct market access, where the Authorized Customer’s orders pass through the Sponsoring Member’s systems prior to reaching the Trading System, (b) sponsored access, where the Authorized Customer enters orders directly into Trading System via a dedicated port provided by the Sponsoring Participant, and (c) direct access where a service bureau or other third party provides Authorized Customers with technology to access the Trading System under the auspices of and via an arrangement with the Sponsoring Member (see “Third Party Sponsored Access”). Sponsored Access can also include the practice of permitting an Authorized Customer to trade on the Facility through Voice Functionality.

“SRO” means any self-regulatory organization, including but not limited to any registered entity, as that term is defined in section 1a(40) of the Commodity Exchange Act, the NFA, FINRA, and any non-U.S. market or authority performing similar functions.

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

“Swap” has the meaning set forth in section 1a(47) of the Commodity Exchange Act, and as further defined by the Commission, and includes, among others, options and swaptions, caps and floors.

“Swap Dealer” shall have the same meaning as defined in section 1a(49) of the Commodity Exchange Act.

“Technology-Assisted Voice Trading Facility” means a Voice Trading Session in which the BGC Broker is assisted by an automated functionality.

“Tenor” means the time to maturity of the Swap.

“Third Party Sponsored Access” means direct access where a service bureau or other third party provides Authorized Customers with technology to access the Trading System under the auspices of and via an arrangement with the Sponsoring Member.

“Trading Day” means with respect to any Swap the period of hours during a 24 hour period during which trading in that Swap is permitted to occur through, or subject to the rules of, the Facility.

“Trading Facility” shall have the same meaning as defined in section 1a(51) of the Commodity Exchange Act.

“Trading Hours” means, with respect to any Swap the hours during which the Facility is regularly open for the trading of such Swap.

“Trading Participant” means a Participant of the Facility that is not a Clearing Participant.

“Trading Privileges” means the right granted to a Participant, Authorized Customer and their Authorized Traders to submit Orders directly to the Trading System. No person may exercise Trading Privileges during any suspension of such Person’s Trading Privileges ordered by the Facility.

“Trading Session” means a specified period of time during which a particular trade matching functionality is available to market participants.

“Trading System” means the Facility’s electronic system for execution of Swap transactions.

“User ID” means a unique identifier code assigned by the Control Desk to each Authorized Trader that trades for such Participant or any Affiliate of such Participant.

“Voice Functionality” means a physical Trading Facility, which provides a non-automated method for trading facilitated by a BGC Broker that enables multiple participants to offer Bids or Offers to multiple participants through the use of telephone, electronic messaging or other communications devices.

“Voice Trading” is one Voice Functionality whereby a BGC Broker makes known to Participants the existence of trading interest in a Swap, facilitates the communication of Bids or Offers among Participants, and assists in orderly trading on the Facility.

“Voice Trading Facility” means a Trading Session during which a particular structured form of non-automated trade matching functionality is available to market participants.

“Volume Match Plus Trading Facility” means a Trading Session that is an auction separate from the Electronic Order Book Trading Session and is held periodically during the Business Day. The auction operates similar to the Volume Match Trading Session; however, as described in Rule 602, during the auction Participants are able, in response to changing market conditions, to submit Bids higher or Offers lower than the initial price originally determined by the Trading System thereby shifting the displayed execution price to another value for the duration of that auction.

“Volume Match Trading Facility” means a Trading Session separate and distinct from the Electronic Order Book Trading Session. A Volume Match Trading Session is an auction operated by the Control Desk pursuant to Rule 602 where all transactions will be executed at a single price and in time order of priority.

“Whiteboard Trading” shall mean a form of technology- assisted trading consisting of an electronic screen that can be viewed by Participants in which information is posted upon request.

102. Time References.

Except as may be otherwise expressly provided in these Rules, all references to times in these Rules shall be to the local time prevailing in New York, New York.

103. Conflicts with Governing Documents.

In the event of any conflict between any provision of these Rules and any provision of the governing documents of the Facility, the provision of the governing documents shall govern, except where the governing documents provide otherwise.

PART 2. GOVERNANCE.

201. Board of Directors.

The Board shall have all the powers and authority permitted by law, the Facility’s Rules and its formation Partnership Agreement. The Board of Directors shall be appointed by the General Partner.

202. Officers.

The officers of the Facility shall have all the powers and authority provided in the formation Partnership Agreement and these Rules and such other additional duties and powers as the Board may confer on them or any of them. The officers of the Facility shall consist of the Chief Executive Officer, Chief Financial Officer, General Counsel, Chief Compliance Officer and such other officers as the Board may appoint.

203. Regulatory Oversight Committee

(a) **Establishment of Regulatory Oversight Committee.** The Regulatory Oversight Committee (“ROC”) is a subcommittee of the Board of Directors of the Facility, and shall be composed of no fewer than three directors. The ROC shall be appointed by the Board of Directors.

(b) **Role of the ROC.**

The Regulatory Oversight Committee shall:

- (i) monitor the regulatory program of the registered entity for sufficiency, effectiveness, and independence;
- (ii) oversee the regulatory program, including trade practice surveillance, market surveillance and regulatory responsibilities with respect to members;
- (iii) review the size and allocation of the regulatory budget and the performance of the Chief Compliance Officer; and
- (iv) review all regulatory proposals and recommend changes to the program.

204. Disciplinary Committee.

(a) **Establishment of the Disciplinary Committee.** The Disciplinary Committee is a committee of the of the Facility whose members shall consist of such members appointed by the Chief Executive Officer. The members of the Disciplinary Committee shall constitute the Facility’s Review Panel(s) and Hearing Panel(s). A member of a Hearing Panel may not serve as a member of the Hearing Panel in the same matter.

(b) **Composition.** At least one member of the Disciplinary Committee, who shall be chair, must be a Public Participant, a person that would not be disqualified from serving as a Public Director under Commission rule 1.3(ccc)(3). The Disciplinary Committee may include as members Facility officers and employees. However, no employee of the Compliance Department of the Facility may serve on the Disciplinary Committee.

(c) **Role of the Disciplinary Committee.** The Disciplinary Committee is authorized to determine whether violations of these Rules have been committed, to accept offers of settlement, to set and impose appropriate penalties, and to exercise such other powers and duties as provided in Part 10 of these Rules governing disciplinary proceedings.

205. Compliance Department.

(a) The Facility has the power and authority to regulate its facilities to ensure that the facilities are not used for any improper purpose and to establish and enforce rules and procedures to ensure fair and equitable trading through its facilities.

- (b) The Facility shall be authorized to conduct and to oversee surveillance, investigation and rule enforcement activities. The Chief Compliance Officer shall be in charge of the Compliance Department. The personnel of the Compliance Department may not operate under the direction or control of a Participant.
- (c) The Facility has contracted with the NFA for the performance of market, trade practice, financial, audit trail surveillance and related investigations and disciplinary proceedings with respect to Participants.

206. Prohibition on Admission as Participant.

No officer or employee of the Facility shall be admitted as a Participant; *provided however*, nothing in this rule limits or precludes a BGC Broker from carrying out his or her functions.

207. Restrictions on Directors, Officers, Committee Members, Employees and Consultants.

Members of the Board of the Facility, officers of the Facility, members of committees of the Facility, employees of the Facility, members of the Board of Directors, officers, and employees of any corporate affiliate of the Facility performing functions for the Facility, and consultants and contractors to the Facility and their employees shall comply with the following restrictions and obligations:

- (a) **Improper Use or Disclosure of Material Non-Public Information.** No member of the Board of Directors or of any Board committee, no member of any other committee of the Facility, no officer of the Facility, no employee of the Facility, no member of the Board of Directors, officer or any employee of any corporate affiliate of the Facility performing functions for the Facility and no consultant to the Facility shall:
 - (i) trade for such person's own account, or for or on behalf of any other account, in any commodity interest on the basis of any material, non-public information obtained through the performance of such person's official duties; or
 - (ii) use or disclose, for any purpose other than the performance of such person's official duties, any material, non-public information obtained by such person as a result of such person's official duties, provided, however, that this Section shall not prohibit disclosures made by such person in the course of his or her official duties or disclosures made to any other self-regulatory organization, a court of competent jurisdiction or any agency or department of the federal or state government.
- (b) **Restrictions on Trading by Officers and Employees.** If any officer or employee of the Facility, or of any corporate affiliate performing functions for the Facility has access to material non-public information concerning any commodity interest, such person shall not trade, directly or indirectly, in that commodity

interest traded on any registered entity operated by the Facility or cleared by any one of the Facility's clearing organizations; in such commodity interest traded on any other Swap market or cleared by any other clearing organization; or in any related commodity interest.

(c) **Eligibility for Service on Boards and Committees.**

- (i) Only persons not disqualified under section 8a of the Act may serve on the Board of Directors or on any committee of the Facility.
- (ii) Any person who is a member of the Board of the Facility or any committee of the Facility shall immediately notify the Chief Executive Officer of any information or occurrence which subjects such person to disqualification pursuant to paragraph (i) of this section.

(d) **Restrictions on Participation on Board and Committees.**

- (i) no person shall vote, participate in deliberations or take any action involving the regulatory functions of the Facility as a member of the Board of Directors of the Facility or any committee of the Facility on any matter involving a Named Party in Interest if such member:
 - (A) is a Named Party in Interest as defined in Rule 209(a)(iv);
 - (B) is an employer, employee, or fellow employee of a Named Party in Interest;
 - (C) has any other significant, ongoing business relationship with a Named Party in Interest; or
 - (D) has a family relationship with a Named Party in Interest.
- (ii) prior to the consideration of any matter involving a Named Party in Interest, each member of the Board of Directors of the Facility or a committee (as the case may be) must disclose to the Chief Executive Officer of the Facility, or the designee of the Chief Executive Officer, whether he or she has one of the relationships listed in paragraph (d)(i) of this section with a Named Party in Interest. The Chief Executive Officer or such designee shall determine whether any such member of the Board of Directors or the committee is subject to the restrictions set forth in paragraph (d)(i) in any matter involving a Named Party in Interest, which determination, taking into consideration the exigency of the action to be taken, shall be based upon:
 - (A) information provided by such member pursuant to this paragraph (d)(ii); and

- (B) any other source of information that is held by and reasonably available to the Facility.
- (iii) no person shall vote or participate in deliberations on any Significant Action as a member of the Board of Directors of the Facility or any committee of the Facility if such member knowingly has a direct and substantial financial interest in the result of the vote based upon positions maintained at the Facility or elsewhere that could reasonably be expected to be affected by the action.
- (iv) prior to the consideration of any Significant Action, each member of the Board of Directors of the Facility or a committee of the Facility (as the case may be) must disclose to the Chief Executive Officer, or the designee of the Chief Executive Officer, the following information that is known to him or her, unless such member chooses to abstain from deliberations and voting on the Significant Action in question:
 - (A) gross positions, if any, held at the Facility in such member's personal accounts or "controlled accounts," as defined in Section 1.30(j) of the regulations of the Commission;
 - (B) gross positions, if any, held at the Facility in "proprietary accounts," as defined in Section 1.17(b)(3) of the regulations of the Commodity Futures Trading Commission, at such member's affiliated firm;
 - (C) gross positions, if any, held at the Facility in accounts in which such member is a "principal," as defined in Section 3.1(a) of the regulations of the Commodity Futures Trading Commission;
 - (D) net positions held at the Facility in "customer" accounts, as defined in Section 1.17(b)(2) of the regulations of the Commodity Futures Trading Commission, at such member's affiliated firm; and
 - (E) any other types of positions, whether maintained at the Facility or elsewhere, held in such member's personal accounts or the proprietary accounts of such member's affiliated firm that the Facility reasonably expects could be affected by the Significant Action.
- (v) the Chief Executive Officer or the designee of the Chief Executive Officer shall determine whether a member of the Board of Directors or a committee is subject to the restrictions contained in this paragraph (d) in any Significant Action after a review of the information described in paragraph (d)(iv) above. Taking into consideration the exigency of the Significant Action, such determination should be based upon:

- (A) the most recent large trader reports and clearing records available to the Facility;
 - (B) information provided by the member pursuant to paragraph (d)(ii) above; and
 - (C) any other source of information that is held by and is reasonably available to the Facility.
- (vi) any member of the Board of Directors of the Facility or any committee who would otherwise be required to abstain from deliberations pursuant to this paragraph (i) of this subsection may participate in deliberations, prior to a vote on a Significant Action for which he or she otherwise would be required to abstain pursuant to paragraph (iii) of this subsection, if in the judgment of the deliberating body such participation would be consistent with the public interest and if such member recues himself or herself from voting on such action. In making a determination as to whether to permit such member to participate in such deliberations, the deliberating body shall consider whether the member's participation in deliberations is necessary for the deliberating body to achieve a quorum and whether the member has unique or special expertise, knowledge or experience in the matter under consideration. Prior to making any such determination, the deliberating body must fully consider the position information which is the basis for the member's direct and substantial financial interest in the result of a vote on a Significant Action.
- (vii) the Board of Directors of the Facility and each committee of the Facility must reflect in their minutes or otherwise document that the conflicts determination procedures required by paragraphs (ii) and (iv) of this section have been followed. Such records also must include:
- (A) the names of all members who attended the meeting in person or who otherwise were present by electronic means;
 - (B) the name of any member who voluntarily recused himself or herself or was required to abstain from deliberations and/or voting on a matter and the reason for the recusal or abstention, if stated; and
 - (C) information on the position information that was reviewed for each member.

208. Restrictions on Participants with an Ownership Interest.

- (a) No Participant with an ownership interest in the Facility shall use or disclose, for any purpose other than the performance of such Participant's official duties as a shareholder, any material non-public information obtained by such Participant as a result of such Participant's ownership; *provided, however*, that if any such

Participant who effects any transactions after having received any such material, non-public information so obtained can show that such transaction was effected in the ordinary course of the Participant's business, such Participant shall not be deemed to have used such information in violation of this section, unless it can be shown that such Participant would not have effected such transaction in the absence of such information.

- (b) For the purposes of this Section, the terms "material" and "non-public information" shall each have the meaning set forth in Section 1.59(a) of the Commission Regulations.

209. Conflicts of Interest.

- (a) *Definitions.* For purposes of this Rule 209, the following definitions shall apply:

- (i) the term "family relationship of a Person" shall mean such Person's spouse, former spouse, parent, stepparent, child, stepchild, sibling, stepbrother, stepsister, grandparent, grandchild, uncle, aunt, nephew, niece or in-law.
- (ii) the term "Board" shall mean the Board, and any committee thereof duly authorized to take action or to recommend the taking of action on behalf of the Facility.
- (iii) the term "member's affiliated firm" shall mean a firm in which a member of the relevant deliberating body is an employee or a "principal", as defined in Commission Regulation 3.1(a).
- (iv) the term "named party in interest" shall mean a Person or entity that is identified by name as a subject of any matter of a Rule enforcement nature or any disciplinary matter or appeal being considered by the Board, a disciplinary committee or oversight panel.
- (v) the term "significant action" shall mean any of the following types of actions or rule changes that are implemented without the Commission's prior approval:
 - (A) Any actions or Rule of the Facility changes which address an "Emergency", as defined in Rule 1204; and
 - (B) Any changes in margin levels that are (i) designed to respond to extraordinary market conditions, such as an actual or attempted squeeze or corner or congestion due to undue position concentration or (ii) otherwise likely to have a substantial effect on prices in any Swap.

- (b) **Named Party in Interest Conflict.**

- (i) *Prohibition.* No Officer, Chief Compliance Officer or member of the Board or any standing committee shall knowingly participate in such body's deliberations or voting in any matter involving a named party in interest where such person (A) is a named party in interest, (B) is an employer, employee or fellow employee of a named party in interest, (C) is associated with a named party in interest through a broker association, (D) has a family relationship with a named party in interest or (E) has any other significant, ongoing business relationship with a named party in interest, excluding relationships limited to executing Swaps opposite each other or to clearing Swaps through the same Clearing Privilege Holders.
 - (ii) *Recusal.* Where the Chief Compliance Officer has or believes that he or she may have one of the relationships listed in this Rule with a named party in interest, or where the Chief Compliance Officer has or believes that he or she may have any personal, professional or familial relationships with respect to any person or entity, who is likely to be materially affected by any significant action on which the Chief Compliance Officer would participate in deliberations or decision making, the Chief Compliance Officer shall recuse himself or herself from the matter giving rise to the conflict and the Board shall appoint an individual meeting all the requirements of a Chief Compliance Officer to serve as Chief Compliance Officer for the specific matter giving rise to the conflict.
 - (iii) *Disclosure.* Prior to consideration of any matter involving a named party in interest, each member of the deliberating body shall disclose to the Chief Executive Officer, or his or her designee, whether such member has or believes that he or she may have one of the relationships listed in paragraph (b)(i) of this Rule 209 with a named party in interest.
 - (iv) *Procedure and Determination.* The Chief Executive Officer, or his or her designee, shall determine whether any member of the relevant deliberating body is subject to a conflicts restriction under this paragraph (b). Such determination shall be based upon a review of the following information:
 - (A) information provided by such member pursuant to clause (iii) above and any additional information requested by the Chief Executive Officer or his or her designee; and
 - (B) any other relevant information that is held by the Facility or obtained from a reasonably available source that the Chief Executive Officer or his or her designee reasonably believes to be accurate.
- (c) **Financial Interest in a Significant Action Conflict.**
- (i) *Prohibition.* No Officer, Chief Compliance Officer or member of the Board or any standing committee shall participate in such body's

deliberations and voting on any significant action if such person knows or reasonably should know that he or she has a direct or indirect substantial financial interest in the result of the vote based upon either Facility or non-Facility positions that could reasonably be expected to be affected by the significant action under consideration, as determined pursuant to this paragraph (c).

- (ii) *Disclosure.* Prior to consideration of any significant action, each member of the deliberating body who does not choose to abstain from deliberations and voting shall disclose to the Chief Executive Officer, or his or her designee, position information known to such member with respect to any particular month or months that are under consideration, and any other positions which the deliberating body reasonably expects could be affected by the significant action, as follows:
 - (A) gross positions held at the Facility in such member's personal accounts or "controlled accounts," as defined in Commission Regulation 1.3(j);
 - (B) gross positions held at the Facility in accounts of any entity in which such member is a "principal", as defined in Commission Regulation 3.1(a); and
 - (C) any other types of positions, whether maintained at the Facility or elsewhere, held in such member's personal accounts or the proprietary accounts of such member's affiliated firm, that the Facility reasonably expects could be affected by the significant action.
- (iii) *Procedure and Determination.* The Chief Executive Officer, or his or her designee, shall determine whether any member of the relevant deliberating body is subject to a conflicts restriction under this paragraph (c) based upon a review of the most recent large trader reports and clearing records available to the Facility, information provided by such member with respect to positions pursuant to clause (ii) above and any other source of information that is held by and reasonably available to the Facility, taking into consideration the exigency of the significant action being contemplated. Unless the deliberating body establishes a lower position level, a member thereof shall be subject to the conflicts restriction in clause (i) above if the review by the Chief Executive Officer, or his or her designee, identifies a position in such member's personal or controlled accounts or accounts of any entity in which such Participant is a principal as specified in subclauses (ii)(A) and (ii)(B) above, in excess of an aggregate number of twice the reporting level, or a position in the accounts of such member's affiliated firm as specified in subclause (ii)(C) above, in excess of an aggregate number of twice the reporting level.

- (iv) *Deliberation Exemption.* Any Officer, member of the Board, a “disciplinary committee” or “oversight panel” (both as defined in Commission Regulation 1.69) who would otherwise be required to abstain from deliberations and voting pursuant to this paragraph (c) (excluding the Chief Compliance Officer) may participate in deliberations, but not voting, if the deliberating body, after considering the factors specified below, determines that such participation would be consistent with the public interest, provided, however, that before reaching any such determination, the deliberating body shall fully consider the position information specified in clause (ii) above which is the basis for such member’s substantial financial interest in the significant action that is being contemplated. In making its determination, the deliberating body shall consider:
 - (A) whether such member’s participation in deliberations is necessary to achieve a quorum; and
 - (B) whether such member has unique or special expertise, knowledge or experience in the matter being considered.
- (d) *Documentation.* The minutes of any meeting to which the conflicts determination procedures set forth in this Rule apply shall reflect the following information:
 - (i) the names of all members of the relevant deliberating body who attended such meeting in person or who otherwise were present by electronic means;
 - (ii) the name of any member of the relevant deliberating body who voluntarily recused himself or herself or was required to abstain from deliberations or voting on a matter and the reason for the recusal or abstention, if stated; and
 - (iii) information on the position information that was reviewed for each member of the relevant deliberating body.

PART 3. PARTICIPANTS.

301. Status of Participants.

- (a) Participants shall have the privileges, rights and obligations set forth in, or established pursuant to, these Rules.
- (b) Subject to the requirements and procedures set forth in this Part 3, Trading Privileges shall be offered to all Applicants from time to time approved by the Facility as eligible to be Participants, subject to any limitation, restriction or revocation from time to time imposed by the Facility. Trading Privileges are non-transferable, non-assignable and may not be sold or leased.

- (c) Any Person that is currently accepted as a customer of, and with trading privileges with, BGC Partners, Inc. or any of its wholly owned subsidiaries is admitted as a Participant of the Facility on the same basis as an Applicant under Rule 303, upon such Person:
 - (i) submitting a completed current customer Application;
 - (ii) representing to the Facility that it is an Eligible Contract Participant,
 - (iii) representing to the Facility that it is a current customer of BGC Partners, Inc. or any of its wholly-owned subsidiaries;
 - (iv) acknowledging to the Facility that it understands that by accessing, or entering any order into the Facility the Applicant agrees,
 - (A) to be bound by, and comply with, the rules of the Facility, and
 - (B) to be subject to the jurisdiction of the Facility with respect to all matters arising from its status, actions or omissions as a Participant of the Facility;
 - (v) informing the Facility of any change in the Applicant's traders, which, in the absence of any such notice, shall be deemed to be Authorized Traders under Rule 306; and
 - (vi) providing any additional information and documents that the Facility may request.
- (d) Notwithstanding the provisions of paragraph (c), any Person that is currently accepted as a customer of, and with trading privileges with, BGC Partners, Inc. or any of its wholly owned subsidiaries, that fails to submit the documents required in subparagraphs (i) through (v) but that nevertheless accesses the Facility, by that action represents that it satisfies the definition of Eligible Contract Participant and agrees to be bound by and comply with the rules of the Facility, of any applicable clearinghouse and of Applicable Law and agrees to be subject to the jurisdiction of the Facility.

302. Eligibility.

- (a) Unless otherwise prohibited by these Rules, any Person is eligible to become a Participant, provided that such Person meets the following standards:
 - (i) the Applicant satisfies the definition of Eligible Contract Participant.
 - (ii) if a natural person, the Applicant shall have attained the age of majority and shall be of good character;

- (iii) if an Entity, the Applicant shall be duly organized, existing and in good standing under the laws of its jurisdiction of organization;
- (iv) the Applicant shall have good commercial standing and business experience;
- (v) the Applicant shall have adequate financial resources and credit;
- (vi) the Applicant shall, where relevant, be registered, licensed or otherwise permitted by the appropriate Governmental Agency to conduct business on the Trading System or subject to the rules of the Facility;
- (vii) the Applicant shall have such operational capabilities (including without limitation such hardware, software, communications systems and staffing) as the Facility may from time to time determine is appropriate in view of such Person's anticipated type and level of activity on the Trading System or subject to the rules of the Facility;
- (viii) the Applicant shall meet any other criteria that the Facility may from time to time prescribe.

303. Application Procedures.

- (a) Except as provided under Rule 301(c), every Person applying to become a Participant shall complete an application on a form prescribed by the Facility and shall file it with the Facility with any documents that the Facility requires.
- (b) An Applicant must name in its application for admission a natural person who will be authorized to represent it. An Applicant must name at least one natural person who, if approved by the Facility, will be an Authorized Trader. An Applicant who is a natural person shall be considered by the Facility to be both the representative and the Authorized Trader.
- (c) The Applicant must designate at least one senior officer who is responsible for supervising all activities of its employees relating to transactions effected on the Trading System or subject to the Facility's Rules and advise the Facility of the name, title, and address for the senior officer, phone number, fax number and e-mail address of each such officer;
- (d) An Applicant shall:
 - (i) agree to abide by the Rules of the Facility and adhere to Applicable Law; and
 - (ii) consent to the jurisdiction of the Facility in all matters arising under the Rules.

- (e) An Applicant that is a “Foreign Broker,” as defined in Commission Regulation 1.3(xx), or a “Foreign Trader” as defined in Commission Regulation 15.00(j), must notify the Facility if it has appointed an agent domiciled in the U.S. for the purpose of accepting delivery and service of any communication from the Commission. Absent appointing an agent, the Facility is deemed by regulation to act in that capacity.
- (f) Every Applicant and all Persons associated with the Applicant may be investigated by the Facility. The Applicant shall file with the Facility any additional information and documents as the Facility, or any individual, corporation, Facility or association authorized by the Facility to act on its behalf, may request.
- (g) Upon completion of the application process, the Facility shall consider and then approve or reject the application for admission, unless there is just cause for delay. Applicants who are natural persons as well as holders of a significant interest in and/or senior management of Applicant Entities may be required to appear in person before the Facility. The Facility may also require any Participant, significant shareholder or manager associated with a Participant who may possess information relevant to the Applicant’s suitability for membership to provide additional information.
- (h) The Facility shall approve an application for admission if it finds that the Applicant meets all of the qualifications to become a Participant. The Facility shall reject an application for admission if it does not make such a finding or if it finds that, if the application were approved, the Participant would be subject to suspension or expulsion under the provisions of these Rules or Applicable Law, including, without limitation, the Commodity Exchange Act.
- (i) Written notice of the action of the Facility, specifying in the case of rejection of an application the grounds therefore, shall be given promptly to the Applicant.

304. Denial of Admission.

- (a) The Facility may deny the application of any Person (or a Person associated with the applicant) to become a Participant if the Person:
 - (i) does not meet one or more of the standards of eligibility set forth in Rule 302 or does not follow the procedures to apply for admission set forth in these Rules or established by the Facility;
 - (ii) has been convicted of any felony or misdemeanor involving, arising from, or related to, the purchase or sale of any Commodity, security, futures contract, option or other financial instrument, or involving or arising from fraud or moral turpitude, or is permanently or temporarily enjoined by order, judgment or decree of any court of competent jurisdiction or any Governmental Agency from engaging in or continuing any conduct or practice in connection with the purchase or sale of any Commodity,

security, futures contract, option or other financial instrument, or is or has been subject to an order of the Commission denying the Person trading privileges on or subject to the rules of any registered entity;

- (iii) has had any fine, cease and desist order, denial of trading privileges, censure or other sanction or discipline (whether through an adverse determination, voluntary settlement or otherwise) imposed on such Person by any Governmental Agency;
 - (iv) has ever been expelled from, suspended by or subject to any other disciplinary action (whether through an adverse determination, voluntary settlement or otherwise) imposed on such person by any SRO;
 - (v) is subject to any material unsatisfied judgments, the enforcement of which has not been stayed by a court of competent jurisdiction;
 - (vi) has made any false or misleading statement in or in connection with any application filed with the Facility;
 - (vii) is subject to a statutory disqualification as defined in Section 8(a)(2) of the Commodity Exchange Act;
 - (viii) is subject to a statutory disqualification as defined in the Securities Exchange Act; or
 - (ix) if, under all of the circumstances, the Facility in its discretion determines that admitting the Person as a Participant would not be in the best interests of the Facility.
- (b) In the event that an application for membership is denied by the Facility, the Applicant shall have an opportunity to be heard upon the specific grounds for the denial. An Applicant denied membership may challenge the denial by filing with the Secretary a petition for review of the denial by the Facility's Appeals Committee. The petition shall be filed within thirty calendar days of the date upon which the Facility's decision was mailed to the Applicant. Hearings shall be conducted in a manner that will give the Person an opportunity to present fully and fairly to the Facility the Person's reasons why the application should be granted.

305. Admission as a Participant.

- (a) In the event that the Facility grants the application for admission of any Person to become a Participant (or at any time prior thereto), the Person shall, within such time as the Facility may specify, take the following actions:
 - (i) unless the Applicant is itself a Clearing Participant, declare on a form prescribed by the Facility that it has in effect an agreement with a Clearing Participant to clear the Applicant's transactions;

- (ii) file such other documents and take such other actions as the Facility may prescribe; and
 - (iii) establish and maintain a working connection with the Trading System in accordance with such procedures and protocols as the Facility may have in effect from time to time.
- (b) Upon completing such actions, such Person shall become a Participant, with all of the rights, privileges and obligations set forth in, or established pursuant to the Rules; and
 - (i) the Facility shall notify the Person of the effective date and time of becoming a Participant and of the Participant ID and, in the case of a Clearing Participant, the Clearing Participant ID.
 - (ii) if the Person does not complete the actions specified in paragraph (a) within the time specified by the Facility, then unless the Facility extends the time, the Person shall be deemed to have withdrawn the application to become a Participant.

306. Authorized Traders, Introducing Brokers and Authorized Customers of Participants.

- (a) Authorized Traders.
 - (i) Each Participant, other than a Participant that is a natural Person, shall appoint one or more persons to act as an Authorized Trader, and any such Authorized Trader shall be entitled to exercise Trading Privileges on behalf of the Participant subject to the terms and conditions of these Rules.
 - (ii) A Participant wishing to appoint an Authorized Trader shall notify the Facility and each Authorized Trader will consent, in a form satisfactory to the Facility, to abide by the Rules of the Facility and Applicable Law prior to accessing the Trading System. Each Authorized Trader must satisfy such requirements as may be prescribed by the Facility from time to time and shall be subject to the disciplinary authority of the Facility and possible fine or restriction or revocation of Trading Privileges.
 - (iii) A Participant admitted under Rule 301(c), unless notifying the Facility otherwise, shall be deemed to appoint as its Authorized Traders on the Facility those Persons that were authorized to exercise Trading Privileges on BGC Broker, Inc. or its wholly-owned subsidiaries on its behalf.
- (b) Introducing Brokers.
 - (i) A Participant may appoint an Introducing Broker registered with the Commission as its Authorized Trader to accept orders for the purchase or sale of a Swap and exercise Trading Privileges on the Facility on behalf of

the Participant subject to the terms and conditions of these Rules. Such appointment shall be made under the procedures provided under subparagraph (a) (ii) of this Rule ;

(ii) Notwithstanding subparagraph (b)(i) of this Rule, an Introducing Broker registered with the Commission that is a corporate affiliate of the Facility, in each case such affiliated Introducing Broker having consented to abide by the Rules of the Facility and Applicable Law, shall be deemed by the Facility to be the Participant's Authorized Trader upon the Participant's submission of Bids or Offers to the Facility or, as applicable, transactions subject to the rules of the Facility, via such affiliated Introducing Broker. An Introducing Broker acting as the Authorized Trader of a Participant under this subparagraph (b)(ii) shall exercise the full Trading Privileges on behalf of the Participant for which it acts as though appointed under subparagraph (b)(i) of this Rule.

(c) Authorized Customers.

(i) Each Participant may from time to time elect to provide a User ID to one or more of its Customers to enable any such Customer to access the Facility, including the Trading System directly, and any such Customer will become an "Authorized Customer" for purposes of these Rules, and shall be entitled to exercise Trading Privileges and to access the Facility, including the Trading System, directly subject to the terms and conditions of these Rules.

(ii) Any Participant wishing to designate an Authorized Customer shall notify the Facility (and must satisfy the requirements listed below) and must obtain from each Authorized Customer an agreement, in the form specified by the Facility, pursuant to which, among other things, the Authorized Customer agrees to comply with the Rules of the Facility and Applicable Law. Each Authorized Customer must satisfy such requirements as may be prescribed by the Facility from time to time and shall be subject to the disciplinary authority of the Facility and possible fine or restriction or revocation of Trading Privileges. Authorized Customers may access the Trading System directly, provided that the following provisions are satisfied.

(iii) An Authorized Customer Account shall be carried in the name of the Participant.

(iv) an Authorized Customer must assure the financial performance of all trades and positions for that account by providing to the Facility, in a form acceptable to the Facility,

(A) a representation that the Authorized Customer's positions are guaranteed by a Clearing Participant; and

- (B) an agreement from the Participant under which the Participant shall remain responsible for the acts and omissions of its Authorized Customers.
- (v) the Participant shall provide, or cause the Authorized Customer to provide, to the Control Desk such information as shall be requested pertaining to the Authorized Customer for which Trading System access is sought, including but not limited to, name, address, account number, birth date or tax identification number for entities other than individuals, any give-up information, email address and telephone numbers.
- (vi) the Control Desk, once it is satisfied that all requested information has been provided, shall issue a User ID and password or identifiers for such Authorized Customer.

The User ID shall not be authorized for trading through the Trading System until the Clearing Participant enters in the Facility risk administration terminal all required risk controls for such Authorized Customer or provides the Control desk with such data as required. The Facility will enable the User ID when it is satisfied in its sole discretion that all requirements have been met and risk controls have been utilized. Notwithstanding the foregoing, the Participant shall remain responsible in accordance with these Rules for the acts and omissions of any of its Authorized Customers, regardless of the level of risk controls set by the Clearing Participant and the approval of such risk controls by the Facility.

- (d) Each Participant may at any time revoke an authorization granted by it to any Authorized Trader (including an Introducing Broker) or Authorized Customer by providing either written notice of such revocation, or verbal notice with written notice to follow, to the Facility and to the Authorized Customer's Clearing Participant. A Participant after such revocation shall take immediate measures:
 - (i) to withdraw all resting Orders of the Authorized Trader or Authorized Customer from the Trading System;
 - (ii) to ensure that the revoked Authorized Trader or Authorized Customer shall not have access to the Trading System or to Order execution subject to the rules of the Facility; and
 - (iii) to ensure that the revoked Authorized Trader or Authorized Customer shall not utilize its User ID.
- (e) All obligations of Participants under these Rules shall also apply to each of their Authorized Traders (including Introducing Brokers acting on their behalf), other Supervised Persons and Authorized Customers, and each Participant shall be responsible for the actions and omissions of each of its Authorized Traders, other Supervised Persons and Authorized Customers. Each Participant will ensure on an ongoing basis that none of its Authorized Traders, other Supervised Persons

and Authorized Customers is subject to statutory disqualification as defined by the Commodity Exchange Act (unless an appropriate exemption has been obtained with respect thereto).

- (f) Each Participant will ensure and that each of its Authorized Traders, other Supervised Persons (as applicable) and Authorized Customers will be technically proficient in respect of the use of the Trading System. Each Participant shall have procedures for performing day-to-day monitoring of its Authorized Traders, other Supervised Persons and Authorized Customers to ensure that each will conduct its business in a fair and equitable manner and in accordance with the Rules of the Facility.
- (g) For purposes of these Rules, any reference to the Trading Privileges of a Participant shall also be deemed to refer and apply to the exercise of Trading Privileges by any of such Participant's Authorized Traders (including registered Introducing Brokers, whether appointed or deemed appointed) and Authorized Customers
- (h) A Participant submitting or receiving Orders, Bids, Offers or Message Traffic into or from the Trading System or Facility or engaging in transactions in Swaps matched through the Trading System or executed subject to the rules of the Facility, shall be deemed to also refer and apply to any such actions engaged in by any of such Participant's Authorized Traders (that is not itself a registrant with the Commission) and Authorized Customers and the knowledge of, or matters known to, any Participant shall be deemed to also refer to and include the knowledge of, or matters known to, its Authorized Traders (that is not itself a registrant with the Commission), other Supervised Persons and Authorized Customers.

307. Payment of Facility Fees.

The Facility, in its discretion and with reasonable notice, may impose fees, charges and assessments upon Participants. The Facility may honor an on-going fee arrangement between a Participant of the Facility that was a customer of BGC Partners, Inc. or any of its affiliates at the time that the Facility commenced operations as a SEF for the remainder of the term of such agreement. Participants, or as applicable, an Introducing Broker registered with the Commission trading for a Participant, shall pay any fees, charges and assessments in a manner prescribed by the Facility on a timely basis. The Facility may suspend any Participant or impose other penalties pursuant to Part 10 for failure to pay any such fee, charge, or assessment on a timely basis.

308. Surveillance.

The Facility has contracted with the NFA for the performance of market, trade practice, financial, and audit trail surveillance and related investigations and disciplinary proceedings with respect to Participants. The failure by any Participant to furnish any information requested by the entity contracted to perform these functions, as authorized by the Facility and acting on behalf of the Facility with respect to these functions, shall

constitute a violation of these Rules. The Facility retains ultimate responsibility for the oversight of each Participant.

309. Proprietary Nature of Market Data.

All Participants and Authorized Customers and employees, agents, vendors and other Persons affiliated with the foregoing understand and acknowledge that the Facility has a proprietary interest in Market Data and Quotation Information and agree not to take any action contrary or detrimental to such interest, including, but not limited to, unauthorized distribution of such Market Data and Quotation Information to third parties.

310. Recording of Conversations.

Participants acknowledge and consent to the Facility's right and power to record conversations between employees, officers and agents of the Facility and Participants and Authorized Customers and, their employees, officers and agents. Participants and Authorized Customers shall inform their employees and agents of the Facility's right and power to record conversations and shall obtain their consent thereto. The Facility shall retain any such recordings under the terms and conditions the Facility may prescribe from time to time.

311. Termination of Participation.

- (a) The participation of any Person may be terminated at any time:
 - (i) by the Facility pursuant to Part 10 of the Rules; or
 - (ii) by the Facility if the Facility shall determine, after notice and an opportunity to be heard, that such Participant no longer meets any one or more of the eligibility standards set forth in Rule 302; or
 - (iii) by a Participant upon written notice to the Facility, specifying the effective date of termination, which shall be (A) not less than 30 days following the date of giving of such notice or (B) such other date as may be approved by the Facility.
- (b) Notwithstanding any termination of its membership, a Participant shall remain subject to the jurisdiction of the Facility after the effective date of termination with respect to any investigation or proceeding commenced by the Facility against the Person pursuant to Part 10 of the Rules or any claim in arbitration filed against the Person pursuant to Part 11 of the Rules, provided that such investigation, proceeding or arbitration is commenced not more than two years after the effective date of termination.

- (c) Any Participant whose participation has been terminated shall immediately notify the Facility of any change in its address as most recently reported to the Facility for a period of one year following the effective date of termination.

312. Market Maker Program.

The Facility, in order to provide liquidity and orderliness in a market, may adopt a program granting one or more Participants, designated as Liquidity Providers, benefits in return for assuming and adequately performing obligations. Any such program may contain:

- (a) The qualifications to become a Liquidity Provider, including without limitation any minimum net capital requirements;
- (b) The procedure by which a Participant may seek and receive designation as a Liquidity Provider;
- (c) The obligations of a Liquidity Provider, including without limitation, maximum Bid/Offer spread and minimum quote size; and/or
- (d) The benefits accruing to a Liquidity Provider, including without limitation, reduced transaction fees and or the receipt of compensatory payments from the Facility.

PART 4. OBLIGATIONS OF PARTICIPANTS.

401. Non-U.S. Participants.

Any non-U.S. Participant that is not registered with the Commission as a Swap Dealer, Futures Commission Merchant or Introducing Broker must provide the Facility in the form and manner specified the true name, address and occupation of any Customer executing Swaps through the non-U.S. Participant; provided, however, this requirement shall not apply if the positions of the non-U.S. Participant's customers are maintained in or carried by a Swaps Dealer or Futures Commission Merchant on a fully-disclosed basis or introduced by a registered Introducing Broker.

402. Notification.

Each Participant shall notify the Facility in writing and within 10 business days upon becoming aware of any of the following events:

- (a) Any refusal of admission to, or withdrawal of any application for admission, membership or Clearing membership in any SRO;
- (b) Any expulsion, suspension or fine in excess of \$25,000 (whether through an adverse determination, voluntary settlement or otherwise) imposed by any SRO;

- (c) Any denial or withdrawal of any application for any registration or license by or from any Governmental Agency and any revocation, suspension, or conditioning of any registration or license granted by any Governmental Agency;
- (d) Any fine, cease and desist order, denial of trading privileges, censure or other sanction or discipline (whether through an adverse determination, voluntary settlement or otherwise) imposed by any Governmental Agency;
- (e) Any indictment of the Participant or any of its senior officers for any conviction of the Participant or any of its senior officers of, any confession of guilt or plea of guilty or *nolo contendere* by the Participant or any of its senior officers to any felony or misdemeanor involving, arising from, or related to the purchase or sale of any Commodity, security, futures contract, option or other financial instrument or involving or arising from fraud or moral turpitude;
- (f) Commencement of any judicial or administrative proceeding against the Participant by any Governmental Agency which could result in the disqualification of a Participant;
- (g) Commencement by or against the Participant of a case in bankruptcy or of any other action or proceeding to liquidate, reorganize or restructure the Participant pursuant to any applicable provision of law, federal or state, domestic or foreign;
- (h) Any damage to or failure or inadequacy of the systems, facilities or equipment of the Participant which might materially and adversely affect the ability of the Participant to effect transactions on the Facility or subject to the Rules; to comply with the Rules; in the case of a Clearing Participant, to clear transactions effected on the Facility or subject to the Rules; or to timely perform its regulatory or financial obligations under or in connection with transactions effected on the Facility or subject to the Rules;
- (i) Any other material change in any information contained in the application for admission as a Participant, and
- (j) Any failure to maintain segregated funds as required by the Commission where the Participant is a Clearing Participant or a Futures Commission Merchant.

403. Record-keeping and Reporting Requirements.

Each Participant shall make and file reports in accordance with (and in the manner and form and at such times as may be prescribed by) Commission Regulations.

- (a) **Commission Record-keeping Requirements.** Each Participant shall keep all records required by the Commission and Applicable Law to be kept. Such record shall be kept in permanent form, showing the parties to all such transactions, including the Persons for whom made, any assignments or transfers thereof, with the parties thereto, and the manner in which the transactions are fulfilled, discharged or terminated. Records shall be kept for a period of five years from

the date thereof (or for a longer period if the Commission shall so direct), shall be readily accessible during the first two years of the five-year period and shall at all times be open to inspection by any representative of the Facility, the Commission, the NFA or the United States Department of Justice.

- (b) **Facility Reporting Requirements.** Each Participant shall make and file reports with the Facility at the times, in the form, and containing such information as the Facility may prescribe from time to time.
- (c) **Facility Record-keeping Requirements.** Each Participant shall make such records relating to orders received, transactions effected and positions carried, and shall maintain such records for such time, as the Facility may prescribe from time to time. Such records shall at all times be open to inspection by the Facility.
- (d) **Responding to Information Requests.** Each Participant shall timely furnish the information as may from time to time be requested by any representative of the Facility, including the NFA acting in its capacity as a regulatory services provider, in the course of its, his or her duties. Any representative of the Facility, and the NFA, when engaged in the examination of any subject over which it has jurisdiction, has the power to summon and examine any Participant and any employee, officer, partner, or agent thereof. The representative of the Facility and may require such individual to submit a sworn statement of his or her information.
- (e) **Employee Supervision and Training.** Each Participant shall reasonably supervise all activities of its employees relating to transactions effected on the Trading System or subject to these Rules. Without limiting the generality of the foregoing:
 - (i) each Participant shall continue to have at all times at least one senior officer who is responsible for such supervision and shall promptly advise the Facility of any change in the name, title, address, phone number, fax number or e-mail address of each such officer;
 - (ii) each Participant shall be responsible for training its employees regarding the requirements of these Rules, the Commodity Exchange Act, Commission Regulations, and the proper use of the Trading System and of any terminal or other device used for obtaining access to the Trading System; and
 - (iii) each Participant shall furnish the Facility with the name, location, birth date or tax identification number for entities other than individuals and User ID of each Authorized Trader and shall certify that each Authorized Trader has been trained regarding these Rules, the proper use of the Trading System, and the proper use of any terminal or other device used for obtaining access to the Trading System. The Facility reserves the right to refuse or revoke access to the Trading System of any Authorized Trader when such action would serve the best interests of the Facility.

- (f) **Rules Violations by Employees.** Any violation of the Rules or Participant Agreement by any employee of a Participant shall constitute a violation of the Rules by such Participant.
- (g) **Responsibility for Swaps Entered Under Participant ID.** Each Participant shall be fully responsible for timely performance of all obligations under or in connection with any Swap or contract resulting from the entry of any order into the Trading System with such Participant's Participant ID and any Swap otherwise resulting and reported to the Trading System with such ID.
- (h) **Order Entry Under Participant ID.** Each Participant shall be responsible for assigning and reporting of any message input pneumatic indicator that may be required by the Facility to be included with orders submitted to the Trading System for the entry of any order into the Trading System under such Participant's Participant ID.
- (i) **Maintenance of Eligibility for Trading.** Each Participant shall at all times continue to meet the standards of eligibility set forth in Rule 302 and not be subject to any of the grounds for denial of an application for admission as a Participant set forth in Rule 304.
- (j) **Maintenance of Financial Requirements.** Participants shall at all times maintain their financial resources at or in excess of the amount prescribed by the Facility from time to time in respect of the Participant's capacity at the Facility. Any Participant registered as a Swap Dealer, Major Swap Participant, Futures Commission Merchant or Introducing Broker must comply with the financial requirements set forth by the Commission, and any Participant that is also registered as a broker-dealer, security-based swap dealer or major security-based swap participant must comply with the financial requirements set forth by the SEC.
- (k) **Due Diligence in Handling Customer Orders.** Each Participant shall use due diligence in receiving and handling orders from their customers, entering such orders into the Trading System, responding to inquiries from customers about their orders and reporting back to customers the execution of such orders.
- (l) **Priority of Customer Order Entry.** Each Participant shall establish and enforce internal rules, procedures and controls to ensure, to the extent possible, that each order received from a customer which is executable at or near the market price is entered into the Trading System before any order having the same Tenor in the same Swap for:
 - (i) any Proprietary Account,
 - (ii) any other account in which any Affiliate of the Participant has an interest,
or

- (iii) any account for which the Participant, Affiliate, or an employee thereof may originate orders without the specific prior consent of the owner of the account, if such Participant, Affiliate or employee has gained knowledge of the customer's order prior to the entry of the orders specified in paragraphs (i)-(iii) above.

404. Requirements for Persons Submitting Orders.

- (a) Each Order submitted to the Trading System shall be submitted under the applicable User ID, and shall indicate the Clearing Organization to be used upon trading the order as provided under Part 8 of these Rules, along with clearing account numbers for the Futures Commission Merchant that has agreed to guarantee their trades, along with account numbers for allocation of accounts as permitted by the Trading System.
- (b) To qualify to receive one or more User IDs, the Person must be a Participant, Authorized Trader or Authorized Customer, and such Person shall meet all Facility mandated eligibility standards of Rule 302 and other requirements under the Rules. Each Participant and Authorized Customer shall be responsible for granting and/or authorizing the use of any for Orders that are submitted using that Participant's or Authorized Customer's User ID and shall be responsible for all Orders entered, or other actions taken, through the use of its User IDs.
- (c) Each Participant, Authorized Trader or Authorized Customer, as applicable, shall provide in writing to the Facility, and keep current such information as the Facility may require concerning (i) itself, and (ii) in the case of a Participant, each of its Authorized Traders and Authorized Customers.
- (d) Each Participant or Authorized Customer, as applicable, shall provide in writing to the Facility upon request, such information as the Facility may require concerning each of its Supervised Persons, including but not limited to the identity of each such Supervised Person.
- (e) Any request that the Facility activate or deactivate a User ID shall be submitted in writing by a Designated Contact of the relevant Person in the manner provided for by the Facility; provided that the consent of the Designated Contact of a Participant shall be required for the activation of the User ID of any of such Participant's Authorized Traders and Authorized Customers. The Designated Contact of any Participant shall have the right to activate or deactivate the User ID of any of such Participant's Authorized Traders or Authorized Customers. The Facility shall have no liability for any action or inaction due to its good faith reliance upon a written request or for any communication system failure.

405. Cooperation in Investigations.

Each Participant, Authorized Trader and Authorized Customer shall cooperate with any investigation of the Facility, its designee, the Commission, the NFA or the SEC.

406. System Security.

Each Participant shall (i) be solely responsible for controlling and monitoring the use of all User IDs issued to it, its Authorized Customers and Authorized Traders by the Facility, (ii) ensure that each Person accessing the Trading System using such User IDs is assigned a unique password and that each password is used only by the Person to whom it is assigned, and (iii) shall notify the Facility promptly upon becoming aware of any unauthorized disclosure or use of such User IDs or passwords or access to the Facility or of any other reason for deactivating User IDs or passwords. Each Participant shall be bound by any actions taken through the use of such User IDs or passwords (other than any such actions resulting from the fault or negligence of the Facility), including the execution of transactions, whether or not such actions were authorized by such Participant or any of its Supervised Persons or executed by anyone other than an Authorized Trader or Authorized Customer of such Participant.

407. User IDs and Confidentiality.

- (a) 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 and Authorized Customer on behalf of itself and each of its Supervised Persons and Customers shall ensure that no User ID is used by any Person not authorized by these Rules.
- (b) Participants and Authorized Customers must identify to the Facility User IDs that are assigned to an AOG.
- (c) Participants and Authorized Customers, in each case as applicable, that are not individuals, must have in place policies and procedures acceptable to the Facility, which:
 - (i) restrict access through password protection to any system capable of submitting Orders to the Facility to individual users authorized by the relevant Participant (including its Authorized Traders, Supervised Persons and Customers) or Authorized Customer (including its Supervised Persons),
 - (ii) require creation, maintenance and record keeping of accurate and complete records regarding each individual that is issued or authorized to use a unique User ID;
 - (iii) require, in the case of a Participant, such Participant's Authorized Customers, to create, maintain and record keep accurate and complete records regarding the individuals that are issued or authorized to use a unique User ID; and
 - (iv) require that individuals protect and maintain the security of any User ID and prohibit the use of such User ID, except as permitted in this section, by any other Person, including subsidiaries, affiliates, divisions or

business units of Participants or Authorized Customers. Participants and Authorized Customers may be issued, and may utilize, multiple User IDs solely for the purpose of identifying their subsidiaries, affiliates, divisions or business units, which make separate trading decisions. Multiple individuals trading in the name of a single Participant or the Participant's customers under the same User ID are permitted to trade through the use of that User ID.

(d) **Confidentiality of Trading System.**

- (i) any and all non-public information in any form obtained by a Participant or its Authorized Customers arising out of or related to the provision or use of the Trading System, including but not limited to trade secrets, processes, computer software and other proprietary data, research, information or documentation related thereto (“Confidential Information”), shall be deemed to be confidential and proprietary information of the Facility. Participant and its Authorized Customers are required to hold such Confidential Information in strict confidence and the disclosure of such Confidential Information to third parties (other than to its employees, its affiliates and their employees or its agents) or the use of such Confidential Information for any purpose whatsoever other than as contemplated by the Rules shall be a violation of this Rule.
- (ii) confidential Information shall not include information which is:
 - (A) in or becomes part of the public domain ;
 - (B) known to or obtained by such party previously without an obligation of confidentiality;
 - (C) independently developed by such party outside of this Agreement;
 - (D) required to be disclosed by Applicable Law, or pursuant to a subpoena or order of a court or regulatory, self-regulatory or legislative body of competent jurisdiction, or in connection with any regulatory or self-regulatory request for information, or that BGC otherwise deems advisable, in its discretion, to disclose to a governmental, self-regulatory or legislative organization.; or
 - (E) information submitted by Participant that is displayed by BGC on the Trading System or otherwise distributed or sold by BGC regarding Bids, Offers, or Transactions executed on the Trading System, provided that such displays and distributed or resold information shall not identify Participant by name, unless BGC is explicitly directed to do so by Participant and only then for the express purposes set forth in and under conditions in compliance with the Rules.

408. Front-End User Interface.

Each Participant shall be solely responsible for ensuring that any front-end interface or computer program for automated order entry connecting to the Trading System that is not provided by the Facility, and that is used by the Participant, its Authorized Traders or Authorized Customers, is in compliance, in design and operation, with Applicable Law and these Rules.

409. Responsibility for orders.

Each Participant and Authorized Customer shall be responsible for (i) all Orders placed by it, and by any of its Supervised Persons or customers (in the case of a Participant) and (ii) use of any of the User IDs assigned to it and any of its Authorized Traders or Authorized Customers (in the case of a Participant).

410. Compliance by Participants.

Each Participant and Authorized Trader shall, by making application for a User ID and by placing any Order, shall have agreed to (i) be bound by the Rules of the Facility, (ii) be subject to the jurisdiction of the Facility, (iii) comply with all applicable Rules of Facility and (iv) comply with Applicable Law.

PART 5. TRADING.

501. Required Transactions.

- (a) **Execution.** Required Transactions, except for Block Trades which shall be traded in accordance with Rule 510, shall be matched via the Electronic Order Book in accordance with the provisions of Rule 602, through Voice Functionality in accordance with Rule 702, or through the Request for Quote System in accordance with the provisions of Rule 702a.
- (b) **Clearing.** All Swaps that are Required Transactions shall be settled in accordance with the rules of the Clearing Organization.
- (c) **Mandatory trading.** A Participant that is a Swap Dealer or Major Swap Participant that enters into or facilitates a Swap transaction on the Facility that is subject to mandatory clearing pursuant to Section 2(h) of the Commodity Exchange Act shall be responsible for compliance with the mandatory trading requirement under Section 2(h)(8) of the Commodity Exchange Act.

502. Permitted Transactions.

- (a) **Execution.**
 - (i) Permitted Transactions shall be matched via the Electronic Order Book in accordance with the provisions of Rule 602, through Voice Functionality

in accordance with Rule 702, or through the Request for Quote System in accordance with the provisions of Rule 702a.

- (ii) Permitted Transactions that are not matched by the Facility, having been entered into or confirmed and reported to the Facility subject to the provisions of Rule 512, shall be recorded as a transaction executed subject to the rules of the Facility.

(b) Credit Approval for Permitted Transactions.

- (i) Permitted Transactions are not required to be cleared. Such transactions will be subject to the credit approval of each counterparty to the transaction before the matched Transaction is confirmed. Swaps that have not been submitted for clearing shall be settled in accordance with the terms agreed to by the parties.
- (ii) Upon notice by Participants that are parties to an executed transaction that they wish voluntarily to submit an executed transactions to a clearinghouse that offers clearing of the Swap and to which both are a Clearing Member or have established a relationship with a Clearing Member, the Facility, on their behalf, will submit the transaction to the Clearing Organization that they designate. Swaps that have been voluntarily submitted for clearing shall be settled in accordance with the rules of the Clearing Organization.

503. Trading Hours for Required and Permitted Transactions.

- (a) All time references shall be based on local time prevailing in New York, New York, unless otherwise expressly set forth in the Rules.
- (b) Trading in Required Transactions and Permitted Transactions shall occur on such days and during such hours as the Facility shall determine. The Control Desk will be staffed and operate at all times during the Trading Hours of any Required Transaction Swap.
- (c) Trading hours in Required Transactions and Permitted Transactions may vary according to the Swaps traded. No Person may make any bid or offer for, or engage in any transaction in, any Swap before or after such hour outside of Trading Hours for that Swap.

504. Information Regarding Orders.

- (a) The Facility will make information regarding Orders (including prices bid or offered), trades and any other matters it may deem appropriate available to Participants, Authorized Traders, other Supervised Persons and Authorized Customers at such times and in such manner (whether through the Trading System, a ticker, financial information services or otherwise) as it may consider necessary or advisable from time to time.

- (b) Each Participant, Authorized Trader, other Supervised Person or Authorized Customer receiving any such information through the Trading System may redistribute such information only to such extent and in such manner as may be permitted by the Facility from time to time. Employees and agents of the Facility shall have access to the offices of any Participant, Authorized Trader, other Supervised Person or Authorized Customer during regular business hours in order to observe the compliance by such Person with the immediately preceding sentence.

505. Pre-Execution Discussions and Cross Trades.

No Person shall enter through the Trading System or enter through Voice Functionality a pre-discussed transaction for illegal or improper purposes (including, without limitation, any conduct prohibited by Part 9 of these 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 where the Person is entering into both sides of a Customer Order on a non-discretionary, pre-arranged basis, unless:

- (a) Prior written blanket or transaction specific consent has been obtained in respect of any relevant Customer Account;
- (b) The Person waits for at least 5 seconds in respect of a Required Transaction after the initial Order is submitted to the Trading System or BGC Broker before submitting the opposite side, but no such delay applies to a Permitted Transaction; and
- (c) As applicable, the trade is recognized as a qualifying block trade size in accordance with Rule 510.
- (d) Notwithstanding the foregoing, a Participant shall not be in violation of this rule due to Cross Trades executed by two Participants trading for the same account, or for separate accounts of the same Beneficial Ownership, where neither Participant has knowledge of the other's Order and there is no coordination or prearrangement of the Cross Trade, provided that the relevant Participant shall be responsible, upon the request of the Facility, to demonstrate to the reasonable satisfaction of the Facility, that neither Participant had knowledge of the other's Order.

506. Allocation and Priority of Orders; No Withholding of Orders

- (a) Each Participant shall ensure that Orders are allocated to the appropriate accounts. Orders subject to allocation may be submitted through the Facility and allocated by a Participant only using a pre-determined size percentage allocation algorithm or under the conditions set out in clause (d) of this Rule 506.
- (b) A Participant shall not withhold or withdraw from the Trading System any Order, or any part of an Order, for the benefit of any Customer.

- (c) No Participant shall enter an Order into the Trading System or submit an Order to a BGC Broker for its own account, an account in which it has a direct or indirect financial interest or a Discretionary Account, including, without limitation, an Order allowing discretion as to time and price, when such Participant is in possession of any Order for the benefit of a Customer that the Trading System is capable of accepting or which is capable of being traded in a Voice Trading Session, as applicable.
- (d) Post-trade allocations may be permitted under the rules of the applicable Clearing Organization and shall comply with the requirements of Commission Rule 1.35(b)(5). The following persons shall qualify as eligible to allocate trades after execution on the Facility:
 - (i) a commodity trading advisor registered with the Commission pursuant to the Act or excluded or exempt from registration under the Act or the Commission's rules, except for entities exempt under Commission Rule 4.14(a)(3);
 - (ii) an investment adviser registered with the Securities and Exchange Commission pursuant to the Investment Advisers Act of 1940 or with a state pursuant to applicable state law or excluded or exempt from registration under such Act or applicable state law or rule;
 - (iii) a bank, insurance company, trust company, or savings and loan association subject to federal or state regulation;
 - (iv) a foreign adviser that exercises discretionary trading authority solely over the accounts of non-U.S. persons, as defined in Commission Rule 4.7(a)(1)(iv);
 - (v) a registered futures commission merchant; or
 - (vi) a registered introducing broker registered with the Commission pursuant to the Act.

507. Prohibited Bids and Offers.

It shall be prohibited for any Participant or Authorized Customer:

- (a) To enter, report or confirm any Bids, Offers or transactions to the Facility when such Participant or Authorized Customer knows or should have known that it is insolvent, within the meaning of any applicable bankruptcy or insolvency laws, federal or state, domestic or foreign, without the prior written approval of the Facility;
- (b) To enter, report or confirm Bids, Offers or transactions to the Facility other than in good faith for the purpose of executing transactions, or to make any Bid or

offer that is not for a true and bona fide price or that is for the purpose of establishing a market price which does not reflect the true state of the market, or

- (c) Except in the case of an RFQ conducted under the procedures of Rule 702a, to buy a cleared Swap at a price that is higher than the lowest available Offer price specified for a particular Clearing Organization or to sell a cleared Swap at a price that is lower than the highest available Bid price specified for a particular Clearing Organization, or assist in the execution of such a transaction on behalf of another on the Facility.

508. Orders Required to be Cleared.

It shall be prohibited for any Participant or Authorized Customer to place any orders for Swaps that are required to be cleared with or execute any transaction in Swaps through any Clearing Participant without the prior written consent of the Participant's Authorized Clearing Participant (which may be in the form of a blanket consent to all orders and transactions entered or executed after such consent is given).

509. Reserved.

510. Block Trades.

- (a) The Facility may designate any Swap as eligible for privately negotiated transactions, or "Block Trades," under this Rule and shall determine the minimum size thresholds for the Swaps in which Block Trades are permitted. In determining the minimum size threshold, the Facility shall take into consideration (to the extent available) the size distribution of transactions in the Swap and all other information relevant to transaction size in the relevant Swap.
- (b) The price at which a Block Trade is executed shall not affect any Order in the Trading System.
- (c) Participants, Authorized Traders and Authorized Customers may enter into a Block Trade in a Swap that has been designated by the Facility as eligible for Block Trades at a mutually agreed price if the following conditions are satisfied:
 - (i) each Block Trade transaction must be at least for the minimum transaction size as determined by the Facility for that Swap. Orders may not be aggregated in order to achieve the minimum transaction size.
 - (ii) the price at which a Block Trade is executed must be fair and reasonable in light of:
 - (A) the size of such Block Trade; and
 - (B) the price and size of other trades in the same Swap at the relevant time and other related Swaps, any underlying cash market and/or related futures markets, at the relevant time.

- (iii) at all times the price of a Block Trade must be between any published high and low quotes for that day's trading, or if none, between any Indicative Orders which have been posted. If no Indicative Orders have been posted, the price must be reasonable based upon market conditions, prices in other tenors or for related Swap contracts or based upon an established model for relating the relative prices between Swaps.
- (iv) each party to a Block Trade must qualify as an "eligible contract participant," as that term is defined in Section 1a(18) of the Act, provided that, if any Block Trade is entered into on behalf of Customers by a commodity trading advisor registered (or exempt from registration) under the Commodity Exchange Act, including any investment advisor registered (or exempt from registration) under the Investment Advisors Act of 1940, or a foreign person performing a similar role or function subject as such to foreign regulation, with total assets under management exceeding \$25 million, the individual Customers need not so qualify.
- (d) Each Block Trade must be reported by the seller to the Facility within 30 minutes immediately following execution of such Block Trade, and beginning on March 9, 2014, within 15 minutes.. The Facility will publicize information identifying the trade as a Block Trade and identifying the relevant Swap immediately after such information has been reported to the Facility or at such time as is deemed appropriate by applicable regulations to that Swap.
- (e) Each party to a Block Trade shall record the following details of the transaction:
 - (i) the Swap to which such Block Trade relates;
 - (ii) the nominal size of the Block Trade; and
 - (iii) the price and time of execution, and the beneficial owners of the transaction.
- (f) Upon request by the Facility, such party shall produce satisfactory evidence, including the order ticket referred to in the preceding sentence that the Block Trade meets the requirements set forth in this Rule.

511. Public Disclosure of Data.

- (a) If a registered SDR accepts data for an asset class, the Facility will report or cause to be reported to an SDR, such price and transaction data as required by Commission Regulations for all Swap transactions executed on or subject to the Rules of the Facility.
- (b) The Facility shall disclose to all Participants on the Facility data regarding price, size and side of a Swap Transaction executed on or subject to the Rules of the Facility upon transmittal of, or causing transmittal of, such information to the SDR.

- (c) Nothing in this rule 511 shall prohibit the Facility from disclosing:
 - (i) to all Participants on the Facility price and side information at the time that a transaction is matched but prior to its execution; or,
 - (ii) to the counterparties to an executed trade, price, size or any other material terms of their executed transaction prior to transmittal of the information to an SDR and its public disclosure by the Facility.

512. Reporting of Transactions to Facility by Introducing Brokers

The Facility may record a Permitted Transaction arranged by one or more Introducing Broker(s) registered with the Commission acting as the Authorized Trader(s) of two Participants as being executed subject to the rules of the Facility if the following conditions are met:

- (a) The Participants have provided blanket or transaction-specific consent to entering into a Permitted Transaction arranged by an Introducing Broker(s);
- (b) All of the terms of the Permitted Transactions are agreed by the Participants prior to the Introducing Broker reporting the Permitted Transaction to the Facility;
- (c) The Introducing Broker reports the terms of the Permitted Transaction in the form and manner specified by the Facility as soon as practicable, but in no event more than 15 minutes, following agreement of the Participants to the terms of the transaction;
- (d) If the transaction is to be cleared, it complies with Part 8 of the rules insofar as applicable to the transaction;
- (e) The transaction may not be entered into for illegal or improper purposes (including, without limitation, any conduct prohibited by Part 9 of these Rules);
- (f) The Introducing Broker must keep full, complete and systematic records of the transaction as required by Commission Rule 1.35
- (g) The Introducing Broker(s) arranging the transaction shall be responsible, upon the request of the Facility or its Regulatory Services Provider, to demonstrate to the reasonable satisfaction of the Facility that the transaction complies with the conditions of the Act, Commission Rules and the conditions of this Rule 512, including making available to the Facility or the NFA acting in its capacity as a regulatory services provider, upon request access to the Introducing Broker's records relating to the transaction.

PART 6. TRADING VIA ELECTRONIC ORDER BOOK.

601. Scope.

The Facility shall determine the Swaps to be listed or offered for trading through the Electronic Order Book under this Chapter 6 and decide upon changes thereto.

602. Trade Execution via Electronic Order Book.

Transactions executed via the Electronic Order Book may be matched on the Trading System through any of Trading Sessions provided under paragraphs (a), (b), (c), or (d) of this Rule.

- (a) *Electronic Order Book Trading Session.* The Electronic Order Book Trading Session is a trading session that remains open throughout the Business Day. Except as expressly provided for by these Rules, all Orders are matched by the action of one Participant hitting (lifting) a displayed Bid (Offer) or by the Electronic Order Book matching electronically two passive orders that occur at the same price. The Electronic Order Book will display Orders based upon price/time priority, so that an Order at a better price will always have priority over Orders at inferior prices and resting Orders at the same price will be displayed on a time priority basis. Transactions in the Electronic Order Book Trading Session are based upon executable and indicative Orders.
 - (i) *Executable Orders.* Orders for Bids and Offers entered during Trading Hours shall be displayed by the Electronic Order Book in the priority of best price and earliest time entered. A trade is executed when a Participant electronically directs the Electronic Order Book to hit a Bid or lift an Offer that is not indicative.
 - (ii) *Indicative Orders.* Non-executable orders are labeled as Indicative Orders. Where present, Indicative Orders entered by the Facility do not include quantity. Indicative Orders entered by Participants or their Authorized Customers include quantity. An Indicative Order can be executed only following an expression of interest and the subsequent agreement of the Participant or its Authorized Customer to execute the transaction.
- (b) *Volume Clear Trading (“Fully Electronic Work-Up”).*
 - (i) in order to encourage Participants to provide liquidity to the market during the Electronic Order Book Trading Session, a Participant that executes a transaction and exhausts all of the Bids (Offers) displayed on the Trading System at that time and at a particular price shall be able to use the Trading System to query the parties whose Bids were hit (or Offers lifted) to request to enter into additional transactions at the same price.
 - (ii) the Trading System on behalf of the Participant shall query the parties in the order in which their Bids (Offers) were executed. The Participant

enters a request to the Trading System for additional volume which shall remain open with each such contra-counterparty party for the number of seconds specified by the Trading System, which number may vary according by category or class of Swap. Once the time has expired for the original executing parties, all market Participants may be then matched with contra-requests for additional volume of transactions.

- (c) *Volume Match Trading Facility.* The Volume Match Trading Facility is an auction Trading Session separate and distinct from the Electronic Order Book Trading Session and is held periodically during the Business Day. All trades during the Volume Match Trading Session matched subsequent to the Opening Period will be executed at a single price and in time order of priority. The Control Desk shall announce a Volume Match Trading Session not less than five minutes before it commences. A Volume Match Trading Session may be held once or more during the day at set times or as announced in response to market demand and these timings may vary by particular Swap contract.
- (i) *Opening Period.* The Volume Match Trading Session begins by the Facility gathering indications of interest from potential market participants with respect to volume, Bids or Offers (the “Opening Period”). The Control Desk will announce the length of the Opening Period at its commencement.
- (A) During the Opening Period, Participants may enter Executable and Indicative Orders into the Trading System. Executable orders may immediately match in full or in part during the opening period and orders entered during the Opening Period may be withdrawn.
- (B) The Control Desk will announce to the market the end of the Opening Period at least two minutes prior to its ending.
- (ii) *Matching Session.* Upon the close of the Opening Period, the Control Desk will announce the price that it determines in its discretion to be the market clearing price (the “Volume Match Price”) and will commence the auction (the “Matching Session”). Participants may then submit the notional amount of Swaps they want to buy or sell at the Volume Match Price. Participants may withdraw any pending, unexecuted Orders during the Matching Session. All transactions effected during the Matching Session are executed at the Volume Match Price and are matched via a pre-determined non-discretionary automated trade matching system using time priority. Trades are matched in sequence of Order entry (except for “all-or-none” Orders which may be matched at a later priority in order to fulfill their size requirement) until all Orders are filled or market supply exhausted at the Volume Match price. Any unfilled Orders are cancelled, unless expressly requested by the Participant to be transferred to the Electronic Order Book Trading Session as a new Order.

- (d) *Volume Match Plus (“VM Plus”) Trading Facility* The VM Plus Trading Facility is an auction Trading Session separate and distinct from the Regular Trading Session held periodically during the Business Day. A VM Plus Trading Session will be executed in price and time order of priority. The Control Desk shall announce a VM Plus Trading Session within a specified period of time before it commences. A VM Plus Trading Session may be held once or more during the day at set times or as announced in response to market demand and may vary by particular Swap contract.
- (i) *Opening Period.* The VM Plus Trading Session begins by the Facility gathering indications of interest from potential market participants with respect to volume, Bids or Offers (the “Opening Period”). The Control Desk will announce the length of the Opening Period at its commencement.
- (A) During the Opening Period, Participants may enter Executable and Indicative Orders into the Trading System. Notwithstanding the matching procedure in subparagraph (d)(ii), during the Opening Period, executable orders may immediately match in full or in part and orders entered during the Opening Period may be withdrawn.
- (B) The Control Desk will announce to the market the end of the Opening Period two minutes prior to its ending.
- (ii) *Matching Session.* Upon the close of the Opening Period, the Control Desk will announce the price that it determines in its discretion to be the market-clearing price (the “Volume Match Price”) and will commence the auction (the “Matching Session”). Participants may then submit the notional amount of Swaps they want to buy or sell at the Volume Match Price. Participants may withdraw any pending, unexecuted Orders during the Matching Session. All transactions effected during the Matching Session are executed at the Volume Match Price and are matched using time priority. Trades are matched in sequence of Order entry (except for “all-or-none” Orders which may be matched at a later priority in order to fulfill their size requirement) until all Orders are filled or market supply is exhausted at the Volume Match price.
- (iii) In the VM Plus trading session, an Authorized Participant may bid higher or offer lower than the VM price displayed. Where such higher bid or lower offer meets no contra size to trade, the Volume Match price originally indicated prevails until a trade is subsequently executed at the new, more aggressive price level, which becomes the new Volume Match price displayed.

Any unfilled Orders are cancelled, unless expressly requested to be transferred to the Electronic Order Book Trading Session as a new Order.

- (e) *Request for Quote (“RFQ”) Matching Trading Facility.* The “RFQ Matching Trading Facility” is a Trading Session separate and distinct from the Electronic Order Book Trading Session held periodically during the Business Day during which prices are determined by the interaction of multiple Participants entering Bids and Offers into the Trading System’s RFQ Matching Session. For the avoidance of doubt, the RFQ Matching Trading Session is a Trading Session of the Trading System and is distinct from the Request For Quote System provided under Rule 702a. The Control Desk shall announce an RFQ Matching Trading Session no less than five minutes before it commences. RFQ Matching Trading Session auctions will be held at pre-established times during the day and/or in the discretion of the Facility in response to market demand, which may vary by Swap contract.
- (i) *Opening Period.* The *RFQ Match Trading Session* begins by Participants entering indicative or executable Bids, Offers and Bid/Offer quotes into the Trading System’s RFQ Session. The Control Desk will announce the length of the Opening period at its commencement. All Participants are invited to quote.
 - (ii) Executable Bids and Offers entered during the Opening Period into the RFQ Match Trading Session will not be matched until the end of the Opening Period if a matched or crossed orders result. Bids and Offers may be withdrawn at any time prior to the end of the Opening Period.
 - (iii) The Trading System counts down with a visual indicator to Participants indicating the end of the Opening Period. Upon the close of the Opening Period, the Trading System calculates the market price using executable Bids and Offers from the multiple Participants, and crosses any Bids and Offers (e.g. a Bid which has been entered at a price above an Offer and vice versa) which were not withdrawn during the Opening Session such that the price chosen for the ensuing Matching Session is that at which the maximum volume can be traded. Where executable Bids and Offers do not cross (e.g. the price levels of all the Bids are below the levels of all the Offers), the mid-price is ascertained arithmetically. In the absence of executable orders, Indicative Orders may be used as the basis for the market price.
 - (iv) *Matching Session.* At the beginning of the Matching Session, the Facility will announce the market price (“RFQ Match Price”) ascertained at the end of the Opening Period. Where Bids and Offers that crossed during the Opening Period created a trade execution which generated the mid-price, Participants may then submit the notional amount of Swaps they further wish to buy or sell at the RFQ Match Price. All trades are executed at the RFQ Match Price and matched using time priority (except for those matched during the Opening Period which used price and time priority). Orders may be withdrawn until they have been executed. The trades are matched in sequence of Order entry until all Orders are filled or market

supply is exhausted. Any unfilled Orders are not disclosed and are cancelled at the end of the session unless expressly requested to be returned to the Electronic Order Book Trading Session.

603. Orders.

(a) In General.

- (i) Orders may be entered into the Trading System only:
 - (A) in such form and during such times as the Facility shall prescribe;
 - (B) by a Participant, its Authorized Traders, an Authorized Customer or its Authorized Traders,
 - (C) or a BGC Broker acting at the direction of a Participant or an Authorized Customer.
- (ii) Orders may contain such limitations and shall have such effect as determined and published by the Facility.
- (iii) each Order entered into the Trading System must be in the form and contain the information the Facility requires, including, but not limited to, the applicable Commission Customer Type Indicator (CTI) Code. Any Order not complying with Facility requirements shall not be accepted.
- (iv) all Orders entered into the Trading System shall remain open in the Trading System until executed, withdrawn, cancelled or deleted. Such open Orders constitute the Electronic Order Book. Orders entered into the Trading System may be changed by the Participant, Authorized Customer, Authorized Trader or BGC Broker entering the Order, but any change in the price or increase in quantity shall be treated as a new Order for the purpose of time priority.
- (v) once the Facility receives notice from a Clearing Organization that a Clearing Participant has insufficient collateral to clear the Transaction, any Order or quote in the Trading System's Electronic Order Book for that Clearing Participant or for a Trading Participant guaranteed by that Clearing Participant and using that Clearing Organization is no longer in compliance with Facility requirements and may be cancelled by the Facility.
- (vi) once the Facility receives notice from a Clearing Organization that a Clearing Participant's clearing authorization has been terminated, any Order or quote in the Trading System's Electronic Order Book for that Clearing Participant or for a Trading Participant guaranteed by that Clearing Participant and using that Clearing Organization is no longer in

compliance with Facility requirements and shall be cancelled by the Facility.

(vii) all Orders open at the end of the Business Day are cancelled.

(b) Type of Orders and Order Attributes.

(i) the following orders may be entered by a Participant into the Electronic Order Book:

(A) *Good until Bettered Orders*. (“GTB”). A good-until-bettered order is an order to buy or sell a stated amount of a Swap or strategy to be executed at the displayed price until bettered by another order (whether from the original participant or another) or until the order is cancelled by the Participant or System.

(B) *Limit Orders*. A limit order is an order to buy or sell a stated amount of a Swap or strategy to be executed at the price stated in the order or better, such that the order will persist and not be removed from the System even if bettered and will remain in the System until executed or cancelled by the System or by the Participant, Authorized Customer, Authorized Trader or BGC Broker.

(C) *Fill and Kill (“FAK”) Orders*. A FAK order is a request to buy or sell on the System at a specific price that, if matched by a contra order, will initiate a trade and may be matched immediately in its entirety or partially. If the size of the FAK order exceeds the amount initially executed the order will be worked in the System to the extent other contra orders become available until that transaction is concluded. If there is no contra order at the same price when the FAK is entered into the System the FAK order is withdrawn. This order type is deployed in both the order book and auction events.

(ii) the Good until Bettered and Limit Order types may also be used with the following order attributes:

(A) *One Cancels the Other (“OCO”)*. An OCO order provides the Participant with the ability to enter multiple Bids and/or Offers into the System where orders may be linked to each other so that if any one order is executed upon, the Participant’s remaining orders referenced to that instrument within a pre-selected set of instruments will be cancelled. Normally these sets are configured to be in groups of Bids or groups of Offers in specific product sets. *All or None (“AON”)*. An AON order provides Participants with the ability to restrict execution to all of the chosen order size, or none at all, such that partial execution is disallowed. Users of AON

as an order type may be bypassed in some order matching scenarios where the system cannot match with the AON order where the available volume is less than the minimum size restriction on the order but can match with other participants instead who may show orders in smaller amounts or be willing to accept partial fills.

- (iii) all orders are removed from the Electronic Order Book at the close of the Business Day.

604. Confirmations and Objections.

- (a) The Facility shall immediately notify a Participant of the matching of Bids and Offers through the Trading System as follows.
 - (i) Initial notification: Following trade matching, the Facility will send an initial message which includes price and side information to both sides of a trade or of each trade within a series of trades matched under Rule 702a.
 - (ii) Confirmation: Upon completion of the transaction, the Facility will issue a confirmation that the counterparties agree shall confirm execution of the transaction, and which shall include all material economic details of the executed transaction.
- (b) Objections to the contents of transaction confirmations must be submitted to the Facility, in writing, promptly upon receipt, but no later than the close of that Business Day.

605. Trade Invalidation upon Revocation of Clearing Authorization.

Once the Facility has received notice from a Clearing Organization that a Clearing Participant's authorization has been terminated, any trade destined for that Clearing Organization subsequently matched by the Trading System for that Clearing Participant or for a Trading Participant guaranteed by that Clearing Participant shall be considered to be invalid by the Facility.

606. Trade Cancellations and Price Adjustments.

- (a) **Trade Cancellation Authority.** The Facility's trade cancellation policy authorizes the Board, through its designee the Chief Compliance Officer (or the Chief Compliance Officer's delegate) (the "Designee"), to adjust trade prices or cancel (bust) trades when such action is necessary to mitigate market disrupting events caused by the improper or erroneous use of the Electronic Order Book or by Trading System defects. Notwithstanding any other provision of this Rule, the Designee may adjust trade prices or cancel any trade executed through the Electronic Order Book if the Designee determines that allowing the trade to stand as executed may have a material, adverse effect on the integrity of the market; provided, however, that any such determination by the Designee (if other than the

Chief Compliance Officer) will be subject to review by the Chief Compliance Officer if the Designee determines such review to be necessary or appropriate. Subject to the immediately preceding sentence, the decision of the Designee shall be final.

- (b) **Review of Trades.** The Designee may review a trade based on its analysis of market conditions or a request for review by a user of the Trading System. A request for review must be made within a reasonable time period from the execution of the trade. The Designee shall promptly determine whether the trade will be subject to review, and upon deciding to review a trade, the Designee will promptly issue an alert to all Participants, Authorized Traders and Authorized Customers on the Trading System indicating that the trade is under review.

In the case of Swaps determined by the Designee to be illiquid, the Designee may initiate a review up to 20 minutes after the execution of the trade, and has the authority, but not the obligation, to review trades reported more than 20 minutes following execution if it determines that the trade price was significantly out of line with fair value prevailing at the time of the transaction.

In the course of its review of any trade, the Designee may, but is not obligated to, inform any of the parties to the trade of the identity and contact information of any other party to the trade.

- (c) **Trade Price Adjustment and Cancellation Process.** The Designee will first determine whether the trade price is within the “No Review Range.” During fast market conditions, upon the release of significant news, or in other circumstances in which the Designee determines it is appropriate, and upon consultation with the Chief Compliance Officer, may without prior notice, temporarily increase the published No Review Range, up to an amount that is double the published range.
- (i) *Information considered.* In applying the No Review Range, the Designee shall determine the market price for that Swap immediately before the trade under review (the “Market Price”). The Designee may consider any relevant information, including the existing market conditions, the volatility of the market, the prices of related instruments in other markets, the last trade price on the Trading System, a better bid or offer price, a more recent price in a related Swap tenor, the price of the same or related Swap established in reported voice facilitated trading and any other factors that the Designee deems relevant.
- (ii) *Trade Price Inside the No Review Range.* If the Designee determines that the price of the trade was inside the No Review Range, the Designee will promptly issue an alert to all Participants, Authorized Traders and Authorized Customers on the Trading System indicating that the trade shall stand.

(iii) *Trade Price Outside the No Review Range.* If the Designee determines that a trade price is outside the applicable No Review Range, the trade price shall be adjusted to a price agreed upon in a reasonable time by a Person not responsible for an Order that results in a trade price adjustment that is within the No Review Range or in the absence of such agreement to a price that equals the Market Price for that Swap at the time of the questioned trade, plus or minus the standard or adjusted No Review Range, provided, however, that in the event that such adjusted price would be outside the trading range of the day at the time of the questioned trade, then such adjustment shall be limited to the trading range as applicable. In the event there are multiple parties, prices and/or Swaps involved in the transactions at issue, the Designee has the authority, but not the obligation, to bust rather than price adjust such transactions. The Designee will promptly issue an alert to all Participants, Authorized Traders and Authorized Customers on the Trading System indicating that the prices of the trades outside the No Review Range have been adjusted to the No Review Range limit or have been cancelled.

(d) **No Review Range.** The No Review Range shall be as follows:

Swap Contract	No Review Range (where a % is used, it is expressed as a % from the mid-market price)
CDS Indices CDS Single names	For all Credit Default Swap Index outright, rolls and spreads, a price which is of a certain percentage of mid-market spread price: CDX High Yield = 5% Investment Grade = 2.50% iTraxx X-over = 5% HiVol = 5% EUR Main = 2.5%...for a Swap above or below the prevailing mid-market price at the time will generally be considered to be a price within the no review range
EUR Interest Rate Swap outright, spreads and butterfly strategies	A price 1 basis point in yield above or below the prevailing mid-market price
USD Interest Rate Swap outright, spreads and butterfly strategies	A price 1 basis point in yield above or below the prevailing mid-market price
GBP Interest Rate Swap outright	A price 1.5 basis points in yield above or below the prevailing mid-market price

GBP Interest rate Swap basis swaps	A price 1.5 basis points in yield above or below the prevailing mid-market price
GBP Interest Rate Swap spreads and butterfly strategies	A price 1 basis point in yield above or below the prevailing mid-market price

- (e) **Liability for Losses Resulting from a Price Adjustment or Cancelled Trade.**
- (i) *Price-Adjusted Trades.* A Person responsible for an Order that results in a trade price adjustment shall generally not be liable for losses, other than the price adjustment, incurred by Persons whose trade prices were adjusted.
- (ii) *Cancelled Trades.* A Person responsible for an Order that results in a cancelled trade may be liable for the reasonable out-of-pocket losses incurred by Persons whose trades were cancelled. Issues of liability in such cases will be determined by the Control Desk based upon all relevant facts and circumstances, including the conduct of the respective parties.
- (f) **Claim Process.** A claim for a loss pursuant to this Rule must be submitted to the Facility, on a Facility claim form, within five Business Days of the price-adjusted trade giving rise to the claim. The Facility shall reject any claim that is not permitted by this Rule and such decision shall be final. All claims which are not rejected by the Facility shall be forwarded to the party responsible for the Order(s) that resulted in a price adjustment. Such party shall, within ten Business Days of receipt of the claim, admit or deny responsibility in whole or in part. The liability for losses for a single incident shall be limited to \$500,000.
- To the extent that liability is admitted, payment shall be made within ten Business Days. If liability is admitted but the total claims exceed \$500,000, the claims shall be reduced pro rata so that the total payment does not exceed \$500,000. To the extent that liability is denied, the claims shall be submitted to arbitration in accordance with Part 11.
- (g) **Trade Cancellation or Offset Procedures.** Upon a determination by the Designee that a trade shall be cancelled or that trade prices shall be adjusted, that decision will be implemented. The cancelled trade price and any price quotes that have been adjusted will be reflected as cancelled in the Facility’s official record of time and sales.
- (h) **Transfer Trades.** Positions that result from a trade determined by the Designee to be outside the No Review Range that cannot be cancelled because the trade was not reported within five minutes of the execution of the trade may be transferred between the parties using a transfer trade upon agreement of the parties (a “Transfer Trade”). The Transfer Trade must use the original trade price and quantity. Any party may, but is not required to, include a cash adjustment to

another party to the trade. Trades determined by the Designee to be inside the No Review Range may not be reversed using a Transfer Trade.

- (i) **Arbitration of Disputes Regarding Transfer Trade.** If a party does not agree to transfer a position pursuant to Rule 511(h), any other party to the trade pursuant to Rule 901 may file an arbitration claim against the Person representing the other side of the trade. Written notice of such claim must be provided to the Facility within five Business Days of the execution of the trade. Failure to file the claim within five Business Days shall be deemed a waiver of all claims. The arbitration claim will be conducted in accordance with Part 11.
- (j) **Voluntary Adjustment of Trade Price.** When a trade outside of the No Review Range is cancelled in accordance with this Rule, the parties to the trade may agree voluntarily to reestablish the trade but to adjust its price and make a cash adjustment provided that all of the following conditions are met:
 - (i) the Designee approves the adjustment.
 - (ii) the trade adjustment must be within the range of the high and low of the previous day price range.
 - (iii) the quantity of the position being reestablished is the same as the quantity of the trade that was cancelled.
 - (iv) in the case of a trade below the Market Price, the adjusted price must be the lowest price that traded at or about the time of the trade without being cancelled. In the case of a trade above the Market Price, the adjusted price must be the highest price that traded at or about the time of the trade without being cancelled.
 - (v) the parties to the adjusted trade must report it to the Trading System using a Transfer Trade not later than the close of business on the Business Day after the trade occurred.

607. Assisted Order Entry.

A BGC Broker acting on behalf of a Participant or an Authorized Customer using telephonic or other means of electronic communication may, upon request of the Participant or Authorized Customer, assist a Participant or Authorized Customer in the entry or withdrawal of Orders into the Trading System. Any BGC Broker entering an Order into the Trading System shall have a unique User ID paired with the Participant's ID, (and Authorized Customer ID where applicable) for whom the BGC Broker is acting.

- (a) Upon receipt of a request for assistance in the entry or withdrawal of an immediately executable or indicative Order, the BGC Broker must enter the executable Order immediately into the Trading System.

- (b) Any request by a Participant for assistance in the entry of an Order that is not immediately executable shall be entered into the Trading System as soon as practicable. The BGC Broker must make a record of the time at which the request for assistance was first made and the time that the Order was entered into the Trading System.

PART 7. TRADING VIA VOICE FUNCTIONALITY.

701. Scope.

The Facility shall determine the Swaps to be offered for trading on or subject to the Rules of the Facility through Voice Functionality and decide upon changes thereto.

702. Trade Execution via Voice Functionality.

- (a) Voice Trading is a Trading Facility, as defined by section 1a(51) of the Act, that enables multiple participants to offer Bids or Offers that are open to multiple participants through the use of telephone, electronic messaging or other communications devices acceptable to the Facility. Voice Trading is facilitated by a BGC Broker who makes known to Participants the existence of trading interest in a Swap, facilitates the communication of Bids or Offers among multiple Participants, and assists in orderly trading on the Facility.
- (b) Technology-assisted Voice Trading on the Facility is a Voice Trading functionality which enables multiple participants to make available Bids or Offers to multiple participants facilitated by a BGC Broker with the assistance of the automated functionalities provided for in this Rule.

703. Voice Trading Facility.

Transactions executed via Voice Functionality may be matched on the Facility through any of the Voice Trading Sessions provided under paragraphs (a), (b), (c) or (d), of this Rule.

- (a) **Regular Voice Trading Facility.** The Regular Trading Facility is a Trading Session that remains open throughout the Business Day.
 - (i) a Participant initiates the purchase or sale of a Swap by communicating an indication of interest, indicative Bid or Offer or executable Bid or Offer to the BGC Broker for any Swap listed on, or offered by, the Facility for trading using Voice Functionality. Bids and Offers shall be considered to be firm at the time first communicated to the BGC Broker and subsequently indicative unless the Participant confirms to the BGC Broker that the Bid or Offer remains firm. An initiating Participant shall be anonymous unless the Participant authorizes the BGC Broker to disclose the initiating Participant's identity. In the discretion of the BGC Broker, where a new Bid or Offer is bid or offered into the market and it does not match a resting Offer or Bid, the Participant with the resting Offer or Bid

that is closest in price and then oldest in time to the new Bid or Offer, generally has priority in hitting the new Bid or lifting the new Offer.

- (ii) in the absence of an initiating Participant, the BGC Broker has discretion to initiate trading by communicating with Participants to ascertain trading interest.
 - (iii) a responding Participant may accept a firm Bid or Offer or counter the Bid or Offer or indication of interest of the initiating Participant or of any other responding Participant. For the avoidance of doubt, an executed transaction may take place between two responding Participants. Responding Participants shall be anonymous unless the responding Participant authorizes the BGC Broker to disclose the Participant's identity.
 - (iv) in order for trading to occur during a Regular Voice Trading Session there must be no fewer than four Participants participating.
- (b) **Technology-Assisted Voice Trading Facility (“Whiteboard Trading”).** The Technology-Assisted Voice Trading Facility is a Trading Session that remains open throughout the Business Day. A Participant initiates the purchase or sale of a Swap through the Technology-Assisted Voice Trading Facility by requesting that the BGC Broker enter an instrument description on the Whiteboard screen as an indication of interest.
- (i) **Bids and Offers.** Depending upon the Swap, which may include Option strategies or a Swap structure, the BGC Broker, or the Participants themselves, may enter bids and offers. Bids and Offers entered onto a Whiteboard are considered to be indicative because they are subject to subsequent trade parameterization and credit checks.
- (c) **Additional Voice Trading Facilities.** If, in the discretion of the BGC Broker, there is sufficient trading interest at any particular time, the BGC Broker may announce the initiation of any one of the Voice Trading Facility Trading Sessions provided for in sub-paragraphs (i), (ii), or (iii). Additional Voice Trading Facility Trading Sessions are separate from the Regular Voice Trading Facility Trading Session and the Technology-Assisted Voice Trading Facility Trading Session provided in paragraphs (a) and (b) respectively. Additional Voice Trading Facility Trading Sessions may be structured in the manner that, in the judgment of the BGC Broker, will provide for a robust exchange of indications of interest, or Bids and Offers by multiple parties. In order for trading to occur in an Additional Voice Trading Facility Trading Session, there must be no fewer than four participating Participants. Additional Voice Trading Facilities are as follows:
- (i) **Volume Match Voice Trading Facility.** A Volume Match Voice Trading Facility Trading Session, if initiated by the BGC Broker, will

operate as provided in Rule 602(b), except that the BGC Broker carries out the functions of the Control Desk as provided under Rule 602(b).

- (ii) **Volume Match Plus Voice Trading Facility.** A Volume Match Plus Voice Trading Facility Trading Session, if initiated by the BGC Broker, will operate as provided in Rule 602(c), except that the BGC Broker carries out the functions of the Control Desk as provided under Rule 602(c).
- (iii) **Request for Quote Matching Voice Trading Facility.** A Request for Quote Matching Voice Trading Facility Trading Session, if initiated by the BGC Broker, will operate as provided in Rule 602(e), except that the BGC Broker carries out the functions of the Control Desk as provided under Rule 602(e) and such trading sessions shall not be required to be carried out at pre-established times during the day.
- (d) **Request for Quote Voice Trading Facility.** A Request for Quote Voice Trading Facility Trading Session may be initiated as described in Rule 702a below.

704. Confirmation of Voice Transactions and Objections.

(a) Confirmation of Permitted Transactions.

- (i) Upon initial indication of a match of any Permitted Transaction matched in a Voice Trading Session under Rule 702 or in a Request for Quote under Rule 702a, but prior to confirmation of the execution of the transaction, the matched transaction will be subject to the agreement of the parties as to trade structure parameters and to a manual credit check. The Facility will send an initial message which includes price, side and structure parameter information to both sides of a matched trade or of each trade within a series of trades.
- (ii) Execution of a matched Permitted Transaction only takes place after the credit check is satisfactorily completed and the parameters of any structure are agreed to by the matched counterparties. At that time, the matched trade is executed and the Facility will issue a confirmation of the transaction, which the counterparties agree shall confirm execution of the transaction, and which shall include all material economic details of the executed transaction.

(b) Confirmation of Required Transactions.

With respect to Required Transactions matched in a Voice Trading Session under Rule 702 or in a Request for Quote under Rule 702a, upon completion of the transaction, the BGC Broker will immediately key-in trade details and the Facility will issue a confirmation of the executed trade, which the counterparties agree shall confirm execution of the transaction, and which shall include all material details, including all primary economic terms.

(c) **Objections.**

Objections to the contents of Transaction confirmations must be submitted to the Facility, in writing, promptly upon receipt, but no later than the close of that Business Day.

705. Record-keeping and Reporting.

All Voice-Assisted Trading shall be recorded in an unalterable format and retained as required under Commission Rule 1.31. All Bids and Offers entered through the Whiteboard functionality will be retained in an unalterable format as required under Commission Rule 1.31. The BGC Broker shall key-in the trade details of the transaction immediately upon execution. The Facility shall report publicly such transactions as having been executed on or subject to the rules of the Facility, identifying such transactions as Voice Assisted Transactions and, on behalf of the parties to the transaction, report the transaction to a Swap Data Repository as soon as technologically practicable after execution of the Swap pursuant to Commission Rule 45.3.

Part 7a Trading Via Request for Quotes (“RFQ”) Functionality.

701a. Scope.

The Facility shall determine the Swaps to be offered for trading on or subject to the Rules of the Facility through RFQ Functionality and decide upon changes thereto.

702a. Trade Execution via RFQ Functionality.

- (a) Participants or Authorized Customers may request that Bids or Offers from particular Participants or Authorized Customers be solicited
 - (i) for Swaps that are supported by the Trading System, by submitting the request directly into the Trading System or by requesting that Control Desk personnel, acting as agent, enter the RFQ into the Trading System on the Participant’s behalf; or
 - (ii) by requesting that the RFQ be conducted via Voice Functionality facilitated by a BGC Broker.
- (b) The Facility will calculate a mid-market price where possible, derived from the average of all executable Bids and Offers.
- (c) Participants will have equal priority in receiving the RFQ and in transmitting and in displaying or communicating their responses. A tradable response to an RFQ on a Required Swap until October 2, 2014 requires that a minimum of two Participants, and thereafter, a minimum of three Participants, not affiliated with or controlled by the requestor or each other, receive the request. A minimum number of requests is not required for an RFQ on a Permitted Transaction.

- (d) During the RFQ the Electronic Order Book displays all resting executable Bids or Offers and the best priced Bid or Offer is copied to the RFQ entry window. The best-priced Bid or Offer is anonymous in the same manner as are all resting executable Bids or Offers shown in the Electronic Order Book and displayed during the RFQ. Bids or Offers are also communicated during an RFQ by Voice Functionality, as applicable. The Facility will assist responders by publishing the pre-trade mid-market or calculated mid-market price, where available.
- (e) Responding Bids or Offers to the RFQ will display price and quantity and the identity of the responding Participants only to the requestor and/or the Participant's Authorized Trader. Bids or Offers responding to an RFQ may be either executable or indicative. Responding Bids or Offers conducted via Voice Functionality facilitated by a BGC Broker may be communicated anonymously.
- (f) The requestor has the ability to select the Bid or Offer against which to be matched from among the responding and the resting Bids or Offers. The requesting Participant may also show an Offer or Bid to all responders. Any of the responders may lift or hit the requestor's order. A requesting Participant may also show an Offer or Bid to a further minimum number of Participants subject to the provisions of paragraph (c)
- (g) Upon execution, the price and quantities of the transactions will be reported by the Facility with an identification that the transaction was executed using the RFQ procedure. RFQ trades exceeding in quantity the Swap's Block Trade size shall be reported in the time provided under Rule 510(d).
- (h) The request for RFQ will remain open until:
 - (i) the requestor trades with a responder or with a Bid or Offer from the Order book;
 - (ii) the request is withdrawn where such withdrawal can be made at any time by the requestor or the BGC Broker;
 - (iii) the request expires within the time specified in the RFQ without trading; or
 - (iv) the end of the Trading Day.
- (i) Duties of Control Desk and BGC Brokers.
 - (i) the Control Desk, upon receipt of a request for voice assistance in entering an RFQ into the Trading System, must enter the RFQ immediately into the Trading System. If a Participant requests delayed entry of a voice-assisted RFQ, the Control Desk must make a record of the time at which the request for assistance was first made with respect to the request for delayed entry.

- (ii) the BGC Broker, upon receipt of a request for voice matching of an RFQ, must make a record of the time at which the request for voice matching was first made and the number of counterparties which were requested to respond to the RFQ.

PART 8. CLEARING AND FINANCIAL INTEGRITY OF CONTRACTS

801. Scope.

Rules 802 and 803 shall apply to Required Transactions. Rule 804 shall apply to Permitted Transactions. Rules 805, 806 and 807 shall apply to both Required and Permitted Transactions.

802. Relation to Clearing Organization.

- (a) **Rules of Clearing Organization.** The Bylaws and Rules of the designated Clearing Organizations shall be applicable to the clearing of Swaps which are Required Transactions traded on or subject to the rules of the Facility.
- (b) **Cleared Swaps.** Every Swap executed on or subject to the rules of the Facility that is a Required Transaction will be forwarded by the Facility to the Clearing Organization selected by the Participant or its Authorized Customer directly to the Clearing Organization or via a Straight-Through-Processing (STP) hub.
- (c) **Choice of Clearing Organization.** If more than one Clearing Organization is available for clearing the Swap, each Participant and Authorized Customer may designate its choice of Clearing Organization for selected transactions by designating a specific Clearing Organization for each Order or RFQ.
 - (i) Participants or Authorized Customers may designate the Clearing Organization by hitting a Bid or lifting an Offer for the displayed price of a product cleared by a specific Clearing Organization. Participants or Authorized Customers may enable a general filter on Facility systems to view only prices for a selected Clearing Organization(s).
 - (ii) Trades executed as transactions to be cleared at a specified Clearing Organization will be subject to the collateral requirements of that Clearing Organization, including the timing of collateral funding requirements of that Clearing Organization.
 - (iii) Subject to the clearing authorization requirement of Rule 803, Participants may choose the Clearing Organization to which a Swap will be forwarded by the Facility from among the following list:

Swap	Clearing Organization
Credit Default Swap Indices	ICE Clear Credit LLC, Ice Clear Europe Ltd., LCH.Clearnet SA
Interest Rate Swaps	LCH. Clearnet Ltd., LCH.Clearnet LLC, CME, Inc.

803. Clearing Authorization Required.

- (a) **Clearing Participant Authorization.** Every cleared trade executed on the Trading System or subject to the rules of the Facility shall be cleared through a Clearing Participant authorized by the designated Clearing Organization for the given product.
- (b) **Trading Participant and Authorized Customer Authorization.** Each Trading Participant must establish and maintain a relationship with a Clearing Participant that will intermediate the clearing of the Trading Participant’s Swap transactions and each Authorized Customer must establish and maintain a relationship with a Clearing Participant that will intermediate the Authorized Customer’s Swap transactions. Each must:
 - (i) identify to the Facility its Clearing Participant;
 - (ii) ensure they do not request quotes, Bid or Offer or generally trade Swaps for a designated Clearing Organization without appropriate authorization; and
 - (iii) notify the Facility of any change in relationship with a Clearing Participant. Such notification must be made prior to executing any trade on the Trading System or any cleared trade subject to the rules of the Facility.
- (c) **Evidence of Agreement with Clearing Participant.** Evidence of an agreement between the Clearing Participant and its Trading Participant or between the Clearing Participant and an Authorized Customer must be provided to the Facility in the form and manner requested by the Facility, and must be specific with respect to the products covered thereunder.
- (d) **Termination of Clearing Authorization.** A Clearing Participant may terminate at any time its authorization of a Trading Participant or of an Authorized Customer by informing the Facility and as applicable the Trading Participant and the Authorized Customer. Notice shall be given in as promptly a form as possible and shall be provided in writing no more than twenty-four hours after being given by any other means.

- (i) in the event the Clearing Participant notifies the Facility that it will no longer novate a Trading Participant's or Authorized Customer's Swaps, until the Trading Participant or Authorized customer establishes a relationship with another Clearing Participant acceptable to the Facility, the Facility will take immediate steps to:
 - (A) withdraw all of the Trading Participant's or Authorized Customer's resting orders from the Trading System,
 - (B) terminate the Trading Participant's or Authorized Customer's access to the Trading System; and
 - (C) terminate the Trading Participant's or Authorized Customer's access to execute trades subject to the rules of the Facility

804. Financial Integrity for Permitted Transactions.

(a) **Voluntary Clearing of Swaps.**

Permitted Transactions executed on or subject to the rules of the Facility are not required to be cleared. Permitted Transactions will only be cleared if both counterparties to a Permitted Transaction agree, prior to or subsequent to execution, to submit the trade to an agreed upon Clearing Organization. If the counterparties elect to clear a transaction prior to execution or at the time of execution, it will be forwarded by the Facility to the agreed upon Clearing Organization directly or via a Straight-Through-Processing (STP) hub.

(b) **Credit Arrangements Required.**

Each Participant and Authorized Customer in order to enter an Order for an uncleared Swap transaction on or subject to the rules of the Facility must, upon request, provide evidence to the Facility that:

- (A) it has current Swap transaction documentation, including credit arrangement documentation, which would apply to the transaction;
- (B) it has current arrangements for the exchange of collateral; and
- (C) it meets any credit filter requirements adopted by the Facility, including updating any bilateral credit matrices where provided by the Facility.

805. Trades Not Accepted for Clearing.

- (a) In the event that a trade is not accepted by the Clearing Organization to which it has been submitted, the Facility will so inform the Participants or Authorized Customers that are the counterparties to the trade.

- (b) The counterparties may confirm to the Facility within the time specified by the Facility that they ratify the trade and consider the trade to be binding, or value and terminate the trade, based upon Pre-existing Swap Documentation entered into by them. The Facility will report the relevant information required by Part 43 and Part 45 of Commission Regulations.
- (c) In the event that the counterparties fail to confirm to the Facility within the time specified their decision to ratify or terminate the trade based upon Pre-Existing Swap Documentation, the Facility will report the transaction to the swap data repository as having been cancelled.
- (d) The Facility shall not be considered to be a party to a trade not accepted for clearing and shall have no responsibility in respect of the ratification or cancellation of such trade, except for reporting to the swap data repository.

806. Disputes related to Clearing.

Disputes arising from or in connection with the clearance, delivery or settlement of positions shall be resolved pursuant to the Bylaws, Rule and procedures of the designated Clearing Organization.

807. Establishment of Daily and Final Settlement Prices.

- (a) The Facility shall calculate a daily settlement price for each Swap listed for trading on the Facility and priced that day via either firm or indicative orders. Such daily settlement prices shall be calculated in the same manner, shall be published to www.bgcsef.com and shall be subject to subsequent review and revision by each of the Facility's Clearing Organizations in accordance with each respective Clearing Organization's rules and procedures.
- (b) Calculation. The Facility will calculate daily settlement prices for Swaps receiving Bids or Offers through the Business Day only. Swaps listed for specific Clearing Organization clearing that do not receive any executable or indicative Bids and Offers in the order book on any particular day will not have daily settlement prices calculated. The settlement price will be established using an algorithm which calculates the settlement price using the following hierarchy of price inputs:
 - (i) the mid-price of the best executable bid/offer spread present at the close rounded to the nearest price increment; then
 - (ii) the mid-price of an indicative Bid/Offer spread present at the close rounded to the nearest price increment; if none, then
 - (iii) the most recent of the following:
 - (A) actual Bid;

- (B) actual Offer;
- (C) indicative Bid;
- (D) indicative Offer; and
- (E) last trade.

PART 9. BUSINESS CONDUCT.

901. Violation of Law.

It shall be prohibited for any Participant or Authorized Customer to violate or fail to conform to applicable provisions of the Act, Commission Regulations or any other law applicable to trading on the Facility.

902. Rule Violation.

It shall be prohibited for any Participant or Authorized Customer to violate or fail to conform to the Rules and procedures of the Facility or with any decision or order of a committee of the Facility or any order of any officer, employee or agent of the Facility when acting within his, her or its jurisdiction.

903. No Transfers.

No Participant shall transfer or assign such Participant's trading privileges. Any purported transfer or assignment shall not be binding on the Facility. Persons who acquire or succeed to the business of any Participant may obtain trading privileges only by application to the Facility pursuant to Part 3 of these Rules, except upon the prior written consent of the Facility if the Participant is succeeding to the business of a Participant solely as a result of the change in the corporate form of the Participant.

904. False Information.

It shall be prohibited for any Person to disseminate any false, misleading or knowingly inaccurate information, including reports concerning any Swap or market information or conditions that affect or tend to affect the price of any Swap.

905. Manipulation Prohibited.

No person shall manipulate, or attempt to manipulate, the price of, or to corner, any Swap or Underlying Commodity.

906. Prohibition on Misstatements.

No Person shall furnish false or misleading information or fail to furnish information when requested by the Facility or any committee, officer, employee, or agent of the Facility, acting in the course of his, her or its duties.

907. Employees of the Facility.

It shall be prohibited to knowingly carry an account, enter an order or effect any transaction for any employee of the Facility, the Clearing Organization or any other Participant without the prior written consent of the employer (which may be in the form of a blanket consent to all orders and transactions entered or executed after such consent is given).

908. Abusive Trading Practices Prohibited.

No Participant or Authorized Customer shall engage in front-running, wash trading, pre-arranged trading, fraudulent trading, money passes or enter into non-competitive transactions except as otherwise authorized by these Rules, or execute any such Order on behalf of another with such knowledge of its nature.

909. Detrimental Conduct.

No Person shall engage in conduct or practices inconsistent with just and equitable principles of trade or conduct or practices detrimental to the best interests of the Facility.

PART 10. DISCIPLINARY PROCEEDINGS.

1001. Investigations.

The Enforcement Staff of the Compliance Department and its designees is responsible for investigating possible violations of the Rules upon request from Commission staff or the discovery or receipt of information which, in their judgment, indicates a possible basis for finding that a violation has occurred or will occur. Investigations shall be conducted by the Enforcement staff in accordance with these Rules. The Facility may contract for the performance of specified functions assigned by these Rules to the Enforcement Staff of the Compliance Department. The Facility retains ultimate responsibility of the investigations.

1002. Investigation Report.

After conducting an investigation, the Enforcement Staff of the Compliance Department shall prepare a written report including the reason the investigation was initiated, a summary of the complaint, if any, the relevant facts, and the Enforcement Staff's conclusions. If the Enforcement Staff has determined that a reasonable basis exists for finding a violation, it shall make a recommendation as to whether the Disciplinary Committee should proceed with the matter. The Enforcement Staff may also issue a warning letter to the Person being investigated or forward to the Review Panel of the Disciplinary Committee a recommendation that it issue a warning letter. A warning letter issued to the Person under investigation under this paragraph is not a penalty or an indication that a finding of a violation has been made.

The investigation report shall become part of the investigation file, which shall be maintained by the Compliance Department for a period of not less than five years after

the completion of such report. The Enforcement Staff shall promptly provide the Disciplinary Committee with a copy of each investigation report.

1003. Review of Investigation Report.

The Review Panel shall promptly review each investigation report prepared by the Enforcement Staff. In the event the Review Panel decides that additional investigation or evidence is needed, it shall promptly direct the Enforcement Staff to conduct further investigation. Within a reasonable period of time not to exceed thirty days after the receipt of a completed investigation report, the Review Panel shall take one of the following actions:

- (a) 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 contain a brief statement setting forth the reasons therefore.
- (b) If the Review Panel determines that a reasonable basis exists for finding a violation which should be adjudicated, it shall direct that any Person alleged to have committed the violation be served by Enforcement Staff with a notice of charges, thus commencing disciplinary proceedings pursuant to these Rules.
- (c) The Review Panel may also determine to issue a warning letter to the Person being investigated. A warning letter issued to Person under investigation under this paragraph is not a penalty or an indication that a finding of a violation has been made.

1004. Respondent.

A Person alleged in a notice of charges to have committed a violation shall be referred to as the Respondent.

1005. Notice of Charges.

A written notice of charges shall be served by Enforcement Staff on any Respondent as directed by the Hearing Panel. The notice of charges shall:

- (a) State the acts, practices or conduct in which the Respondent is alleged to have engaged;
- (b) State the provision of the Rules alleged to have been, or are about to be, violated;
- (c) State the predetermined penalty, if any;
- (d) State that the Respondent is entitled to a hearing on the charges upon written request served upon the Compliance Department within 30 days of service of the notice of charges and filed with the Hearing Panel of the Disciplinary Committee

and that failure so to request a hearing within 30 days, except for good cause shown, shall be deemed a waiver of the right to a hearing; and

- (e) State that the Respondent is entitled to serve an answer upon the Compliance Department within 30 days of service of the notice of charges and to file such answer with the Hearing Panel and that failure in an answer to deny expressly any allegation or any charge in the notice of charges shall be deemed to be an admission of such allegation or charge.

1006. Service.

Service of a notice of charges or any other document in a disciplinary proceeding on a Respondent shall be made by personal delivery to the Respondent or the Respondent's agent appointed under Rule 303(e) or by first class mail addressed to the Respondent at the last address filed by the Respondent with, or otherwise known to, the Facility. However, if the Respondent is represented by counsel in the disciplinary proceeding, service shall be by personal delivery to counsel or by first class mail addressed to counsel at the last address filed by counsel with the Facility. Service of any document on the Compliance Department shall be made by personal delivery to the Compliance Department or by first class mail addressed to the Compliance Department, in either case at the address specified in the notice of charges. Filing with the Disciplinary Committee may be made by personal delivery to the Disciplinary Committee or by first class mail addressed to the Disciplinary Committee at the address specified in the notice of charges. Service by mail shall be complete when deposited in an official depository of the United States Postal Service. If service is made by mail, any time period in these Rules calculated with respect to the date of service shall be extended by a period of five days. Service may be effected through electronic mail or facsimile upon the agreement of all parties.

1007. Answer from Respondent.

- (a) A Respondent receiving a notice of charges may serve a written answer to the notice of charges upon the Compliance Department and file the answer with the Hearing Panel, provided that:
 - (i) the answer must be in writing and include a statement that the Respondent admits, denies or is without knowledge or information sufficient to form a belief as to the truth of each allegation.
 - (ii) failure to serve an answer within 30 days following the service of the notice of charges shall be deemed an admission of all allegations contained in the notice of charges.
 - (iii) failure in an answer to expressly deny any charge or allegation shall be deemed to be an admission of the charge or allegation; provided, however, that a statement of a lack of sufficient knowledge or information to form a belief as to the truth of an allegation shall have the effect of a denial of the allegation.

- (b) If the Respondent admits or fails to deny any of the charges in a notice of charges, the Hearing Panel may find that the violation of the Rules alleged in the charge has been committed and may impose a penalty no greater than the predetermined penalty, if any, stated in the notice of charges for such violation or violations. If no predetermined penalty was so stated, the Hearing Panel shall impose a penalty for each violation found to have been committed.
- (c) If the Hearing Panel imposes a penalty pursuant to paragraph (b) of this Rule, the Respondent and the Compliance Department shall be promptly served with a written notice of any penalty to be imposed and shall advise the Respondent that he or she may request a hearing on the penalty, provided that a written request for a hearing must be served upon the Compliance Department within 30 days following service of the notice and filed with the Hearing Panel. However, no hearing shall be permitted on a penalty that is less than or equal to the predetermined penalty, except for good cause shown. If the Respondent fails to request a hearing within 30 days following service of the notice, the Respondent shall be deemed to have accepted the penalty, and the decision of the Hearing Panel shall be the final action of the Facility.

1008. Right to Representation.

A Respondent shall be entitled to be represented by legal counsel or any other representative of the Respondent's choosing in any proceedings under this part of the Rule; provided, however, that this Rule does not constitute the basis for any claim that the Facility must furnish an attorney to a Respondent.

1009. Hearings.

- (a) If the Respondent has, in a timely manner, requested a hearing on a charge which is denied in the Respondent's answer or on a penalty imposed by the Hearing Panel pursuant to Rule 204 and this Part 10 (other than a predetermined penalty stated in the notice of charges), the Respondent shall have an opportunity for a hearing on the matter. Such hearing shall be promptly convened after fair notice to the Respondent.
- (b) Any hearing shall be conducted before a Hearing Panel of three members of the Disciplinary Committee.
- (c) The Respondent shall be entitled in advance of the hearing to examine all books, documents, or other tangible evidence in the possession or under the control of the Facility which are to be relied upon by the Enforcement Staff of the Compliance Department in presenting the charges contained in the notice of charges or which are relevant to those charges or the penalties.
- (d) The formal rules of evidence need not apply; nevertheless, the procedures for the hearing may not be so informal as to deny a fair hearing.

- (e) The Compliance Department shall be a party to the hearing and shall present its case on those charges and penalties which are the subject of the hearing.
- (f) The Respondent shall be entitled to appear personally at the hearing.
- (g) The Respondent shall be entitled to cross-examine any persons appearing as witnesses at the hearing.
- (h) The Respondent shall be entitled to call witnesses and to present such evidence as may be relevant to the charges or the penalties and the Compliance Department shall be entitled to cross-examine any witness called by the Participant.
- (i) The Facility shall require Persons within its jurisdiction called as witnesses to appear at the hearing and to produce evidence. It shall make reasonable efforts to secure the presence of all other Persons called as witnesses whose testimony would be relevant.
- (j) A substantially verbatim record of the hearing shall be made and shall become a part of the record of the proceeding. The record must be one that is capable of being accurately transcribed; however, it need not be transcribed unless the transcript is requested by Commission staff or the Respondent or the decision is appealed to or reviewed by the Commission. In all other instances, a summary record of the hearing is permitted.
- (k) The cost of transcribing the record of the hearing shall be borne by the Respondent if the Respondent requests the transcript or appeals the decision to the Commission. In all other instances, the cost of transcribing the record shall be borne by the Facility.
- (l) A penalty pursuant to Part 10 may be summarily imposed by the hearing panel of the Disciplinary Committee upon any person within its jurisdiction whose actions impede the progress of a hearing.

1010. Decision.

Promptly following the hearing, the Hearing Panel of the Disciplinary Committee shall render a written decision based upon the weight of the evidence contained in the record of the proceeding and shall serve a copy of its decision upon the Compliance Department and the Respondent. The decision shall be the final action of the Facility and shall not be subject to appeal within the Facility. The decision shall include:

- (a) the notice of charges or a summary of the charges;
- (b) the answer, if any, or a summary of the answer;
- (c) a brief summary of the evidence produced at the hearing or, where appropriate, incorporation by reference of the investigation report;

- (d) a statement of findings and conclusions with respect to each charge, including the specific Rules which the Respondent is found to have violated; and
- (e) a declaration of any penalty imposed and the effective date of such penalty.

1011. Penalties.

- (a) The Hearing Panel of the Disciplinary Committee may impose any one or more of the following penalties for violation of the Rules:
 - (i) a censure or reprimand;
 - (ii) a fine in an amount that the hearing panel deems appropriate or suspension of trading privileges;
 - (iii) termination as a Participant; or
 - (iv) such other penalty as the hearing panel in its discretion shall deem appropriate.
- (b) In the case of any penalty imposed on a Respondent denying access in whole or in part to the Facility's market, the Hearing Panel shall issue an order to all Participants prohibiting them from granting such access, directly or indirectly, and any knowing violation of such an order shall constitute a violation of the Rules.

1012. Predetermined Penalties.

The Facility may adopt specific maximum penalties for particular types of violations ("Predetermined Penalties"). If it does so, the Disciplinary Committee or a Hearing Panel of the Disciplinary Committee shall have discretion in each case whether to employ the predetermined penalty. If the predetermined penalty is employed, it shall be stated in the notice of charges. In such a case, after a hearing on a denied charge where a Respondent is found to have committed the violation charged, the hearing panel of the Disciplinary Committee shall impose the predetermined penalty or an appropriate lesser penalty.

1013. Settlement.

- (a) At any time after the issuance of a notice of charges and prior to the issuance of a decision pursuant to Rule 1010, a Respondent may serve upon the Compliance Department and file with the Disciplinary Committee a written proposal to settle the matter in question. The Disciplinary Committee may accept or reject the settlement proposal, but may not alter its terms unless the Respondent agrees. The Disciplinary Committee, in its discretion, may permit the Respondent to accept a penalty without either admitting or denying the violations upon which the penalty is based.

- (b) If the Disciplinary Committee accepts a settlement proposal, it shall issue a written decision specifying the violations it has reason to believe were committed and any penalty to be imposed. If the settlement proposal specifies that the Respondent is agreeing to accept a penalty without either admitting or denying any violations, the decision shall so state.
- (c) If the Disciplinary Committee does not accept a settlement proposal or if the Respondent withdraws the proposal after its submission but before its final acceptance by the Disciplinary Committee, the proceedings shall continue against the Respondent, but the Respondent shall not be deemed to have made any admissions by reason of the settlement proposal and shall not be otherwise prejudiced by having submitted the settlement proposal.

1014. Minor Penalties.

- (a) The Compliance Department may summarily impose a fine against any Participant:
 - (i) for failing to make timely payments of dues, fees, fines, assessments or other charges;
 - (ii) for failing to make timely and accurate submissions to the Facility of notices, reports, or other information required under any provision of the Rules; or
 - (iii) for failing to keep any records required under any provision of the Rules.
- (b) The amounts of the fines for any category of violations which may be imposed pursuant to this Rule shall be set by the Facility from time to time, provided that the maximum fine for any one violation shall not exceed \$10,000. Nothing contained in this Rule shall preclude any other action against a Participant pursuant to the Rules. The imposition of a fine against a Participant pursuant to this Rule shall be the final action of the Facility if the Participant does not request review as provided in paragraph (c) of this Rule.
- (c) The Compliance Department shall serve a Participant with written notice of a fine imposed pursuant to paragraph (a) of this Rule. Such notice shall specify the date of the occurrence for which the fine is being imposed, the provision or provisions of the Rules giving rise to the fine and the amount of the fine. Within 10 days of the service of such notice, the Participant shall either pay the fine or serve the Facility with a written request specifying the basis for review of the fine by a hearing panel of the Disciplinary Committee.

1015. Participant Responsibility Actions.

- (a) The Facility may summarily suspend any Participant or take other summary action against a Participant if the Facility reasonably believes that such immediate action is necessary to protect the best interests of the marketplace.

- (b) Any action taken against any Participant pursuant to this Rule shall be taken after notice and an opportunity to be heard, unless the Facility determines that giving such notice or opportunity to be heard before taking such action is not practicable under the circumstances. The notice shall state the action, the reasons for the action, and the effective time and date and the duration of the action. In any case in which action is taken without prior notice and opportunity to be heard, the Facility shall give the Participant notice and an opportunity to be heard promptly thereafter.
- (c) Any hearing held pursuant to this Rule shall be held before a Hearing Panel of the Disciplinary Committee and shall be conducted in compliance with Part 10.
- (d) Promptly following the hearing held pursuant to this Rule, the Hearing Panel of the Disciplinary Committee shall render a written decision based upon the weight of the evidence contained in the record of the proceeding and shall serve a copy of such decision on the Participant and the Compliance Department. The decision shall be the final action of the Facility and shall not be subject to appeal within the Facility. The decision shall include:
 - (i) a description of any summary action taken or proposed to be taken;
 - (ii) the reasons for the summary action;
 - (iii) a brief summary of the evidence produced at the hearing;
 - (iv) findings and conclusions;
 - (v) a determination that the summary action should be affirmed, modified, reversed, or imposed; and
 - (vi) a declaration of any summary action to be taken pursuant to the determination specified in subparagraph (v) and the effective date and duration of the action.

1016. Action Against Non-Participants.

- (a) If the Enforcement Staff has reason to believe that any non-Participant is conducting his trading activities in violation of the Commodity Exchange Act, Commission Rules or these Rules, it may require the non-Participant and any Participant that handles or clears the non-Participant's trades to appear, produce documents and testify at a Compliance Department interview or investigation, or at a hearing before the Disciplinary Committee.
- (b) If, after hearing, the Disciplinary Committee determines that the actions of the non-Participant violate the Commodity Exchange Act, the Commission Rules or these Rules, are likely to cause a manipulation, manipulate the price of a Swap, or otherwise threaten the integrity or liquidity of a Swap traded on the Trading System or subject to the Rules of the Facility, the Disciplinary Committee may:

1) order any Clearing Participant to liquidate all or any portion of such non-Participant's position; 2) order that no Participant accept new positions on behalf of any such non-Participant; 3) deny or terminate access of such non-Participant to the Trading System and the Facility; or 4) order such other action as is necessary to prevent a threat to the Swap or further violations of the Commodity Exchange Act or these Rules.

- (c) In the case of a penalty imposed on a Respondent that is not a Participant denying access to the Facility, the Hearing Panel shall issue an order to all Participants prohibiting them from granting such access, directly or indirectly, and any knowing violation of such an order shall constitute a violation of the Rules.

1017. Conflicts of Interest or Bias.

- (a) No member of any committee of the Facility shall knowingly participate in the committee's deliberations and voting on any matter involving a named party-in-interest where the member is precluded from doing so pursuant to Part 2.
- (b) Prior to the consideration of any matter involving a named party-in-interest, each member of a committee of the Facility must disclose to the Chief Executive Officer of the Facility (or to his or her designee) whether he or she has any one of the relationships listed in Rules 207 and 209 with the named party-in-interest.
- (c) Any Respondent which is a named party-in-interest in any proceeding under this Part of the Rules may serve a written request on the Chief Executive Officer of the Facility for disqualification of any member of any committee of the Facility on the grounds that such member has one of the relationships listed in Rules 207 or 209 or that any other cause exists which might cause the member to have a bias against such Respondent.
- (d) The Chief Executive Officer (or his or her designee) shall determine whether or not any member of a committee of the Facility will be disqualified from deliberating, voting or otherwise participating in any matter based upon:
 - (i) information provided by such Participant pursuant to paragraph (b) of this Rule;
 - (ii) information provided by a Respondent which is a named party-in-interest pursuant to paragraph (c) of this Rule; and
 - (iii) any other source of information that is reasonably available to the Facility.
- (e) The Chief Executive Officer (or his or her designee) shall promptly serve written notice of his or her determination on the member of the committee and on the Respondent which is the named party-in-interest, and such determination shall be final and not subject to appeal within the Facility.

No employee of the Compliance Department or any other employee of the Facility may serve in any investigatory, prosecutorial or decision-making capacity relating to any matter involving a named party-in-interest if he or she would be precluded from participating in deliberations and voting on such matters pursuant to Part 2 if he or she were a member of a committee of the Facility. The provisions of paragraphs (b) through (e) of this Rule shall be applicable to such employee of the Facility as though such person were a member of a committee of the Facility.

PART 11. CUSTOMER DISPUTES.

1101. Procedure for Resolution.

Any dispute between a Customer and a Participant arising out of or in connection with the solicitation or acceptance of any order for execution of a Swap, or the execution of any Swap, shall be resolved by and pursuant to the arbitration rules of the NFA or such other self-regulatory organization as the parties may agree. The failure by any Participant to comply with any decision issued by the NFA or such other self-regulatory organization in resolving any such dispute shall constitute a violation of these Rules, unless the decision is the subject of pending judicial review.

PART 12. MISCELLANEOUS.

1201. Prohibition of Compensation to Facility Employees.

No Participant, Affiliate of a Participant or employee thereof shall give any compensation or gratuity to any Facility employee, and no Facility employee shall accept any compensation or gratuity from any Participant, Affiliate of a Participant or employee thereof; provided that the foregoing shall not preclude giving or accepting items of nominal value.

1202. Rule Adoption, Amendment, and Repeal.

Rules may be adopted, amended or repealed by the Facility as provided in these Rules. However, no Rule and no amendment or repeal of a Rule shall apply to any Swap or Swap entered into prior to the adoption thereof if such Rule, amendment or repeal would affect the amount of money to be paid, or would materially affect the specifications of the Swap or Underlying Commodity to be delivered, under such Swap, unless emergency action has been taken pursuant to Rule 1204.

1203. Confidentiality of Information.

All information received by the Facility concerning positions, margin or premium payments, or deliveries, and any financial statements filed with the Facility by any Participant, shall be held in confidence by the Facility and shall not be made known to any other Person except as follows:

- (a) With the written consent of the Participant involved;

- (b) To the Commission or the United States Department of Justice pursuant to the requirements of the Commodity Exchange Act or any Regulation of the Commission or of any other Governmental Agency with jurisdiction over the Facility;
- (c) Pursuant to a subpoena issued by or on behalf of any Person or, in the Facility's discretion, pursuant to a written request from the Congress of the United States, any committee or subcommittee thereof, the General Accounting Office, or any department or agency of the United States, the State of New York or the City of New York;
- (d) Pursuant to an order issued by a court having jurisdiction over the Facility;
- (e) To any SRO or authority acting under contract to the Facility for performance of SRO functions, for audit, compliance, surveillance, or disciplinary purposes;
- (f) To any Person in the business of providing data processing or similar services for the purpose of performing computations or analysis, or of preparing reports or records, for the Facility;
- (g) To counsel for the Facility; or
- (h) To any other Person to the extent and pursuant to such terms and conditions as the Facility, from time to time, may deem appropriate.

If information concerning one or more named Participants is requested pursuant to paragraphs (b), (c) or (d) above, the Facility shall notify each such Participant prior to furnishing such information, unless in the judgment of the Facility it would be contrary to the best interests of the Facility to do so.

1204. Emergency Powers.

- (a) The Chief Executive Officer or his or her designee may determine in his or her discretion whether any occurrence or circumstance constitutes an emergency that requires immediate action because it threatens fair and orderly trading in any Swap or the liquidation of or delivery pursuant to any Swap. Occurrences and circumstances which may be deemed to be emergencies include, but are not limited to, the following:
 - (i) any manipulative activity 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 Swaps, including failure of the payment system;

- (iv) any action taken by the United States, any foreign government, any state or local government body, any other contract market, any board of trade, any exchange or any trade association (foreign or domestic), which may have a direct impact on trading on the Facility;
 - (v) any circumstance which may have a severe, adverse effect upon the physical functions of the Facility, including, for example, fire or other casualty, bomb threat, substantial inclement weather, power failure, communication or transportation breakdown, computer malfunction, breakdown of screen-based trading systems, malfunction of plumbing, heating, ventilation or air conditioning systems, or other similar events;
 - (vi) the bankruptcy or insolvency of any Participant or the imposition of any injunction or other restraint by any Government Agency, court or arbitrator upon any Participant which may affect the ability of any Participant to perform its Swaps;
 - (vii) any circumstance in which it appears that any Participant or any other Person has failed or may fail to perform Swaps, is or may be insolvent, or is in such financial or operational condition or is conducting business in such a manner that the Participant or Person cannot be permitted to continue to trade without jeopardizing the safety of Customer funds, Participants, the Facility, or the Clearing Organization; or
 - (viii) any other unusual, unforeseeable and adverse circumstance with respect to which it is not practicable for the Facility to certify a rule or rule amendment to the Commission prior to its implementation, or, in a timely fashion, to submit to the Commission for its prior approval a reviewable rule.
- (b) In the event that the Chief Executive Officer or his or her designee determines that an emergency exists, he or she may take any or all of the following actions or any other action that may be appropriate under the circumstances:
- (i) impose trading and/or modify any existing position limits;
 - (ii) impose or modify any existing price limits;
 - (iii) impose or modify any existing circuit breakers;
 - (iv) order the fixing of a Settlement Price;
 - (v) extend or shorten the expiration date or the trading hours;
 - (vi) suspend or curtail trading; or
 - (vii) modify or suspend any provision of these Rules.

- (c) If the Chief Executive Officer or his or her designee, in his or her sole discretion, shall determine that there is a malfunction in the system for transmitting orders or other communications from or through any Participant into the Trading System and that such malfunction may impair, delay or otherwise adversely affect the operation of the Trading System, the Chief Executive Officer may instruct such Participant to discontinue transmissions to the Trading System from any source and may cause such steps to be taken as will disconnect such Participant from the Trading System, until such time as such malfunction shall have been resolved in a manner satisfactory to the Chief Executive Officer in his or her sole discretion. In taking any such action, the Chief Executive Officer, or his or her designee shall endeavor to communicate with the Participant in question prior to taking any such action, but the inability or failure of the Chief Executive Officer or his or her designee to do so shall not prevent, delay or otherwise affect the ability of the Chief Executive Officer to act pursuant to this paragraph.
- (d) As soon as practicable, the Board and the Commission shall be notified of any exercise of emergency authority pursuant to this Rule.
- (e) The Chief Executive Officer or other Person taking emergency action pursuant to this Rule shall document the decision-making process and the reasons for taking such action.
- (f) All Participants and their customers and all Swaps shall be subject to these emergency powers, and the specifications of each Swap shall be deemed subject to this Rule.

1205. Limitation of Liability.

- (a) Business on the Trading System may from time to time be suspended or restricted or the Facility may from time to time be closed for a temporary period or for such longer period as may be determined in accordance with the Rules including, without limitation, as a result of a decision taken under Rule 1204 on the occurrence of one or more events which require such action to be taken in the interests of maintaining a fair and orderly market. Any such action may result in the inability of one or more Participants and, through such Participants, one or more Customers to enter into Swaps. Furthermore, a Participant and, through such Participant, one or more Customers may from time to time be prevented or hindered from entering into Swaps, or trading Swaps, or errors in orders for Swaps and/or Swaps may arise, or submission of trades to the Clearing Organization or to a confirmation/affirmation platform may be delayed, as a result of a failure or malfunction of communications, equipment, market facilities, the Trading System, or software supplied to a Participant by the Facility or any other Person.
- (b) EXCEPT IN INSTANCES WHERE THERE HAS BEEN A FINDING OF FRAUD OR WILLFUL OR WANTON MISCONDUCT, IN WHICH CASE THE PARTY FOUND TO HAVE ENGAGED IN SUCH CONDUCT CANNOT

AVAIL ITSELF OF THE PROTECTIONS OF THIS RULE, THE FACILITY (INCLUDING ITS AFFILIATES), THE CLEARING ORGANIZATION, CLEARING PARTICIPANTS, PARTICIPANTS AND THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, AGENTS AND LICENSORS SHALL NOT BE LIABLE TO ANY PERSON, INCLUDING WITHOUT LIMITATION ANY CUSTOMER, FOR ANY LOSS, DAMAGE OR COST (INCLUDING BUT NOT LIMITED TO ATTORNEYS' FEES AND COURT COSTS), WHETHER DIRECT, INDIRECT, SPECIAL, INCIDENTAL, CONSEQUENTIAL, LOST PROFITS OR OTHERWISE OF ANY KIND, REGARDLESS OF WHETHER ANY OF THEM HAS BEEN ADVISED OR IS OTHERWISE AWARE OF THE POSSIBILITY OF SUCH DAMAGES, ARISING OUT OF THE USE OR PERFORMANCE OF THE TRADING SYSTEM, ANY COMPONENT(S) THEREOF, OR ANY FAULT, FAILURE, MALFUNCTION OR OTHER ALLEGED DEFECT IN THE TRADING SYSTEM, INCLUDING ANY INABILITY TO ENTER OR CANCEL ORDERS IN THE TRADING SYSTEM, OR ANY FAULT IN DELIVERY, DELAY, OMISSION, SUSPENSION, INACCURACY OR TERMINATION, OR ANY OTHER CAUSE IN CONNECTION WITH THE FURNISHING, PERFORMANCE, MAINTENANCE, USE OF OR INABILITY TO USE ALL OR ANY PART OF THE TRADING SYSTEM, INCLUDING BUT NOT LIMITED TO (1) ANY OF THE CIRCUMSTANCES OR OCCURRENCES REFERRED TO IN PARAGRAPH (a) OF THIS RULE OR (2) ANY FAILURE OR DELAY IN TRANSMISSION OF ORDERS OR TRADES OR LOSS OF ORDERS OR TRADES RESULTING FROM (A) MALFUNCTION OF THE TRADING SYSTEM, (B) DISRUPTION OF COMMON CARRIER LINES, (C) LOSS OF POWER, (D) ACTS OR FAILURES TO ACT OF ANY THIRD PARTY, (E) NATURAL DISASTERS OR (F) ANY AND ALL OTHER CAUSES. THE FOREGOING SHALL APPLY REGARDLESS OF WHETHER A CLAIM ARISES IN CONTRACT, TORT, NEGLIGENCE, STRICT LIABILITY OR OTHERWISE. THE FOREGOING LIMITATIONS ARE CUMULATIVE AND SHALL NOT LIMIT OR RESTRICT THE APPLICABILITY OF ANY OTHER LIMITATION OR RULE, TRADING PROCEDURE OR NOTICE OF THE FACILITY OR RULE OF THE CLEARING ORGANIZATION. THE FOREGOING SHALL NOT LIMIT THE LIABILITY OF ANY PARTICIPANT, CLEARING PARTICIPANT, OR ANY OF THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES OR AGENTS FOR ANY ACT, FAILURE TO ACT, INCIDENT OR OCCURRENCE WITHIN THEIR CONTROL.

- (c) THERE ARE NO EXPRESS OR IMPLIED WARRANTIES OR REPRESENTATIONS PROVIDED BY THE FACILITY (INCLUDING ITS AFFILIATES), THE CLEARING ORGANIZATION, CLEARING PARTICIPANTS, PARTICIPANTS OR ANY OF THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYERS, AGENTS OR LICENSORS, RELATING TO THE TRADING SYSTEM OR ANY FACILITY SERVICE OR FACILITIES USED TO SUPPORT THE TRADING SYSTEM, INCLUDING,

BUT NOT LIMITED TO, WARRANTIES OF MERCHANTABILITY AND WARRANTIES OF FITNESS FOR A PARTICULAR PURPOSE OR USE.

- (d) IF ANY OF THE FOREGOING LIMITS ON THE LIABILITY OF THE FACILITY (INCLUDING ITS AFFILIATES), THE CLEARING ORGANIZATION, OR ANY OF THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, AGENTS OR LICENSORS SHOULD BE DEEMED TO BE INVALID, INEFFECTIVE, OR UNENFORCEABLE AND ANY PARTICIPANT OR THIRD PARTY SUSTAINS A LOSS, DAMAGE OR COST RESULTING FROM USE OF THE TRADING SYSTEM, THE ENTIRE LIABILITY OF THE FACILITY (INCLUDING ITS AFFILIATES), THE CLEARING ORGANIZATION, AND ANY OF THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, AGENTS OR LICENSORS SHALL NOT EXCEED THE FEES AND ANY OTHER CHARGES ACTUALLY PAID BY SUCH PARTICIPANT OR THIRD PARTY FOR SERVICES IN CONNECTION WITH THE TRADING SYSTEM FOR THE TWELVE MONTH PERIOD PRIOR TO THE JUDGMENT OR DECISION.
- (e) NOTWITHSTANDING ANY OF THE FOREGOING, THIS RULE SHALL IN NO WAY LIMIT THE APPLICABILITY OF ANY PROVISION OF THE ACT OR COMMISSION REGULATIONS.

1206. Dispute Resolution.

(a) **Choice of Law.**

The law of the State of New York shall govern any dispute arising between the Facility and a Participant without giving effect to the provisions, policies or principles of any state law relating to choice or conflict of laws.

(b) **Arbitration Required.**

Any dispute arising between the Facility and a Participant must be brought to arbitration within one (1) year from the occurrence of the event giving rise to the dispute. Any such dispute shall be settled by arbitration administered in New York, NY by the American Arbitration Association (the "AAA") under its Commercial Arbitration Rules. The dispute will be submitted to one arbitrator that has experience with and knowledge of commodities, derivatives and Swaps as listed on the National Roster of Arbitrators, and who is appointed by the AAA. Judgment on the award rendered by the arbitrator will be binding on the parties and may be entered in any state or federal court sitting in New York, New York, and the parties shall be deemed to have consented to the personal jurisdiction of any such court. Each party to the arbitration shall bear its own costs and expenses, as well as an equal share of the administrative and arbitrator fees. However, the arbitrator may reimburse the prevailing party for its costs and expenses in any award. If for any reason this Arbitration provision is unenforceable, the parties hereby consent to the venue and jurisdiction of the

federal and state courts located in New York, New York, and waive any objection thereto. Each Party hereby waives its right to trial by jury in any such action.

PART 13. PRODUCTS.

1301. Swaps Made Available to Trade.

Every Swap or an economically equivalent Swap that is required to be cleared under section 2(h)(1) of the Act and which has been made available for trading on a swap execution facility and which is listed for trading on the Facility is Made Available to Trade on the Facility; *Provided however* that the following Swaps listed or offered for trading on or subject to the Rules of the Facility shall not be considered to be Made Available to Trade on the Facility:

- (a) Block trades as provided under Rule 510;
- (b) Bespoke Swaps; and
- (c) Illiquid Swaps.

1302. Position Limits.

- (a) The Facility may establish speculative position limits for any Swap listed for trading on the Facility.
 - (i) for any contract that is subject to position limits established by the Commission pursuant to Section 4a(a) of the Commodity Exchange Act, the Facility may
 - (A) set its position limit at a level no higher than the Commission limit;
 - (B) monitor positions established on or through the Facility for compliance with the limit set by the Commission and the limit, if any, set by the Facility; or
 - (C) reduce a Participant's ability to place Bids or Offers on the Facility to ensure compliance with said limit.
- (b) Except as otherwise provided by the Rules, no Person, 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 if such Participant knows, or with reasonable care should know, that such position will cause such Customer 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) Swaps offered for trading on the Facility that are subject to speculative position limits are as follows:
 - (i) Reserved.

1303. Exemptions from Position Limits.

Any Person seeking an exemption from the position limits referred to in Rule 1302 must file an application with the Facility in the manner and within the time limits prescribed by the Facility. The Facility shall notify the Applicant whether the exemption has been approved and whether the Facility has imposed any limitations or conditions on the exemption. The decision of the Facility shall be final.

1304. Position Accountability.

- (a) The Facility may establish a Position Accountability level for any Swap contract listed for trading on the Facility. Any Person who owns or controls Swap contracts in excess of the applicable Position Accountability level shall provide to the Facility at its request any information regarding the nature of the position, trading strategy, or hedging activities, if applicable, and if ordered by the Facility, shall not increase the size of any such position.
- (b) For purposes of this Rule, all positions in accounts for which a Person, by power of attorney or otherwise, directly or indirectly controls trading shall be included with the positions held by such Person. The provisions of this Rule shall apply to positions held by two or more Persons acting pursuant to an expressed or implied agreement or understanding, as if the positions were held by a single Person.

1305. Risk Controls for Trading.

- (a) The Facility, in its discretion, may take any action to reduce the potential for market disruption, including, but not limited to restricting or halting trading or other actions determined by the Facility if in the best interest of the swap market.
- (b) The Facility may impose a similar risk control action taken by another market trading a Swap that is fungible with, or a substitute for, a Swap traded on the Facility.

1306. Swaps Made Available to Trade in Required Transactions

- (a) Except as provided in Rule 1301, each Swap that is subject to mandatory clearing by a Clearing Organization or a Swap which is economically equivalent thereto and is offered or listed for trading on the Facility, is Made Available to Trade on the Facility as a Required Transaction.

- (b) The terms and conditions of the Swap as established by the Clearing Organization in its Rules or Bylaws are incorporated by reference herein, and are the terms and conditions of the Swap which is Made Available to Trade on the Facility.
- (c) Spot starting and IMM dated Interest Rate Swaps Made Available to Trade are Interest Rate Swaps, by Clearing Organization, including LCH.Clearnet Ltd., LCH.Clearnet LLC, and CME, Inc., having the following characteristics:

<i>Specification</i>	Fixed-to-Floating Swap Class			
1. Currency	U.S. Dollar (USD)	Euro (EUR)	Sterling (GBP)	Yen (JPY)
2. Floating Rate Indexes	LIBOR	EURIBOR	LIBOR	LIBOR
3. Stated Termination Date Range	28 days to 50 years	28 days to 50 years	28 days to 50 years	28 days to 30 years
4. Optionality	No	No	No	No
5. Dual Currencies	No	No	No	No
6. Conditional Notional Amounts	No	No	No	No

<i>Specification</i>	Basis Swap Class			
1. Currency	U.S. Dollar (USD)	Euro (EUR)	Sterling (GBP)	Yen (JPY)
2. Floating Rate Indexes	LIBOR	EURIBOR	LIBOR	LIBOR
3. Stated Termination Date Range	28 days to 50 years	28 days to 50 years	28 days to 50 years	28 days to 30 years
4. Optionality	No	No	No	No

5. Dual Currencies	No	No	No	No
6. Conditional Notional Amounts	No	No	No	No

<i>Specification</i>	Forward Rate Agreement Class			
1. Currency	U.S. Dollar (USD)	Euro (EUR)	Sterling (GBP)	Yen (JPY)
2. Floating Rate Indexes	LIBOR	EURIBOR	LIBOR	LIBOR
3. Stated Termination Date Range	3 days to 3 years	3 days to 3 years	3 days to 3 years	3 days to 3 years
4. Optionality	No	No	No	No
5. Dual Currencies	No	No	No	No
6. Conditional Notional Amounts	No	No	No	No

<i>Specification</i>	Overnight Index Swap Class		
1. Currency	U.S. Dollar (USD)	Euro (EUR)	Sterling (GBP)
2. Floating Rate Indexes	FedFunds	EONIA	SONIA
3. Stated Termination Date Range	7 days to 2 years	7 days to 2 years	7 days to 2 years
4. Optionality	No	No	No

5. Dual Currencies	No	No	No
6. Conditional Notional Amounts	No	No	No

- (d) Credit Default Swaps on a broad-based Index Made Available to Trade by the Facility are Credit Default Swaps, by Clearing Organization, including ICE Clear Credit LLC, ICE Clear Europe Ltd, and LCH.Clearnet SA, having the following characteristics:

<i>Specification</i>	North American Untranching CDS Indices Class
1. Reference Entities	Corporate
2. Region	North America
3. Indices	CDX.NA.IG CDX.NA.HY
4. Tenor	CDX.NA.IG: 3Y, 5Y, 7Y, 10Y CDX.NA.HY: 5Y
5. Applicable Series	CDX.NA.IG 3Y: Series 15 and all subsequent Series, up to and including the current Series CDX.NA.IG 5Y: Series 11 and all subsequent Series, up to and including the current Series CDX.NA.IG 7Y: Series 8 and all subsequent Series, up to and including the current Series CDX.NA.IG 10Y: Series 8 and all subsequent Series, up to and including the current Series CDX.NA.HY 5Y: Series 11 and all subsequent Series, up to and including the current Series
6. Tranching	No

<i>Specification</i>	European Untranching CDS Indices Class
1. Reference	Corporate

Entities	
2. Region	Europe
3. Indices	iTraxx Europe iTraxx Europe Crossover iTraxx Europe HiVol
4. Tenor	iTraxx Europe: 5Y, 10Y iTraxx Europe Crossover: 5Y iTraxx Europe HiVol: 5Y
5. Applicable Series	iTraxx Europe 5Y: Series 10 and all subsequent Series, up to and including the current Series iTraxx Europe 10Y: Series 7 and all subsequent Series, up to and including the current Series iTraxx Europe Crossover 5Y: Series 10 and all subsequent Series, up to and including the current Series iTraxx Europe HiVol 5Y: Series 10 and all subsequent Series, up to and including the current Series
6. Tranched	No

1307. Swaps Offered for Trading in Permitted Transactions.

- (a) Swaps that are not subject to mandatory clearing but which are accepted by a Clearing Organization and which are offered for trading on the Facility as Permitted Transactions may be submitted voluntarily by the parties for clearing as provided under Part 8.
- (b) Swaps not accepted by a Clearing Organization for clearing may be listed for trading on or subject to the Rules of the Facility as Permitted Transactions.
- (c) The terms and conditions of the Swaps offered for trading as Permitted Transactions on the Facility incorporate such credit and other terms as the parties may establish through their pre-existing bi-lateral agreement.
- (d) Swaps listed for trading by the Facility include any Swap that has the following specifications:
 - (i) **Interest Rate Asset Class.** Any Swap with the following specifications for any currency and for any date termination range, except for any Interest Rate Swap listed under Rule 1306:

IR Swap	Fixed Float
IR Swap	Fixed Fixed
IR Swap	Basis
IR Swap	Inflation
IR Swap	OIS
IR Swap	CMS
FRA	
CapFloor	
Cross Currency	Basis
Cross Currency	Fixed Float
Cross Currency	Fixed Fixed
Option	Swaption
Exotic	

- (ii) **Credit Asset Class:** Any broad-based Index Credit Default Swap and for any date termination range, except for any Credit Default Swap listed under Rule 1306:

Index Tranche	CDX	CDX Tranche HY
Index Tranche	CDX	CDX Tranche IG
Index Tranche	CDX	CDX Tranche XO
Index Tranche	CDX	Standard CDX Tranche HY
Index Tranche	CDX	Standard CDX Tranche IG
Index Tranche	LCDX	LCDX Tranche
Index Tranche	LCDX	Standard LCDX Bullet Tranche
Index Tranche	MCDX	MCDX Tranche
Index Tranche	CDX Structured Tranche	CDX Blended Tranche
Index Tranche	CDX Structured Tranche	CDX Risky Zero Tranche
Index Tranche	iTraxx	iTraxx Asia Ex Japan Tranche
Index Tranche	iTraxx	iTraxx Australia Tranche
Index Tranche	iTraxx	iTraxx Europe Tranche
Index Tranche	iTraxx	iTraxx Japan Tranche
Index Tranche	iTraxx	Standard iTraxx Europe Tranche
Index Tranche	iTraxx Structured Tranche	iTraxx Blended Tranche
Index Tranche	iTraxx Structured Tranche	iTraxx Risky Zero Tranche
Index Tranche	ABX	ABX Tranche
Index	CDX	CDX HY
Index	CDX	CDX IG
Index	CDX	CDX XO

Index	CDX	CDX Emerging Markets
Index	CDX	CDX Emerging Markets Diversified
Index	LCDX	LCDX
Index	LCDX	Standard LCDX Bullet
Index	MCDX	MCDX
Index	iTraxx	iTraxx Asia Ex Japan
Index	iTraxx	iTraxx Australia
Index	iTraxx	iTraxx Europe
Index	iTraxx	iTraxx Japan
Index	iTraxx	iTraxx Lev X
Index	iTraxx	iTraxx Sov X
Index	iTraxx	Itraxx SDI
Index	ABX	ABX HE
Index	CMBX	CMBX
Index	IOS	IOS
Index	MBX	MBX
Index	PO	PO
Index	PrimeX	PrimeX
Index	TRX	TRX
Total Return Swap		
Swaptions	iTraxx	iTraxx Asia Ex Japan Swaption
Swaptions	iTraxx	iTraxx Australia Swaption
Swaptions	iTraxx	iTraxx Japan Swaption
Swaptions	iTraxx	iTraxx Sov X Swaption
Swaptions	Muni	CDS Swaption
Swaptions	CDX	CDX Swaption
Swaptions	MCDX	MCDX Swaption
Swaptions	iTraxx	iTraxx Europe Swaption
Swaptions	Sovereign	CDS Swaption
Swaptions	Corporate	CDS Swaption
Exotic	Corporate	Ref ob only
Exotic	Structured CDS	Contingent CDS
Exotic	Structured CDS	Index Contingent CDS
Exotic	Structured CDS	First to Default Nth to Default
Exotic	Structured CDS	Bespoke Tranche
Exotic	Other	

- (iii) **Foreign Exchange Asset Class.** Any Swap with the following specifications for any currency and for any date termination range:

NDF	
NDO	
Vanilla Option	
Simple Exotic	Barrier
Simple Exotic	Digital
Complex Exotic	

- (iv) **Commodity Asset Class.** Any Swap with the following specifications in any currency, for any date termination range:

Metals	Precious	Option	Physical
Metals	Precious	Exotic	
Metals	Non Precious	Option	Physical
Metals	Non Precious	Exotic	

- (V) **Equity Asset Class.** Any Swap with the following specifications for any currency and for any date termination range:

Equity	Swap	Price Return Basic Performance	Single Index
Equity	Swap	Price Return Basic Performance	Basket
Equity	Swap	Parameter Return Dividend	Single Index
Equity	Swap	Parameter Return Dividend	Basket
Equity	Swap	Parameter Return Variance	Single Index
Equity	Swap	Parameter Return Variance	Basket
Equity	Swap	Parameter Return Volatility	Single Index
Equity	Swap	Parameter Return Volatility	Basket
Equity	Portfolio Swap	Price Return Basic Performance	Single Index
Equity	Portfolio Swap	Price Return Basic Performance	Basket
Equity	Contract For Difference	Price Return Basic Performance	Single Index
Equity	Contract For Difference	Price Return Basic Performance	Basket
Equity	Option	Price Return Basic Performance	Single Index
Equity	Option	Price Return Basic	Basket

		Performance	
Equity	Option	Parameter Return Dividend	Single Index
Equity	Option	Parameter Return Dividend	Basket
Equity	Option	Parameter Return Variance	Single Index
Equity	Option	Parameter Return Variance	Basket
Equity	Option	Parameter Return Volatility	Single Index
Equity	Option	Parameter Return Volatility	Basket
Equity	Forward	Price Return Basic Performance	Single Index
Equity	Forward	Price Return Basic Performance	Basket
Equity	Other		