

EXHIBIT L-1

EOX SEF LLC REGULATORY CHART

CONTRACT MARKET CORE PRINCIPLES	EXPLANATIONS AND REFERENCES TO RELEVANT SEF DOCUMENTS, RULES AND AGREEMENTS
<p>Core Principle 1 – Compliance with core principles:</p> <p>a) <i>In general.</i> To be registered, and maintain registration, as a swap execution facility the swap execution facility shall comply with-</p> <p style="padding-left: 40px;">(1) The core principles described in section 5h of the Act; and</p> <p style="padding-left: 40px;">(2) Any requirement that the Commission may impose by rule or regulation pursuant to section 8a(5) of the Act</p> <p>b) <i>Reasonable discretion of a swap execution facility.</i> Unless otherwise determined by the Commission by rule or regulation, a swap execution facility described in paragraph (a) of this section shall have reasonable discretion in establishing the manner in which the swap execution facility complies with the core principles described in section 5h of the Act.</p>	<p>All materials submitted with the application of EOX SEF LLC (the “SEF”) for registration as a Swap Execution Facility (the “Application”), including but not limited to the Rulebook of the SEF (the “Rules”) (Exhibit M-1) and the EOX SEF LLC Compliance Manual (the “Compliance Manual”)(Exhibit O). Capitalized terms that are used in this Exhibit L-1 without definition have the meaning ascribed to those terms in the Rules.</p>
<p>Core Principle 2- Compliance with Rules:</p> <p>A swap execution facility shall:</p> <p>(a) Establish and enforce compliance with any rule of the swap execution facility, including the terms and conditions of the swaps traded or</p>	<p>General. The SEF has adopted the Rules, which provide the requirements for accessing and trading on the SEF. Pursuant to Rule 3.5, Participants must utilize the SEF’s services in a responsible manner, comply with the Rules, cooperate with SEF investigations, inquiries, audits, examinations and proceedings, abide by the terms and conditions of Contracts executed on the SEF or pursuant to its Rules, and observe high standards of integrity, market conduct, commercial honor, fair dealing, and equitable principles of trade. The policies and procedures designed to ensure compliance with the Rules are set forth in the Compliance Manual.</p>

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<p>processed on or through the swap execution facility and any limitations on access to the swap execution facility;</p> <p>(b) Establish and enforce trading, trade processing, and participation rules that will deter abuses and the capacity to detect, investigate, and enforce those rules, including means to provide market participants with impartial access to the market and to capture information that may be used in establishing whether rule violations have occurred;</p> <p>(c) Establish rules governing the operation of the facility, including rules specifying trading procedures to be used in entering and executing orders traded or posted on the facility, including block trades; and</p> <p>(d) Provide by its rules that when a swap dealer or major swap participant enters into or facilitates a swap that is subject to the mandatory clearing requirement of section 2(h) of the Act, the swap dealer or major swap participant shall be responsible for compliance with the mandatory trading requirement under section 2(h)(8) of the Act.</p>	<p>Access requirements. Section 3 of the Rules provides clear and transparent access criteria and requirements for SEF Participants, Broker Firms and their Authorized Users.</p> <ul style="list-style-type: none"> • Jurisdiction. Pursuant to the cover page of the Rules, Rule 3.1 and the EOX SEF LLC Participant and EOX SEF LLC Broker Agreements attached as Exhibit N-5 and Exhibit N-6, respectively, Participants, Broker Firms, and Authorized Users consent to the jurisdiction of the SEF before they are granted access to the SEF. • Impartial access. Rules 3.3 and 3.4 provide clear and transparent access criteria and other requirements for Participants. Rule 3.6 and 3.7 provide clear and transparent access criteria and other requirements for Authorized Users, and Rule 3.15 provides clear and transparent criteria and other requirements for Broker Firms accessing the SEF on behalf of Participants. The SEF will apply access criteria in an impartial manner, including through the application process described in Rule 3.3 and the SEF Participant Committee review process described in Rule 2.4.3. Pursuant to Rule 2.4.3, the SEF Participant Committee would need to approve any Rules that would result in different categories or classes of Participants receiving disparate access to the SEF. Per Rule 3.12.1 fees across across all participants will be published on the SEF website, and applied in a consistent manner. Sections 8.1, 8.2 and 15.3 of the Compliance Manual set forth policies and procedures designed to ensure that the SEF’s access requirements are applied in a consistent and impartial manner. • Limitations on access. Failure of an applicant to demonstrate a capacity to comply with the requirements of the Rules or the Applicable Law may lead to a denial of the application under Rule 3.3. The hearing and appeals process described in Rule 2.4.3 will ensure that any such denial of access is applied in a fair and impartial manner. Access to the SEF may also be suspended or revoked through the SEF’s disciplinary process as described in Rule 7.14 and Rule 7.18. The hearing and appeals processes of the SEF will ensure that such decisions are made in a fair and impartial manner. <i>See also</i> Section 8.1 of the Compliance Manual. <p>SEF Operation. Section IV of the Rules sets forth the trading procedures to be used in entering and executing orders traded or posted on the facility, including block trades.</p> <p>Rule Enforcement Program:</p> <ul style="list-style-type: none"> • Capacity to detect and investigate rule violations. The SEF has made adequate arrangements and has adequate resources to enforce its Rules. Pursuant to Rule 3.13.1, the SEF has the right to inspect the systems, equipment and software of Participants, and Rule 3.13.3 requires each Participant to provide the SEF information concerning its business, as well as contracts executed on the SEF and in related markets. Pursuant to Rule 7.2, each Participant is required to cooperate with an SEF investigation by making an appearance and making its books and records available to the SEF. As set forth in Section 3 of the Compliance Manual, the Market Regulation Department performs trade practice surveillance, market

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	<p>surveillance and real-time market monitoring to ensure that Participants, Broker Firms and Authorized Users adhere to the Rules of the SEF.</p> <ul style="list-style-type: none"> <p>Compliance staff and resources. As stated in the Compliance Manual Section 2.1, the SEF has established sufficient compliance resources to ensure that it can conduct audit trail reviews, trade practice surveillance, market surveillance, real-time market monitoring and complete any inquiries or investigations in a timely manner. The SEF’s compliance staffing and resources include: the Chief Compliance Officer (“CCO”) and SEF employees in the Market Regulation Department. <u>Exhibit E</u> provides a summary of the personnel qualifications for regulatory professionals and <u>Exhibit F</u> provides an analysis of staffing requirements necessary to carry out the regulatory program and qualifications of each key staff person.</p> <p>The SEF will also monitor the size and workload of its compliance staff annually to ensure adequate resources. Pursuant to Rule 2.11, the CCO will monitor the design, implementation and effectiveness of the SEF’s regulatory program. The CCO will also prepare an annual report assessing the effectiveness, sufficiency and independence of the SEF’s self-regulatory program. The annual report will: (i) describe the SEF’s self-regulatory program and its expenses, staffing and structure; (ii) catalogue disciplinary actions taken during the year; and (iii) review the performance of disciplinary committees and panels. <i>See also</i> Sections 7 and 2.1 of the Compliance Manual.</p> <p>Investigations and Investigative Reports. Pursuant to Section VII of the Rules, the Market Regulation Department is authorized to investigate trading activities on the SEF and initiate enforcement procedures to ensure compliance with the Rules. Pursuant to Section 7.2 of the Rules, the Market Regulation Department will commence an investigation upon the receipt of a request from Commodity Futures Trading Commission (“CFTC” or the “Commission”) staff or upon the discovery or receipt of information that indicates a possible basis for a finding that a violation has occurred or will occur. Pursuant to Rule 7.3, absent mitigating circumstances, all investigations must be completed within twelve months after the date the investigation is opened. The Market Regulation Department will prepare a written investigative report in accordance with Rule 7.3 regardless of whether the evidence gathered during an inquiry or investigation forms a reasonable basis to believe that a violation within the SEF’s jurisdiction has occurred or is about to occur or whether the evidence gathered results in closing the matter without further action or through a summary action. Any written investigative report will include the reasons for initiating the investigation (including a summary of the complaint, if any), all relevant facts and evidence gathered, and the recommendation of the Market Regulation Department. Under Rule 7.3, investigations may be resolved through a warning letter; however, no more than one warning letter for the same potential violation may be issued to the same Participant during a rolling 12-month period. <i>See also</i> Section 4 of the Compliance Manual and <u>Exhibit P</u>.</p> <p>Mandatory Clearing. EOX SEF will not offer any swaps subject to the mandatory clearing requirement of</p>

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	<p>Section 2(h).</p> <p>Regulatory Services Provider. The SEF does not have a Regulatory Services Agreement with a Regulatory Services Provider (“RSP”) at this time; however, it may elect to engage a Regulatory Services Provider in the future.</p> <p>Audit Trail. The SEF Rules and Compliance Manual provide the framework for the SEF’s process for recording and storing all trade information and audit trail data necessary to detect, investigate and prevent customer and market abuses.</p> <p>As described in Section 3.5 of the Compliance Manual, the SEF has established audit trail processes that capture trading information to facilitate the SEF’s trade practice and market surveillance activities. The audit trail program is based on original source documents that are unalterable, sequentially identified records.</p> <p>The audit trail also includes an electronic transaction history database that contains a history of all Orders as well as the following: (i) all data entered into the trade entry / order matching system to allow the transaction to match and clear; (ii) the categories of market participant for which each trade is executed, including the identification of the account for which the trade was executed; (iii) timing and sequencing data enabling each order to be reconstructed; and (iv) identification of each account to which fills were allocated. All audit trail data contained in the transaction database is organized in a manner that allows the Market Regulation Department to search, sort and present the information in order to reconstruct trading and identify potential violations.</p> <p>All data gathered as part of the audit trail is maintained in accordance with the Commission’s recordkeeping requirements. In addition, such data is kept in a manner that does not allow for unauthorized alteration, erasure or other potential loss.</p> <p>Additional information regarding the SEF’s safe storage capability is provided in Exhibit S.</p> <p>Enforcement of audit trail requirements. Pursuant to Section 7.1 of the Compliance Manual, the SEF reviews audit trail arrangements at least annually to assess compliance by Participant and Authorized Users with the SEF’s recordkeeping requirements. Upon completion of such review, the SEF identifies the Participants that have demonstrated deficiencies in complying with the audit trail requirements and may sanction such Participants for purposes of deterring future violations. Such sanctions are subject to the restrictions on warning letters described in Rule 7.3.</p> <p>Disciplinary Procedures and Sanctions. Section VII of the Rules describes the SEF’s procedures for disciplining, suspending or expelling Participants that violate the Rules. As described in the Compliance Manual Section 4, the Market Regulation Department will conduct inquiries and investigations arising from</p>

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	<p>the SEF’s real-time market monitoring, trade practice surveillance, market surveillance and financial surveillance. In the event such investigations result in further Disciplinary Proceedings, Rule 7.3 provides procedures regarding informal disposition, service of notice, answers to charges, settlements, hearings, appeals, sanctions (which may include may include limitation or termination of trading privileges, censure, restitution, suspension and/or fines), summary actions and rights and responsibilities after suspension or termination.</p> <ul style="list-style-type: none"> • Enforcement staff. The Market Regulation Department is responsible for enforcing the Rules and conducting investigations into alleged violations of the Rules. The Market Regulation Department consists of the CCO and additional SEF employees. As described in Rule 2.4.4, the ROC will review the size and allocation of regulatory resources and number of regulatory personnel to ensure that the SEF has adequate enforcement staff. Rule 2.6 ensures that any person with a conflict of interest will not be permitted to participate in an SEF enforcement action or disciplinary panel. • Disciplinary Panels. Pursuant to Rule 1.31, a Disciplinary Panel will consist of one or more Review Panel(s) and one or more Hearing Panel(s). Review Panels are responsible for reviewing investigative reports in order to determine whether a reasonable basis exists for finding a violation of the Rules and for authorizing the issuance of notices of charges. Hearing Panels are responsible for conducting hearings in connection with any Disciplinary Proceedings (except for summary impositions of fines pursuant to Rule 7.17), to make findings, render decisions, and impose sanctions. Each Review Panel and Hearing Panel will be composed of three individuals. All members of Disciplinary Panels must meet the eligibility criteria provided in Rule 2.6. • Notice of and answer to charges. Pursuant to Rule 7.5, the Market Regulation Department will prepare, and serve in accordance with Rule 7.7, a notice of charges, if the Review Panel authorizes disciplinary proceedings. The notice of charges will: (i) state the acts, practices or conduct in which the respondent is alleged to have engaged; (ii) state the Rule or Applicable Law alleged to have been violated or about to be violated; (iii) advise the respondent of its right to a hearing; (iv) state the period of time within which the respondent can request a hearing on the notice of charges, which will not be less than 20 days after service of the notice of charges; (v) advise the respondent that any failure to request a hearing within the period stated, except for good cause, will be deemed to constitute a waiver of the right to a hearing; and (vi) advise the respondent that any allegation in the notice of charges that is not expressly denied will be deemed to be admitted. • Right to representation. Under Rule 7.5(c), upon being served with a notice of charges, the respondent has the right to be represented by legal counsel or any other representative of its choosing (other than a Board member, member of an applicable Disciplinary Panel, SEF employee or other person substantially related to the underlying investigation) in all succeeding stages of the Disciplinary Proceedings. • Answer to charges. Under Rule 7.6, if the respondent answers a notice of charges, the respondent must file its response within 20 days after being served the notice, or within such other time period determined appropriate by the chairperson of the Review Panel. Rule 7.6 also sets forth the requirements for the

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	<p>answer, the consequences of failing to file a timely answer, and the consequences of failing to deny the allegations described in the notice of charges. Pursuant to Rule 7.8, a respondent or potential respondent may, at any time, submit a written offer to settle anticipated or instituted disciplinary proceedings. The Disciplinary Panel may accept the offer of settlement, but may not alter the terms of a settlement offer.</p> <ul style="list-style-type: none"> • Denial of charges. Pursuant to Rule 7.5(b) a respondent will have not less than 20 days following the issuance of a notice of charges to request a hearing. A respondent may also request a hearing following a summary action under Rule 7.18. • Hearings. Rules 7.9, 7.10, 7.11 and 7.12 establish detailed procedures for forming a Hearing Panel, convening a disciplinary proceeding, reviewing evidence and conducting hearings. • Decisions. Pursuant to Rule 7.13, following a hearing, the Hearing Panel will issue an order rendering its decision based on the weight of the evidence. A decision by a majority of the Hearing Panel will constitute the decision of the Hearing Panel. The SEF will serve a copy of the order of the Hearing Panel to the respondent and the Market Regulation Department. The order will include: (i) the notice of charges or summary of the allegations; (ii) the answer, if any, or a summary of the answer; (iii) a brief summary of the evidence introduced at the hearing (or, where appropriate, incorporation by reference of the investigative report); (iv) findings of fact and conclusions concerning each allegation, including each specific Rule that the respondent is found to have violated; (v) the imposition of sanctions, if any, and the effective date of each sanction; and (vi) notice of the respondent’s right to appeal pursuant to Rule 7.16. • Final decisions. Rule 7.16 provides appeal procedures that allow the respondent to appeal an adverse decision of the Hearing Panel to an Appeal Panel. The Appeal Panel’s written order will be the final action of the SEF and is not subject to appeal within the SEF. • Warning letters. 7.3.f provides the policy for warning letters. <p>See <u>Exhibit P</u> for further description of the SEF’s disciplinary procedures.</p>
<p>Core Principle 3 – Swaps not readily susceptible to manipulation:</p> <p>The swap execution facility shall permit trading only in swaps that are not readily susceptible to manipulation</p>	<p>EOX is not submitting any Swap Contracts with the application for registration as a SEF. To demonstrate to the Commission compliance with the requirements of §37.300, EOX will, at the time it submits a new swap contract in advance to the Commission pursuant to part 40 of this chapter, provide the applicable information as set forth in Appendix C to part 38 of Commission regulations.</p>
<p>Core Principle 4 – Monitoring of trading and trade processing: The swap execution facility shall:</p> <p>(a) Establish and enforce rules or terms and conditions defining, or specifications detailing:</p>	<p>General Requirements. Pursuant to Rule 2.11, the CCO will oversee all facets of the SEF’s regulatory program, including: (a) trade practice and market surveillance; audits, examinations, and other regulatory responsibilities with respect to Participants (including compliance with, if applicable, financial integrity, financial reporting, sales practice, recordkeeping, and other requirements); and the conduct of investigations; (b) reviewing the size and allocation of the regulatory budget and resources, and the number, hiring, termination, and compensation of regulatory personnel; (c) reviewing the performance of the CCO of the SEF, (d) recommending changes that would ensure fair, vigorous, and effective regulation; and (e) reviewing all</p>

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<p>(1) Trading procedures to be used in entering and executing orders traded on or through the facilities of the swap execution facility; and</p> <p>(2) Procedures for trade processing of swaps on or through the facilities of the swap execution facility; and</p> <p>(b) Monitor trading in swaps to prevent manipulation, price distortion, and disruptions of the delivery or cash settlement process through surveillance, compliance, and disciplinary practices and procedures, including methods for conduction real-time monitoring of trading and comprehensive and accurate trade reconstructions.</p>	<p>regulatory proposals prior to implementation and advising the Board as to whether and how such changes may impact regulation.</p> <p>Under the oversight of the CCO, the Market Regulation Department will implement the SEF’s monitoring, surveillance and other enforcement functions. The Rules and the Compliance Manual provide the framework for the SEF’s surveillance and enforcement activities. As described in the Compliance Manual Section 3, the SEF’s ATSS allows the Market Regulation Department to monitor trading activity on the SEF. As set forth in Section 3 of the Compliance Manual, the ATSS captures all trade and Order data, including modifications and cancellations, and allows the Market Regulation Department to monitor for price manipulation, price distortions and other suspicious activity.</p> <p>The Market Regulation Department views trading activity on the SEF using the ATSS and real-time views-through which the Market Regulation Department can track the activity of specific traders, monitor price and volume information and is alerted to any market messages. The Market Regulation Department uses the data collected by the ATSS to monitor market conditions, price movements, volumes and detect suspicious activity such as manipulation, disruptive trading and other abnormal market activity.</p> <p>The SEF has established comprehensive audit trail processes that capture trading information to facilitate the surveillance activities described above. See Section 3.5 of the Compliance Manual for additional information.</p> <p>Automated trade practice surveillance and real-time market monitoring. As set forth in Section 3 of the Compliance Manual, the SEF will use an automated trade surveillance system (“ATSS”) for daily surveillance and real-time monitoring. The ATSS loads and processes daily orders and trades no later than 24 hours after completion of trading day, with the SEF making best efforts to load orders and trades to the ATSS on an hourly basis. The system has the capability to detect and flag specific trade execution patterns and trade anomalies; compute, retain, and compare trading statistics; compute trade gains, losses, and futures-equivalent positions; reconstruct the sequence of market activity; perform market analyses; and support users to perform in-depth analyses and ad hoc queries of trade-related data. As set forth in Section 3.4 of the Compliance Manual, the Market Regulation Department conducts real-time market monitoring of trading activity on the Platform through the ATSS and real-time views of market activities.</p> <p>Physical-delivery contracts. If the SEF lists a physical delivery product, the SEF will monitor the SEF Contract’s terms and conditions as they related to the underlying commodity market, the convergence between the contract price and the price of the underlying commodity and the adequacy of the deliverable supply in the underlying commodity.</p> <p>Cash-settled contracts. The SEF will monitor reference prices in venues that its contracts settle against, and will engage in information sharing to access information on the activities of its traders in reference markets</p>

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	<p>and make applicable requests of Participants for information. Per Compliance Manual Section 3.6, in respect of each cash-settled Contract that is linked to a commodity index listed for trading on or pursuant to SEF Rules, the Market Regulation Department will monitor the pricing of the index against which the SEF Contract will be settled. To achieve sufficient monitoring of cash-settled Contracts linked to a price or index derived from prices of products listed for trading on another venue, the SEF must have either Rules or agreements that allow the SEF to have access to information on the activities of its Participants and Authorized Users on such other venue(s).</p> <p>Ability to obtain information. The SEF requires Participants to keep records of their trading, including records of their activity in the underlying commodity and related derivatives markets, and make such records available, upon request, to the SEF. Pursuant to Rule 4.9.1, Participants that access the SEF electronically are responsible for maintaining Audit Trail information for all electronic orders. Audit Trail information must be maintained for a minimum of five years and Participants must produce Audit Trail data in a standard format upon request of the SEF. Section 3.3.3 of the Compliance Manual sets forth the SEF’s policies and procedures for positions on the SEF.</p> <p>Risk controls for trading. As described in Section 9 of the Compliance Manual, the SEF has adopted certain risk controls to address risks posed by potential market disruptions. To the extent practicable, the SEF will coordinate its trading controls with other venues.</p> <p>Trade reconstruction. The SEF has the ability to reconstruct all trading on the Platform. As set forth in Section 3 of the Compliance Manual, the SEF will maintain a comprehensive audit trail data through its market surveillance, market monitoring and ATSS systems that will allow the SEF to accurately reconstruct all trading on the SEF. This data will be made available to the Commission in a form acceptable to the Commission.</p> <p>Regulatory Services Provider. The SEF does not have a Regulatory Services Agreement with a Regulatory Services Provider (“RSP”) at this time; however, it may elect to engage a Regulatory Services Provider in the future.</p>
<p>Core Principle 5 – Ability to Obtain Information:</p> <p>The swap execution facility shall:</p> <p>(a) Establish and enforce rules that will allow the facility to obtain any necessary information to perform</p>	<p>General . Rule 3.3.7 requires Participants to promptly provide information and documents reasonably requested by the SEF and permits the SEF to obtain such information or documents directly from any members. Rule 7.2 requires Participants to cooperate with an SEF investigation by making an appearance and making its books and records available to the SEF.</p> <p>The SEF Participant Agreement <u>N-5 EOX SEF Participant Agreement</u> sets for that the requirement for being a Participant in the SEF requires that the Participant agree to:</p>

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<p>any of the functions described in section 5h of the Act;</p> <p>(b) Provide the information to the commission on request; and</p> <p>(c) Have the capacity to carry out such international information-sharing agreements as the Commission may require</p>	<ul style="list-style-type: none"> • Provide to EOX all such information relating to Participants use of the Platform as EOX may reasonably request • Allow EOX to conduct an audit during regular business hours, upon five (5) business days' notice should Participant fail to comply with an information request, or if the information indicates a failure or potential failure to comply with the terms of this agreement <p>Information to the Commission. Compliance Manual Section 5 addresses provision of information to the Commission.</p> <p>International information-sharing agreements. member. Pursuant to Rule 2.8, the SEF may enter into information-sharing agreements, as the Commission may require, with any Person or body (including the Commission, the National Futures Association (“NFA”), any Self-Regulatory Organization, SEF, exchange, market, or clearing organization, or foreign regulatory authority) to coordinate surveillance with other markets on which financial instruments that are similar to the SEF’s Contracts trade.</p>
<p>Core Principle 6 – Position Limits or accountability:</p> <p>(a) <i>In general.</i> To reduce the potential threat of a market manipulation or congestion, especially during trading in the delivery month, a swap execution facility that is a trading facility shall adopt for each of the contracts of the facility, as is necessary and appropriate, position limitations or position accountability for speculators:</p> <p>(b) <i>Position limits.</i> For any contract that is subject to a position limitation established by the Commission pursuant to section 4a(a) of the Act, the swap execution facility shall:</p> <p style="padding-left: 40px;">(1) Set its position limitation at a level no higher than the</p>	<p>General. Section 6 of the Rules contains the SEF position limit, position accountability and aggregation rules. The SEF will demonstrate compliance with Commission Regulation 37.600 for Permitted Transactions by sending the Commission a list of Permitted Transactions traded on the SEF.</p>

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<p>Commission limitation; and</p> <p>(2) Monitor positions established on or through the swap execution facility for compliance with the limit set by the Commission and the limit, if any, set by the swap execution facility</p>	
<p>Core Principle 7 – Financial integrity of transactions:</p> <p>The swap execution facility shall establish and enforce rules and procedures for ensuring the financial integrity of swaps entered on or through the facilities of the swap execution facility, including the clearance and settlement of the swaps pursuant to section 2(h)(1) of the Act.</p>	<p>The SEF has established a comprehensive set of Rules and procedures to ensure the financial integrity of transactions entered into on the SEF and to safeguard customer funds.</p> <p>Rule 4.4.4 provides that all matched trades generated by the matching engine after the application of Trade Risk Limits give rise to binding Transactions between the applicable Participants.</p> <p>The SEF is offering Permitted Transactions and not Mandatory Transactions, so has not included clearing by a derivatives clearing organization.</p> <p>Rule 3.4 sets out the minimum financial requirement for Participants and requires Participants to qualify as Eligible Contract Participants, as defined in section 1a(18) of the Act, at all times. Sections 8.4 and 12.1 of the Compliance Manual provides the SEF policies and procedures for ensuring that Participants comply with the minimum financial standards and for monitoring member financial soundness. Rule 3.4.3 further requires a Participant that is not registered with the Commission to submit annual audited financial statement certified by a certified independent public accountant (or a person similarly qualified if outside the United States) within 90 days of such Participant’s fiscal year-end.</p>
<p>Core Principle 8 – Emergency Authority</p> <p>The swap execution facility shall adopt rules to provide for the exercise of emergency authority, in consultation or cooperation with the Commission, as is necessary and appropriate, including the authority to liquidate or transfer open positions in any swap or to suspend or curtail trading in a swap</p>	<p>The SEF has adopted procedures and guidelines for implementing an emergency intervention in the market. Under Rule 4.1.3, the Board may implement Emergency Rules, subject to applicable provisions of the CEA and CFTC Regulations. Emergency Rules may require or authorize the SEF, the Board, any committee of the Board, the President or any other Officer to take actions necessary or appropriate to respond to the Emergency, including, but not limited to, the following actions: (a) suspending or curtailing trading or limiting trading to liquidation only (in whole or in part); (b) extending or shortening the last trading date for SEF Contracts; (c) providing alternative settlement mechanisms; (d) ordering the liquidation of Transactions, the fixing of a settlement price, or the reduction of positions; (e) extending, limiting or changing the Trading Hours; (f) temporarily modifying or suspending any provision of the Rules; (g) imposing or modifying trading limits, price limits and/or position limits; and/or (h) any other action as directed by the Commission.</p> <p>Pursuant to Rule 4.1.3, before any Emergency Rules may be adopted and enforced, the Board must approve the enforcement of such Emergency Rule at a duly convened meeting. Directors may attend such a meeting by teleconference. If the President, or in his or her absence, another Officer determines that Emergency Rules</p>

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	<p>must be implemented with respect to an Emergency before a meeting of the Board can reasonably be convened, then such Officer shall have the authority, without Board action, to implement any Emergency Rules with respect to such Emergency that he or she deems necessary or appropriate to respond to such Emergency. In such circumstances, the Officer must convene a meeting as soon as practicable.</p> <p>Whenever the SEF, the Board, any committee of the Board, or an Officer takes actions necessary or appropriate to respond to an Emergency, a duly authorized representative of the SEF will notify Participants and the Commission as promptly as reasonably practicable. If the Emergency is related to a Contract that is fungible with financial products traded on another platform, the SEF will attempt to coordinate its response with any directions received from the Commission or the Commission staff.</p> <p>The SEF will use reasonable efforts to notify the Commission prior to implementing, modifying or terminating an Emergency Rule. If prior notification is not possible or practicable, the SEF will notify the Commission as soon as reasonably practicable, but in all circumstances within 24 hours.</p> <p>Emergency actions taken pursuant to Rule 4.1.3 are subject to the conflict of interest provisions set forth in Rule 2.6.</p>
<p>Core Principle 9—Timely publication of trading information</p> <p>(a) <i>In general.</i> The swap execution facility shall make public timely information on price, trading volume, and other trading data on swaps to the extent prescribed by the Commission.</p> <p>(b) <i>Capacity of swap execution facility.</i> The swap execution facility shall be required to have the capacity to electronically capture and transmit trade information with respect to transactions executed on the facility.</p>	<p>Consistent with Rule 4.4.6, the SEF will publish daily information on prices, volume, and other trade data for actively traded SEF Contracts on its website. Such trading information will be published on the SEF’s website at the end of each Business Day.</p> <p>The SEF will electronically capture all trade information for transactions executed on the Platform and submit to the SDR. The SEF will report specified swap data as provided under Part 43 and part 45 of Commission regulations.; and(b) meet the requirements of Part 16 of Commission Regulations.</p>

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<p>Core Principle 10—Recordkeeping and reporting</p> <p>(a) <i>In general.</i> A swap execution facility shall:</p> <p>(1) Maintain records of all activities relating to the business of the facility, including a complete audit trail, in a form and manner acceptable to the Commission for a period of five years;</p> <p>(2) Report to the Commission, in a form and manner acceptable to the Commission, such information as the Commission determines to be necessary or appropriate for the Commission to perform the duties of the Commission under the Act; and</p> <p>(3) Keep any such records relating to swaps defined in section 1a(47)(A)(v) of the Act open to inspection and examination by the Securities and Exchange Commission.</p> <p>(b) <i>Requirements.</i> The Commission shall adopt data collection and reporting requirements for swap execution facilities that are comparable to corresponding requirements for derivatives clearing organizations and swap data repositories.</p>	<p>The SEF’s recordkeeping program satisfies the relevant criteria set forth in Commission Regulation 1.31. As described in Section 13.4 of the Compliance Manual, EOX retains a back-up copy of all books and records through a disk-based back-up and recovery software that fulfills the criteria set forth in CFTC Regulation 1.31(b). Exhibit S-2 provides the representation affirming that the SEF’s electronic storage system meets the requirements set forth in Commission Regulation 1.31(b)(ii).</p> <p>Under Rule 2.7.1, the SEF will (i) keep, or cause to be kept, complete and accurate books and records of accounts of the SEF, including all books and records required to be maintained pursuant to the CEA and Commission Regulations, and (ii) retain all such books and records for at least five years, making such books and records readily accessible for inspection by the Commission and the U.S. Department of Justice during the first two years of such five-year period.</p> <p>Under Rule 9.3, EOX may record conversations and retain copies of electronic communications between SEF Officials and Participants, Broker Firms and their Authorized Users or other agents.</p> <p>In addition, the SEF maintains records of Board meetings in accordance with the Compliance Manual and the Operating Agreement, as it may be amended from time to time.</p> <p><u>Exhibit S</u> describes the procedures for maintaining trade data for transactions on the SEF. Compliance Manual Section 13, in its entirety, addresses recordkeeping policy and procedure.</p> <p>This would also include records accessible for inspection by the SEC for swaps as defined in Section 1a(47)(A)(v) of the Act, although we will not have any such swaps upon registration.</p>

CONTRACT MARKET CORE PRINCIPLES	EXPLANATIONS AND REFERENCES TO RELEVANT SEF DOCUMENTS, RULES AND AGREEMENTS
<p>Core Principle 11—Antitrust considerations.</p> <p>Unless necessary or appropriate to achieve the purposes of the Act, the swap execution facility shall not:</p> <p>(a) Adopt any rules or take any actions that result in any unreasonable restraint of trade; or</p> <p>(b) Impose any material anticompetitive burden on trading or clearing.</p>	<p>The SEF’s Rules and policies have been designed to avoid unreasonable restraints of trade or the imposition of any material anticompetitive burden on trading. The SEF will not require Participants to acquire an equity interest in the SEF and access will be available to a broad number of Participants.</p> <p>Under Rule 2.4.3, the SEF Participant Committee may not, and may not permit the SEF to, restrict access or impose burdens on access in a discriminatory manner, within each category or class of Participants or between similarly-situated categories or classes of Participants. Under Rule 4.4.3, the SEF matches and awards orders based on an algorithm, without discrimination among different categories or classes of Participants. Moreover, pursuant to Rule 4.4.6, the SEF will make public daily information for actively traded SEF Contracts. Information will be published on the SEF website at the end of the day.</p> <p>Additionally, the SEF offers the same fee structure for the same services to all users. The SEF does not tie or bundle the offering of facilities and/or services with other ancillary services that it provides to market participants.</p> <p>As part of the annual compliance review, the Chief Compliance Officer will review compliance with this Core Principle 11.</p>
<p>Core Principle 12—Conflicts of interest</p> <p>The swap execution facility shall:</p> <p>(a) Establish and enforce rules to minimize conflicts of interest in its decision-making process; and</p> <p>(b) Establish a process for resolving the</p>	<p>The SEF’s Chief Compliance Officer is responsible for administering and enforcing compliance with the various Rules and policies adopted by the SEF and, in consultation with the Board of Managers, will resolve any such conflicts of interest. As part of the annual compliance review, the Chief Compliance Officer will review the SEF’s compliance with this Core Principle 12.</p> <p>. Rule 2.5.1 limits the use and disclosure of material non-public information gained in connection with a member’s participation on the Board or any committee for any purpose other than the performance of his or her official duties as a member of the Board or committee.</p>

CONTRACT MARKET CORE PRINCIPLES	EXPLANATIONS AND REFERENCES TO RELEVANT SEF DOCUMENTS, RULES AND AGREEMENTS
<p>conflicts of interest.</p>	<p>Rule 2.6 provides the SEF rules for minimizing and resolving conflicts of interest. Under Rule 2.6, no member of the Board or any Disciplinary Panel or Appeal Panel will participate in such body’s deliberations and voting on any significant action if such member: (i) is a named party in interest; (ii) is an employer, employee or fellow employee of a named party in interest; (iii) has any other significant, ongoing business relationship with a named party in interest; (iv) has a family relationship with a named party in interest; or (v) has a direct and substantial financial interest in the result of the vote. Rule 2.6 also requires documentation of all conflicts of interest and establishes a process for resolving conflicts of interest. See also Section 14.5 of the Compliance Manual.</p> <p>Under Rule 7.9, Hearing Panels are precluded from allowing any group or class of industry participants to dominate or exercise disproportionate influence over the panel. Rule 7.16 provides for appeal of a Hearing Panel’s decision to an Appeal Panel. Pursuant to Rules 7.4, 7.9 and 7.16, a respondent may seek to disqualify any individual named to a Disciplinary Panel or Appeal Panel due to a conflict of interest or for any other reasonable grounds.</p> <p><i>See also Exhibit P.</i></p>
<p>Core Principle 13—Financial resources.</p> <p>(a) In general. The swap execution facility shall have adequate financial, operational, and managerial resources to discharge each responsibility of the swap execution facility.</p> <p>(b) Determination of resource adequacy. The financial resources of a swap execution facility shall be considered to be adequate if the value of the financial resources exceeds the total amount that would enable the swap execution facility to cover the operating costs of the swap execution facility for a one-year period, as</p>	<p>In general. The SEF has adequate financial, operational, and managerial resources to discharge each responsibility of the SEF. In the application, please see:</p> <ul style="list-style-type: none"> • <u>Exhibit E</u>: the personnel qualifications for each category of professional employees employed by the SEF. • <u>Exhibit F</u>: an analysis of staffing requirements necessary to carry out the operations of the SEF as a Swap Execution Facility, and the name and qualifications of each key staff person. <p>See also Section 7 of the Compliance Manual.</p> <p>Determination of adequacy. As required by Commission Regulations and stated in Section 12.2 of the Compliance Manual, the financial resources of the SEF exceed the total amount that would enable the SEF to cover its operating costs for a one-year period, as calculated on a rolling basis. The SEF will submit quarterly reports of its financial resources calculations to the Commission. In the application, please see:</p>

CONTRACT MARKET CORE PRINCIPLES	EXPLANATIONS AND REFERENCES TO RELEVANT SEF DOCUMENTS, RULES AND AGREEMENTS
<p>calculated on a rolling basis.</p>	<ul style="list-style-type: none"> • <u>Exhibit I</u>: balance sheet, statement of cash flows, discussion of capital to cover operating expenses, and a detailed schedule of operating expenses, and representations regarding sources for this analysis. • <u>Exhibit N</u>: agreements supporting the amounts of the external operating expenses detailed in <u>Exhibit I</u>. <p><i>See also</i> Section 12.2 of the Compliance Manual.</p>
<p>Core Principle 14. System safeguards.</p> <p>The swap execution facility shall:</p> <p>(a) Establish and maintain a program of risk analysis and oversight to identify and minimize sources of operational risk, through the development of appropriate controls and procedures, and automated systems, that:</p> <p>(1) Are reliable and secure; and</p> <p>(2) Have adequate scalable capacity;</p> <p>(b) Establish and maintain emergency procedures, backup facilities, and a plan for disaster recovery that allow for:</p> <p>(1) The timely recovery and resumption of operations; and</p> <p>(2) The fulfillment of the responsibilities and obligations of the swap execution facility; and</p>	<p>Risk analysis and oversight program. The SEF has developed a program of risk analysis and oversight to identify and minimize sources of operational risk through the development of appropriate controls and procedures and the development of automated systems that are reliable, secure, and have adequate scalable capacity. This program is described in <u>Exhibit V</u>, which includes information regarding the SEF’s organizational structure, controls to ensure fair and equitable trading, risk management program, audit program, external risk assessment reviews, software change management, patch management, event and problem management, and security incident handling program. <i>See also</i> Section 14 of the Compliance Manual and <u>Exhibit V-3</u>, Event and Problem Management Policy, Exhibit V-1 Enterprise Information Security Policies, Exhibit V-16, Vendor Management Policy and Exhibit V-21, Enterprise Risk Management and Audit Program.</p> <p>Reliable, secure, and scalable systems. <u>Exhibit V</u> also includes information regarding the SEF systems and architecture, network topology, functional testing, systems development methodology, information security, physical security, and capacity planning. <i>See also</i> <u>Exhibit V-2</u>, the SEF’s Software Development Life Cycle policies and procedures.</p> <p>Emergency procedures, back-up and disaster recovery. <u>Exhibit V</u> describes the SEF’s emergency plan and includes a description of the back-up systems and emergency procedures, including recovery time objectives. <i>See also</i> <u>Exhibit V-13</u>, the SEF’s Business Continuity and Disaster Recovery Plan (“BCDRP”). <i>See also</i> Section 14.2 of the Compliance Manual. In addition, during an emergency, SEF Rule 4.1.3 authorizes the SEF to implement temporary emergency procedures and rules. <i>See also</i> Section 3.7 of the Compliance Manual.</p> <p>Periodic testing. Under the BCDRP, the SEF has procedures to conduct failover tests twice a year to ensure that backup resources are sufficient to ensure continued order processing and trade matching, price reporting, market surveillance, and maintenance of a comprehensive and accurate audit trail. The SEF will keep records of all such tests, and make all test results available to the Commission upon request. <i>See</i> <u>Exhibit V-13</u> – BCDRP and Section 14.4 of the Compliance Manual.</p> <p>The SEF will promptly notify the CFTC upon the occurrence of any occurrence of an event enumerated in</p>

CONTRACT MARKET CORE PRINCIPLES	EXPLANATIONS AND REFERENCES TO RELEVANT SEF DOCUMENTS, RULES AND AGREEMENTS
<p>(c) Periodically conduct tests to verify that the backup resources of the swap execution facility are sufficient to ensure continued:</p> <p>(1) Order processing and trade matching;</p> <p>(2) Price reporting;</p> <p>(3) Market surveillance; and</p> <p>(4) Maintenance of a comprehensive and accurate audit trail.</p>	<p>CFTC regulation 3.1401(d).</p> <p>The SEF shall provide Commission staff timely advance notice of all material planned changes to (1) automated systems that may impact the reliability, security, or adequate scalable capacity of such systems, and (2) the SEF's program of risk analysis and oversight.</p>

Core Principle 15—Designation of chief compliance officer.

(a) *In general.* Each swap execution facility shall designate an individual to serve as a chief compliance officer.

(b) *Duties.* The chief compliance officer shall:

(1) Report directly to the board or to the senior officer of the facility;

(2) Review compliance with the core principles in this subsection;

(3) In consultation with the board of the facility, a body performing a function similar to that of a board, or the senior officer of the facility, resolve any conflicts of interest that may arise;

(4) Be responsible for establishing and administering the policies and procedures required to be established pursuant to this section;

(5) Ensure compliance with the Act and the rules and regulations issued under the Act, including rules prescribed by the Commission pursuant to section 5h of the Act; and

(6) Establish procedures for the remediation of noncompliance issues found during compliance office reviews, look backs, internal or external audit findings, self-reported errors, or

The SEF's President shall appoint the Chief Compliance Officer of the SEF. The Chief Compliance Officer may only be removed from their post by a majority vote of the board.

The CCO shall report directly to the SEF's President. The SEF's Rules require and state that the CCO's duties are functions include ensuring the SEF's compliance with the core principles (Rule 2.11). The SEF's Rules require and state that the CCO's duties are functions include resolving (in conjunction with the Board or the President) any conflicts of interest that may arise 2.11. The SEF's Rules require and state that the CCO is responsible for establishing and administering written policies and procedures reasonably designed to prevent violations of the CEA and the rules of the CFTC (Rule 2.11).

The SEF's Rules require and state that the CCO is responsible for establishing procedures for the remediation of noncompliance issues identified by the Chief Compliance Officer through compliance office reviews, look backs, internal or external audit findings, self-reported errors, or through validated complaints.

The SEF's Chief Compliance Officer shall prepare and sign an annual compliance report in the form and manner prescribed by CFTC Regulation 37.1500(d).

SEF Rule 2.11 provides that the Chief Compliance Officer shall have the authority and resources to develop and enforce policies and procedures necessary to perform his duties hereunder and under the CEA and CFTC regulations. The Chief Compliance Officer shall have authority over all staff acting at his direction. SEF Rule 2.11 provides that the Chief Compliance Officer must not be subject to Statutory Disqualification and must have the background and skills appropriate for fulfilling the responsibilities of the position.

The SEF shall notify the Commission within two business days of appointing any new chief compliance officer, whether interim or permanent. The SEF's Rules provide that the Chief Compliance Officer will be required to meet with the Board at least annually and with the Regulatory Oversight Committee at least quarterly, and shall provide any information regarding the SEF's self-regulatory program that is requested by the Board or such committee.

through validated complaints.

(c) *Requirements for procedures.* In establishing procedures under paragraph (b)(6) of this section, the chief compliance officer shall design the procedures to establish the handling, management response, remediation, retesting, and closing of noncompliance issues.

(d) *Annual reports—(1) In general.* In accordance with rules prescribed by the Commission, the chief compliance officer shall annually prepare and sign a report that contains a description of:

(i) The compliance of the swap execution facility with the Act; and

(ii) The policies and procedures, including the code of ethics and conflict of interest policies, of the swap execution facility.

(2) *Requirements.* The chief compliance officer shall:

(i) Submit each report described in paragraph (d)(1) of this section with the appropriate financial report of the swap execution facility that is required to be submitted to the Commission pursuant to section 5h of the Act; and

(ii) Include in the report a certification that, under penalty of law, the report is accurate and complete.

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