

IGDL SEF Application

Exhibit L: Analysis of Compliance with the Core Principles for SEFs Set Forth in the CEA

CEA – SECTION 5h(f) – CORE PRINCIPLES FOR SWAP EXECUTION FACILITIES	ICAP APPLICATION	RELEVANT ICAP SEF DOCUMENTS, RULES, OR AGREEMENTS
<p>Core Principle 1 – Compliance with Core Principles.</p> <p>(A) In general To be registered, and maintain registration, as a swap execution facility, the swap execution facility shall comply with—</p> <p>(i)the core principles described in this subsection; and</p> <p>(ii)any requirement that the Commission may impose by rule or regulation pursuant to section 8a(5).</p> <p>(B) Reasonable discretion of swap execution facility Unless otherwise determined by the Commission by rule or regulation, a swap execution facility described in subparagraph (A) shall have reasonable discretion in establishing the manner in which the swap execution facility complies with the core principles described in this subsection.</p>	<p>The application of ICAP SEF (US) LLC (“ICAP SEF” or the “SEF”) as a whole satisfies this Core Principle.</p> <p>Capitalized terms used in this Exhibit L but undefined have the meanings ascribed thereto in the ICAP SEF Rulebook submitted under Exhibit M (the “Rulebook”).</p>	<p>SEF Application of ICAP SEF and supporting documents.</p> <p>Rulebook submitted under Exhibit M</p> <p>ICAP SEF Compliance Manual submitted under Exhibit O (“Compliance Manual”)</p> <p>Regulatory Services Agreement between ICAP SEF and NFA submitted under Exhibit N (“RSA”)</p> <p>NFA Market Regulation Compliance Manual for SEFs and DCMs Offering Swaps Contracts submitted under Exhibit O - Appendix C (“NFA Manual”)</p> <p>Application and Agreement for Trading Privilege Holder submitted under Exhibit N (“TPH Application”)</p> <p>ICAP SEF Operating Agreement submitted under Exhibit G (“Operating Agreement”)</p> <p>Rules Prohibiting Trade Practice Violations submitted under Exhibit R</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—</p> <p>(i) the terms and conditions of the swaps traded or processed on or through the swap execution facility; and</p> <p>(ii) any limitation on access to the swap execution facility;</p> <p>(B) establish and enforce trading, trade processing, and participation rules that will deter abuses and have the capacity to detect, investigate, and enforce those rules, including means—</p> <p>(i) to provide market participants with impartial access to the market; and</p> <p>(ii) to capture information that may be used in establishing whether rule violations have occurred;</p> <p>(C) establish rules governing the operation of the facility, including rules specifying trading procedures to be used in entering and executing orders traded or posted on the facility, including block trades; and</p> <p>(D) provide by its rules that when a swap dealer or major swap participant enters into or</p>	<p>ICAP SEF has established rules and procedures reasonably designed to ensure compliance with Section 5h of the Commodity Exchange Act (the “Act”) and the regulations of the Commodity Futures Trading Commission (the “Commission”), including rules and procedures enforcing compliance with the Rulebook, setting the terms and conditions of swaps traded on the SEF, providing for impartial access to the SEF, establishing trading procedures and surveillance and real-time monitoring of trading, and addressing the mandatory clearing and mandatory trading requirements under the Act.</p> <p>Chapter 2 of the Rulebook sets forth the obligations, financial requirements and fitness standards for a Trading Privilege Holder and each of its Authorized Traders and Authorized Trading Firms. Rule 201(e) states that all Trading Privilege Holders and each of its Authorized Traders and Authorized Trading Firms acknowledge and submit to the jurisdiction of the SEF and agree to be bound by the Rules of the SEF. Rule 206(f) specifically requires Swap Dealers and Major Swap Participants that enter into a swap subject to mandatory clearing under section 2(h) of the Act to be responsible for compliance with the mandatory trading requirement under section 2(h)(8) of the Act.</p> <p>Chapters 3 and 4 of the Rulebook set forth trading practices that must be followed by SEF Participants and Rule 402 specifically prohibits activities such as manipulation, price distortion and disruptive trading practices.</p> <p>Chapter 5 of the Rulebook governs the SEF’s disciplinary procedures, including the initiation and adjudication of proceedings and the imposition of sanctions. Rule 501 provides that the SEF has the authority to initiate and conduct investigations, and prosecute Violations of the Rules of the SEF and impose sanctions for such Violations. Rule 514 allows the SEF to summarily and immediately suspend Participants from trading on the SEF when the Chairperson of the Regulatory Oversight Committee (“ROC”) determines such</p>	<p>Rulebook (Exhibit M)</p> <p><u>Chapter 2</u> <i>Trading Privileges</i> <u>Chapter 3</u> <i>Trading Procedures</i> <u>Chapter 4</u> <i>Trading Standards</i> <u>Chapter 5</u> <i>Rule Enforcement</i> <u>Rule 201(e)</u> <i>Consent to Jurisdiction</i> <u>Rule 204</u> <i>Clearing</i> <u>Rule 206</u> <i>Participant and Customer Obligations; Suspension or Termination of Access</i> <u>Rule 206(f)</u> <i>Compliance with Section 2(h)(8) of Act</i> <u>Rule 208</u> <i>Recordkeeping</i> <u>Rule 308</u> <i>Block Trades</i> <u>Rule 315</u> <i>Authority over Transactions</i> <u>Rule 402</u> <i>Abusive Trading Practices</i> <u>Rule 501</u> <i>Jurisdiction</i> <u>Rule 514</u> <i>Summary Suspension</i></p> <p>Compliance Manual (Exhibit O)</p> <p><u>Section 5</u> <i>Handling of Non-Public Information by SEF Employees</i> <u>Section 6</u> <i>Contracts to be Listed; Monitoring of Trading</i> <u>Section 7</u> <i>Execution of Bids/Offers and Voice Requests for Quotes</i> <u>Section 10</u> <i>Impartial Access and Fees</i> <u>Section 11</u> <i>Role and Duties of CCO and Staff</i> <u>Section 12</u> <i>Regulatory Services Providers</i> <u>Section 14</u> <i>Automated Trade Surveillance and Real Time Monitoring</i></p>
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<p>facilitates a swap that is subject to the mandatory clearing requirement of section 2(h), the swap dealer or major swap participant shall be responsible for compliance with the mandatory trading requirement under section 2(h)(8).</p>	<p>action is necessary to protect the best interests of the market place.</p> <p>The Chief Compliance Officer (“CCO”), the Market Regulation Staff (“Market Regulation”) and the Compliance Department, as well as the Regulatory Services Provider under the supervision of the CCO, will implement the SEF’s monitoring, surveillance and other enforcement functions, and the SEF Board of Directors (the “Board”) and ROC will oversee this activity. The CCO is appointed by the Board and must meet with the ROC at least quarterly. The CCO has sufficient staff and resources to develop and enforce rules, policies and procedures necessary to full the CCO’s duties to the SEF and obligations under the Act and Commission Regulations.</p> <p>ICAP SEF has contracted with the National Futures Association (“NFA”) as a Regulatory Services Provider to perform regulatory services including conducting trade and market surveillance for activities on the SEF. However, the CCO maintains responsibility for supervision of NFA and is ultimately responsible for the compliance program of the SEF. <i>See</i> “Core Principle 4 – Monitoring of Trading and Swap Processing.” NFA will also perform certain preliminary investigations related to trade practice and market surveillance, and may request information directly from Participants and prepare investigative summaries of its findings.</p> <p>ICAP SEF has the ability to conduct real-time monitoring of trading activity in order to identify disorderly trading and market anomalies, and SEF Rule 315 allows the SEF to adjust trade prices or cancel trades when necessary to mitigate market disrupting events. The SEF also has robust recordkeeping and audit trail rules and procedures that are reasonably designed to allow the SEF to identify trading violations and reconstruct all indications of interest, RFQs, orders and trades within a reasonable amount of time.</p> <p>The Rulebook, the Compliance Manual, and RSA provide the framework for the SEF’s compliance with regulatory, legal, and internal rules, policies and procedures, as well as monitoring and</p>	<p><u>Section 18</u> <i>Recordkeeping; Audit Trail</i></p> <p>RSA (Exhibit N)</p> <p><u>Section 1</u> <i>Scope of Services</i> <u>Schedule A</u> <i>Scope of Regulatory Services</i></p> <p>NFA Manual (Exhibit O - Appendix C)</p> <p>p. 5 <i>Trade Practice Surveillance</i> p. 12 <i>Market Surveillance</i> p. 19 <i>Investigations/Disciplinary</i></p> <p>TPH Application (Exhibit N)</p> <p><u>Section 2</u> <i>ECP Representation</i> <u>Section 6</u> <i>Notice to SEF</i></p> <p>Rules Prohibiting Trade Practice Violations (Exhibit R)</p> <p><u>Chapter 2</u> <i>Procedures for Detecting Possible Violations of Trading Standards Rules</i></p>
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	enforcement activities.	
<p>Core Principle 3 -- Swaps Not Readily Susceptible to Manipulation The swap execution facility shall permit trading only in swaps that are not readily susceptible to manipulation.</p>	<p>SEF Rule 602 requires the CCO to determine that a swap is not readily susceptible to manipulation before submitting any swap to the Commission for prior approval or with self-certification. The CCO must include all information required by Appendix C to Part 38 of the Commission Regulations in any swap submission to the Commission. In addition, prior to listing any swap for trading on the SEF, the CCO will identify the reference price of the swap and determine that the reference price is not readily susceptible to manipulation.</p>	<p>Rulebook (Exhibit M) <i>Rule 602 Swaps Not Readily Susceptible to Manipulation</i></p> <p>Compliance Manual (Exhibit O) <i>Section 6.2 Swaps Not Readily Susceptible to Manipulation</i> <i>Section 6.3.2 Additional Requirements for Physical Delivery Swaps</i> <i>Section 6.3.3 Additional Requirements for Cash-Settled Swaps</i></p>
<p>Core Principle 4 -- Monitoring of trading and trade processing The swap execution facility shall— (A) establish and enforce rules or terms and conditions defining, or specifications detailing— (i) trading procedures to be used in entering and executing orders traded on or through the facilities of the swap execution facility; and (ii) procedures for trade processing of swaps on or through the facilities of the swap execution facility; and (B) monitor trading in swaps to prevent manipulation, price distortion, and disruptions of the delivery or cash settlement</p>	<p>Chapters 3 and 4 of the Rules set forth trading practices that must be followed when entering orders and RFQs into the SEF’s Trading Platform and when executing such orders and RFQs.</p> <p>Chapter 5 of the Rules describes the SEF’s disciplinary and enforcement procedures. <i>See</i> “Core Principle 2 – Compliance with Rules.”</p> <p>ICAP SEF has contracted with NFA as a Regulatory Services Provider to perform regulatory services including conducting trade and market surveillance for activities on the SEF.</p> <p>The CCO, Compliance Department and Regulatory Services Provider will implement the SEF’s monitoring, surveillance and other enforcement functions, and the Board and ROC will oversee this activity. The Rulebook, the Compliance Manual, and RSA provide the framework for the SEF’s enforcement activities.</p> <p>As described in greater detail in Section XIV and Appendix C (NFA</p>	<p>Rulebook (Exhibit M) <i>Chapter 3 Trading Procedures</i> <i>Chapter 4 Trading Standards</i> <i>Chapter 5 Rule Enforcement</i> <i>Rule 106 Risk Controls for Trading</i> <i>Rule 208 Recordkeeping</i> <i>Rule 302 Access to SEF’s Order Book</i> <i>Rule 309 Reporting and Data Collection</i> <i>Rule 405 Manipulation and Price Distortion</i></p> <p>Compliance Manual (Exhibit O) <i>Section 4.3 Prevention of Fraudulent or Manipulative Activity on the SEF</i> <i>Section 6.3 Monitoring of Trading</i></p>

<p>process through surveillance, compliance, and disciplinary practices and procedures, including methods for conducting real-time monitoring of trading and comprehensive and accurate trade reconstructions.</p>	<p>Manual) of the Compliance Manual, the SEF captures all trade and order data, including modifications and cancellations and provides that data to NFA. NFA has developed an automated trade surveillance system that performs trade practice and market surveillance on a trade day plus one (“T+1”) basis. NFA is also responsible for reviewing the SEF’s trades on a routine basis to determine whether suspicious activity relating to SEF’s trading standards exists. The performance of the NFA’s functions is supervised by the Compliance Department and the CCO.</p> <p>The SEF and its Participants are subject to certain audit trail requirements set out in Rules 302(b), 309 and 208, respectively, as well as in Section XVIII of the Compliance Manual, which taken together assure the SEF’s ability to comprehensively and accurately reconstruct all trading on the Trading Platform. <i>See also</i> “Core Principle 10 – Recordkeeping and Reporting.”</p>	<p><u>Section 6.3.2</u> <i>Additional Requirements for Physical Delivery Swaps</i> <u>Section 6.3.3</u> <i>Additional Requirements for Cash-Settled Swaps</i> <u>Section 6.4</u> <i>Risk Controls for Trading</i> <u>Section 7</u> <i>Execution of Bid/Offers and Voice Requests for Quotes</i> <u>Section 11</u> <i>Role and Duties of CCO and Staff</i> <u>Section 12</u> <i>Regulatory Services Providers</i> <u>Section 14</u> <i>Automated Trade Surveillance and Real Time Monitoring</i> <u>Section 18</u> <i>Recordkeeping; Audit Trail</i></p> <p>RSA (Exhibit N)</p> <p><u>Section 1</u> <i>Scope of Services</i> <u>Schedule A</u> <i>Scope of Regulatory Services</i></p> <p>NFA Manual (Exhibit O - Appendix C)</p> <p>p. 5 <i>Trade Practice Surveillance</i> p. 12 <i>Market Surveillance</i></p> <p>Rules Prohibiting Trade Practice Violations (Exhibit R)</p> <p><u>Chapter 2</u> <i>Procedures for Detecting Possible Violations of Trading Standards Rules</i></p>
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<p>Core Principle 5 -- Ability to obtain information The swap execution facility shall— (A) establish and enforce rules that will allow the facility to obtain any necessary information to perform any of the functions described in this section; (B) provide the information to the Commission on request; and (C) have the capacity to carry out such international information-sharing agreements as the Commission may require.</p>	<p>ICAP SEF’s Rulebook sets forth the requirements of Participants to maintain books and records and to permit inspection and visitation by duly authorized representatives of the Commission.</p> <p>Chapter 5 of the Rules describes the SEF’s disciplinary and enforcement procedures. <i>See</i> “Core Principle 2 – Compliance with Rules.”</p> <p>It is the SEF’s policy to respond promptly and completely, through the SEF’s Legal and Compliance Departments, to any proper regulatory inquiry or request for documents.</p> <p>In addition, ICAP SEF may enter into information sharing agreements or other arrangements or procedures to coordinate surveillance with other markets on which contracts or financial instruments related to the contracts trade. As part of these agreements, ICAP SEF may, in part: (i) provide market surveillance reports to other SEFs; (ii) share information and documents concerning current and former Participants with other markets; (iii) share information and documents concerning ongoing and completed investigations with other markets; and/or (iv) require its current or former Participants to provide information and documents to ICAP SEF at the request of other markets with which ICAP SEF has an information sharing agreement or other arrangements or procedures.</p> <p>ICAP SEF will enter into international information sharing agreements as the Commission may require from time to time.</p>	<p>Rulebook (Exhibit M)</p> <p><u>Rule 103(a)</u> <i>Confidentiality; exception for sharing information for regulatory purposes</i> <u>Rule 208</u> <i>Recordkeeping</i> <u>Rule 210</u> <i>Required Disclosures to SEF</i> <u>Rule 502</u> <i>SEF Market Regulation Staff Powers and Duties</i></p> <p>Compliance Manual (Exhibit O)</p> <p><u>Section 6.3</u> <i>Monitoring of Trading</i> <u>Section 11</u> <i>Role and Duties of CCO and Staff</i> <u>Section 11.6</u> <i>Information Sharing Agreements</i> <u>Section 12</u> <i>Regulatory Services Providers</i> <u>Section 14</u> <i>Automated Trade Surveillance and Real Time Monitoring</i> <u>Section 18</u> <i>Recordkeeping; Audit Trail</i> <u>Section 19</u> <i>Information Collection</i> <u>Section 21</u> <i>Responding to Regulatory Requests for Information</i></p> <p>TPH Application (Exhibit N)</p> <p><u>Section 6</u> <i>Notice to SEF</i> <u>Section 7</u> <i>Obligation to Provide Information to SEF</i></p>
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<p>Core Principle 6 – Position Limits or Accountability (A) In general To reduce the potential threat of market manipulation or congestion, especially during trading in the delivery month, a swap execution facility that is a trading facility shall adopt for each of the contracts of the facility, as is necessary and appropriate, position limitations or position accountability for speculators. (B) Position limits For any contract that is subject to</p>	<p>SEF Rule 408 provides the SEF with the authority to set and enforce position limits and position accountability levels with respect to each swap traded on the SEF. Participants that are in violation of position limits will be prohibited from trading on the SEF, except to liquidate open positions.</p> <p>ICAP SEF has determined that position accountability limits will allow the SEF to monitor the market and enforce its Rules. The Compliance Department and NFA will monitor for positions that meet or exceed reportable levels.</p> <p>The NFA’s automated surveillance system will generate alerts for various situations regarding large trader reported positions. The alerts include, but are not limited to, the following: (a) whenever an account is identified as a large trader for the first time for any swap listed for trading on SEF; (b) whenever a large trader position</p>	<p>Rulebook (Exhibit M)</p> <p><u>Rule 408</u> <i>Position Limits and Position Accountability</i></p> <p>Compliance Manual (Exhibit O)</p> <p><u>Section 14.2</u> <i>Real-Time Monitoring</i> <u>Section 15</u> <i>Position Limits</i></p> <p>RSA (Exhibit N)</p> <p><u>Schedule A</u> <i>Market Surveillance</i></p> <p>NFA Manual (Exhibit O - Appendix C)</p>

<p>a position limitation established by the Commission pursuant to section 4a(a), the swap execution facility shall—</p> <p>(i) set its position limitation at a level no higher than the Commission limitation; and</p> <p>(ii) monitor positions established on or through the swap execution facility for compliance with the limit set by the Commission and the limit, if any, set by the swap execution facility.</p>	<p>exceeds the reportable level in a particular swap listed for trading; and (c) whenever a large trader position exceeds speculative position limits or accountability levels.</p>	<p><i>p. 7 Trade Practice Surveillance – Alerts</i></p> <p>Rules Prohibiting Trade Practice Violations (Exhibit R)</p> <p><i>Chapter 2 Procedures for Detecting Possible Violations of Trading Standards Rules</i></p>
<p>Core Principle 7 – Financial Integrity of Transactions</p> <p>The swap execution facility shall establish and enforce rules and procedures for ensuring the financial integrity of swaps entered on or through the facilities of the swap execution facility, including the clearance and settlement of the swaps pursuant to section 2(h)(1).</p>	<p>Financial Requirements</p> <p>Each Trading Privilege Holder must be an eligible contract participant (“ECP”), be in good financial standing, and comply with the minimum standards set forth in SEF Rule 201(b). A Trading Privilege Holder may demonstrate to the SEF that it is in compliance with the SEF’s minimum financial requirements by showing that it is a Clearing Firm or has clearing arrangements in place with a Clearing Firm.</p> <p>SEF Rules require that each Participant and Customer be an ECP at the time of entering into any transaction on the SEF. Each Participant or Customer transacting on the SEF in cleared swaps as a principal is required to provide the SEF with evidence that the Participant or Customer is a Clearing Firm or provide evidence of a guarantee from a Clearing Firm of each transaction entered into on the SEF. Each Trading Privilege Holder, Authorized Trading Firm or Customer that enters into uncleared bilateral transactions as a principal must undergo such credit checks and provide such credit information as the SEF may require.</p> <p>Participants and Customers are required to notify the SEF when</p>	<p>Rulebook (Exhibit M)</p> <p><i>Rule 201(b) Financial Requirements</i></p> <p><i>Rule 202 Authorized Traders and Authorized Trading Firms</i></p> <p><i>Rule 203 Financial Integrity</i></p> <p><i>Rule 204 Clearing</i></p> <p><i>Rule 210 Required Disclosures to the SEF</i></p> <p><i>Rule 312 Enforceability of Transactions</i></p> <p>Compliance Manual (Exhibit O)</p> <p><i>Section 6.5 Transactions Cleared by a DCO</i></p> <p><i>Section 9.2 Onboarding Process</i></p> <p><i>Section 10 Impartial Access and Fees</i></p> <p><i>Section 16 Monitoring for Financial Soundness</i></p> <p>TPH Application (Exhibit N)</p>

	<p>there are material changes in the information submitted to the SEF, including status as an ECP. Trading Privilege Holders must notify the SEF upon becoming the subject of a bankruptcy proceeding or upon being unable to meet any financial obligation as it becomes due.</p> <p>Clearing</p> <p>All Contracts executed on the SEF that are subject to mandatory clearing under Section 2(h) of the Act must be cleared through a DCO by a Clearing Firm. Any other Contracts executed on the SEF may be cleared at the discretion of the parties to such transaction; provided that such Contracts are cleared through a DCO by a Clearing Firm. ICAP SEF has the capacity to route transactions to the relevant DCO in a manner acceptable to the DCO.</p> <p>Onboarding</p> <p>Market Regulation will review each application made to become a Trading Privilege Holder and will verify the following: (a) that the applicant has stated in its application that it is an ECP and (b) that the financial statement submitted with the application supports the specific claim of ECP status. Market Regulation sign-off of this requirement will be required for approval of the application. Market Regulation will monitor each Trading Privilege Holder’s status as an ECP on an ongoing basis.</p> <p>Market Regulation will review each application made to become an Authorized Trader or Authorized Trading Firm and will verify that each Authorized Trading Firm has stated in its application that it is an ECP and that each applicant has submitted to the jurisdiction of the SEF.</p> <p>Enforcement of Rules</p> <p>If Market Regulation at any time determines that a Trading Privilege</p>	<p><u>Section 2</u> <i>ECP Representation</i> <u>Section 6</u> <i>Notice to SEF</i></p>
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	<p>Holder no longer meets the financial requirements, the CCO will report the matter to the Chairperson of the ROC, who may suspend the trading privileges of the Trading Privilege Holder pursuant to SEF Rule 514(a), and the CCO may also report the matter to the Review Panel for possible disciplinary action pursuant to SEF Rule 502(c).</p> <p>Upon receiving information indicating that a Participant or Customer may have violated Rule 312 by failing to settle an executed trade, or by failing to submit for clearing a transaction that is required to be cleared, Market Regulation will investigate the matter and will report the results of its investigation to the CCO, who will decide whether to present the matter to the Chairperson of the ROC, who may suspend the Participant or Customer pursuant to SEF Rule 514(a). The CCO may also report the matter to the Review Panel for possible disciplinary action pursuant to SEF Rule 502(c).</p>	
<p>Core Principle 8 – Emergency Authority 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>ICAP SEF rules set forth clear procedures and guidelines for decision making regarding emergency intervention in the market, including procedures and guidelines to avoid conflicts of interest while carrying out such decision making.</p> <p>The measures available to ICAP SEF in the case of an Emergency include the ability to place into immediate effect temporary rules, extending or shortening the expiration date for trading in Contracts; extending the time of delivery under or expiration of Contracts; extending, limiting or changing hours of trading; imposing or modifying price limits; imposing or modifying Position Limits; imposing or modifying intraday market restrictions; ordering the liquidation or transfer of open positions in any Contract; ordering the fixing of a settlement price; suspending trading or curtailing trading in any Contract; altering any Contract’s settlement terms or conditions; and modifying or suspending any provision of the Rules.</p> <p>The measures available to ICAP SEF in the case of a Physical Emergency include any action that is necessary or appropriate to deal with the Physical Emergency, including, but not limited to,</p>	<p>Rulebook (Exhibit M) <u>Rule 104</u> <i>Emergency Action</i> <u>Rule 105</u> <i>Suspension of Trading</i></p>

	<p>suspending trading in any one or more Contracts, delaying the opening of trading in any one or more Contracts, extending the Last Trading Day and/or the time of trading.</p> <p>ICAP SEF will notify the Commission in accordance with Part 40 of the Commission’s Regulations of implementing, modifying, or terminating any Emergency Rule and will comprehensively document the decision making process related to any action in response to an emergency.</p>	
<p>Core Principle 9 – Timely Publication of Trading Information (A) In general The swap execution facility shall make public timely information on price, trading volume, and other trading data on swaps to the extent prescribed by the Commission. (B) Capacity of swap execution facility The swap execution facility shall be required to have the capacity to electronically capture and transmit trade information with respect to transactions executed on the facility.</p>	<p>ICAP SEF will timely transmit swap transaction and pricing data to a registered swap data repository (“SDR”) that accepts swap data for swaps traded on the ICAP SEF. ICAP SEF will also timely publish information on the ICAP SEF website as required under Part 16 of the Commission’s Regulations.</p>	<p>Rulebook (Exhibit M) <u>Rule 208</u> <i>Recordkeeping</i> <u>Rule 304(c)</u> <i>Permitted Transactions</i> <u>Rule 308(d)</u> <i>Block Transactions</i></p> <p>Compliance Manual (Exhibit O) <u>Section 20</u> <i>Publishing of Trade Information; Reporting to SDRs</i></p> <p>SEF Website (www.icap.com/sef)</p>
<p>Core Principle 10 – Recordkeeping and Reporting (A) In general A swap execution facility shall— (i) maintain records of all activities relating to the business of the facility, including a complete audit trail, in a form and</p>	<p>ICAP SEF will maintain records of all activities related to its business for a period of five (5) years in accordance with Commission Regulations. Each Participant is also obliged to maintain all requisite books and records in accordance with Commission Regulations. All such records will be open to inspection by the Commission, U.S. Securities and Exchange Commission or U.S. Department of Justice.</p>	<p>Rulebook (Exhibit M) <u>Rule 208</u> <i>Recordkeeping</i></p> <p>Compliance Manual (Exhibit O) <u>Section 18</u> <i>Recordkeeping; Audit Trail</i></p>

<p>manner acceptable to the Commission for a period of 5 years;</p> <p>(ii) report to the Commission, in a form and manner acceptable to the Commission, such information as the Commission determines to be necessary or appropriate for the Commission to perform the duties of the Commission under this chapter; and</p> <p>(iii) shall keep any such records relating to swaps defined in section 1a(47)(A)(v) open to inspection and examination by the Securities and Exchange Commission.”</p> <p>(B) Requirements The Commission shall adopt data collection and reporting requirements for swap execution facilities that are comparable to corresponding requirements for derivatives clearing organizations and swap data repositories.</p>	<p>ICAP SEF will respond promptly and completely, through the Legal and Compliance Departments, to any proper regulatory inquiry or request for documents from the Commission, NFA, or other regulatory or law enforcement agency.</p>	<p><u>Section 19</u> <i>Information Collection</i> <u>Section 21</u> <i>Responding to Regulatory Requests for Information</i></p>
<p>Core Principle 11 – Antitrust Considerations Unless necessary or appropriate to achieve the purposes of this Act, the swap execution facility shall not—</p> <p>(A) adopt any rules or taking any actions that result in any unreasonable restraint of trade; or</p>	<p>ICAP SEF’s Rules and policies have been designed to avoid any unreasonable restraints on trade or the imposition of any material anti-competitive burden on trading. The SEF has not adopted any rule or taken any action with the intent or result of restraining trade. In particular, the SEF will not limit a Participant’s choice of Clearing Firm or DCO. Additionally, the SEF will not limit any SDR’s ability to compete for the SEF’s business. The SEF may request that the Commission consider under the provisions of section 15(b) of the Act any of the SEF’s Rules and policies for compliance</p>	<p>Compliance Manual (Exhibit O) <u>Section 10</u> <i>Impartial Access and Fees</i> <u>Section 24.1</u> <i>Antitrust Considerations</i> SEF Website (www.icap.com/sef);</p>

<p>(B) impose any material anticompetitive burden on trading or clearing.</p>	<p>with Core Principle 11.</p> <p>The SEF will not require Participants to acquire an equity interest in the SEF and the SEF provides Participants, Customers and independent software vendors with impartial access to the SEF. <i>See also</i> “Core Principle 2 – Compliance with Rules.”</p> <p>Moreover, the SEF will timely transmit swap transaction and pricing data to an SDR and will timely publish information on the SEF website as required under Part 16 of the Commission’s Regulations. <i>See</i> “Core Principle 9 – Timely Publication of Trading Information.”</p>	
<p>Core Principle 12 – Conflicts of Interest The swap execution facility shall— (A) establish and enforce rules to minimize conflicts of interest in its decision-making process; and (B) establish a process for resolving the conflicts of interest.</p>	<p>The Operating Agreement and Rulebook minimize conflicts of interest in decision making processes and contain methods to ascertain the presence of conflicts of interest and to make decisions in the event of such a conflict. No member of the Board, member of any committee, officer or other person authorized to exercise authority on behalf of the SEF may knowingly participate in any deliberations or vote if such person has a “material conflict of interest” between his or her position with the SEF and such person’s personal interests.</p> <p>In addition, the Operating Agreement and Rulebook contain limitations on the use and disclosure of material non-public information by Board members and SEF employees gained through performance of their duties.</p> <p>Pursuant to Rule 507 a Respondent may seek to disqualify any individual named to a Hearing Panel for cause, including without limitation, if the member has a direct financial, personal or other interest in the matter under consideration.</p> <p>ICAP SEF will have a ROC that is composed of 100% Public Directors. The ROC oversees the SEF’s regulatory program on behalf of the Board. The ROC makes recommendations to the Board. The Board has requested that the ROC assist the SEF in minimizing actual and potential conflicts of interest.</p>	<p>Operating Agreement (Exhibit G) <u>Section 6.2 Conflicts of Interest</u></p> <p>Rulebook (Exhibit M) <u>Rule 103 Confidentiality</u> <u>Rule 507 Challenge to Members of the Hearing Panel</u></p> <p>Compliance Manual (Exhibit O) <u>Section 4.6.1 Employee Trading</u></p>

<p>Core Principle 13 – Financial Resources (A) In general The swap execution facility shall have adequate financial, operational, and managerial resources to discharge each responsibility of the swap execution facility. (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 1-year period, as calculated on a rolling basis.</p>	<p>ICAP SEF will maintain adequate financial, operational, and managerial resources to discharge each responsibility of the SEF. Specifically, ICAP SEF will maintain assets that exceed the total amount that would enable the SEF to cover its operating costs for a period of at least one year, calculated on a rolling basis, with six months’ operating costs being in liquid assets. If any portion of the SEF’s financial resources is not sufficiently liquid, capital infusions would be provided by the SEF’s parent group for the purpose of meeting the requirement to have six months’ operating costs in liquid assets.</p>	<p>Compliance Manual (Exhibit O) <u>Section 13</u> <i>Financial Resources of the SEF; Financial Filings</i> Pro Forma Financial Statements (Exhibit I)</p>
<p>Core Principle 14 – System Safeguards The swap execution facility shall— (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— (i) are reliable and secure; and (ii) have adequate scalable</p>	<p>As a member of the ICAP Group, the SEF has adopted ICAP plc’s policies and procedures regarding the establishment of system safeguards and the SEF’s Business Continuity and Disaster Recovery Plan.</p> <p>The ICAP system safeguard policies and procedures address risk management, technology testing and maintenance, information security, system safeguards and security tools, security testing, security incident handling procedures and management processes, quality assurance and test trades. ICAP conducts regular, periodic testing and review of the SEF’s automated systems.</p> <p>The ICAP Business Continuity and Disaster Recovery Plan is designed to ensure that the SEF is able to resume its operations and</p>	<p>Compliance Manual (Exhibit O) <u>Section 23</u> <i>System Safeguards</i> <u>Section 24</u> <i>Business Continuity and Disaster Recovery Plan</i> Technology Questionnaire (Exhibit V)</p>

<p>capacity; (B) establish and maintain emergency procedures, backup facilities, and a plan for disaster recovery that allow for— (i) the timely recovery and resumption of operations; and (ii) the fulfillment of the responsibilities and obligations of the swap execution facility; and (C) periodically conduct tests to verify that the backup resources of the swap execution facility are sufficient to ensure continued— (i) order processing and trade matching; (ii) price reporting; (iii) market surveillance and (iv) maintenance of a comprehensive and accurate audit trail.</p>	<p>fulfill its responsibilities and obligations during the next business day following any disruption of its operations through the use of alternate ICAP sites. ICAP conducts regular, periodic testing and review of the Business Continuity and Disaster Recovery Plan.</p>	
<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— (i) report directly to the board or to the senior officer of the facility; (ii) review compliance with the core principles in this subsection; (iii) in consultation with the board</p>	<p>ICAP has designated a CCO. The CCO reports directly to the Board of Directors and meets at least annually with the Board. Likewise, the CCO meets with the ROC at least once a quarter to discuss compliance matters. The CCO is responsible for ensuring compliance with the SEF Rules and policies and procedures, and will prepare and file annual compliance reports with the Commission.</p> <p>The Operating Agreement provides that the CCO’s duties include, but are not limited to: overseeing and reviewing the SEF’s compliance with section 5h of the Act and any related rules adopted by the Commission; in consultation with the Board, resolving any conflicts of interest that may arise; establishing and administering written policies and procedures reasonably designed to prevent</p>	<p>Compliance Manual (Exhibit O) <u>Section 11</u> <i>Role and Duties of the CCO and Market Regulation Staff</i> <u>Section 12</u> <i>Regulatory Services Providers</i> Operating Agreement (Exhibit G) <u>Section 7.10</u> <i>Chief Compliance Officer</i> Regulatory Oversight Committee Charter (Exhibit G)</p>

<p>of the facility, a body performing a function similar to that of a board, or the senior officer of the facility, resolve any conflicts of interest that may arise;</p> <p>(iv) be responsible for establishing and administering the policies and procedures required to be established pursuant to this section;</p> <p>(v) ensure compliance with this chapter and the rules and regulations issued under this chapter, including rules prescribed by the Commission pursuant to this section; and</p> <p>(vi) establish procedures for the remediation of noncompliance issues found during compliance office reviews, look backs, internal or external audit findings, self-reported errors, or through validated complaints.</p> <p>(C) Requirements for procedures In establishing procedures under subparagraph (B)(vi), the chief compliance officer shall design the procedures to establish the handling, management response, remediation, retesting, and closing of noncompliance issues.</p> <p>(D) Annual reports (i) In general In accordance with rules prescribed by the Commission, the chief compliance officer shall</p>	<p>violation of the Act and any rules adopted by the Commission; taking reasonable steps to ensure compliance with the Act and Commission Regulations relating to agreements, contracts, or transactions, and with Commission Regulations under section 5h of the Act; establishing procedures for the remediation of noncompliance issues identified by the CCO through a compliance office review, look-back, internal or external audit finding, self-reported error, or validated complaint; establishing and following appropriate procedures for handling, management response, remediation, retesting, and closing of noncompliance issues; establishing a compliance manual designed to promote compliance with applicable laws, rules and regulations and administering a written code of ethics designed to prevent ethical violations and to promote honesty and ethical conduct; supervising the SEF’s self-regulatory program with respect to trade practice surveillance, market surveillance, real-time market monitoring, compliance with audit trail requirements, enforcement and disciplinary proceedings, audits, examinations and other regulatory responsibilities with respect to Participants (including ensuring compliance with, if applicable, financial integrity, financial reporting, sales practice, recordkeeping, and other requirements); and supervising the effectiveness and sufficiency of any regulatory services provided to the SEF by NFA or any other registered futures association or other registered entity.</p> <p>The Chief Compliance Officer also prepares and files any annual compliance reports with the Commission that are required by the Act or Commission Regulations.</p>	<p><u>Responsibilities</u></p> <p>Organization Chart (Exhibit D)</p>
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annually prepare and sign a report that contains a description of—
(I)the compliance of the swap execution facility with this chapter; and
(II)the policies and procedures, including the code of ethics and conflict of interest policies, of the swap execution facility.
(ii)Requirements
The chief compliance officer shall—
(I)submit each report described in clause (i) with the appropriate financial report of the swap execution facility that is required to be submitted to the Commission pursuant to this section; and
(II)include in the report a certification that, under penalty of law, the report is accurate and complete.