

**EXHIBIT L**

**SDX TRADING, LLC – SEF APPLICATION**

**COMPLIANCE WITH CORE PRINCIPLES**

Unless otherwise indicated, references to “Rules” are references to the specific rules set forth in the SDX Trading, LLC (“**SDX Trading**”) Rulebook attached as Exhibit M to this SDX Trading SEF Application (the “**Application**”). Capitalized terms used herein without definition shall have the meanings given to them in the Rulebook. References to Exhibits, unless otherwise indicated, are references to the exhibits accompanying the Application.

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<p><b>Core Principle 1 - Compliance with Core Principles.</b></p> <p>(a) <b><i>In general.</i></b> To be registered, and maintain registration, as a swap execution facility, the swap execution facility shall comply with—</p> <p>(1) The core principles described in section 5h of the Act; and</p> <p>(2) Any requirement that the Commission may impose by rule or regulation pursuant to section 8a(5) of the Act.</p> <p>(b) <b><i>Reasonable discretion of a swap execution facility.</i></b> 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>This Application and all included documentation generally demonstrate SDX Trading’s compliance with Core Principle 1.</p>	<p>This Application, all Exhibits and other supporting documentation generally.</p> <p>The Rules (Exhibit M)</p> <p>The SDX Trading Compliance Manual (Exhibit O)</p> <p>The Description of Disciplinary and Enforcement Protocols, Tools and Procedures and Arrangements for Arbitration (Exhibit P)</p>

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<p><b>Core Principle 2 - Compliance with rules.</b></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 (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 -(i) to provide market participants with impartial access to the market; and (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 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><i>Establish and enforce compliance with any rule of the swap execution facility.</i></p> <p>SDX Trading has adopted and will impartially enforce a comprehensive set of Rules to govern the conduct of trading on the SEF. As presented on the front page and in specific Rules of the Rulebook, Participants agree upon accessing the SDX Trading Platform to be bound by and comply with the Rules and to be subject to SDX Trading’s jurisdiction with respect to the enforcement of the rules.</p> <p><i>Terms and conditions of swaps.</i></p> <p>The terms and conditions of Instruments traded on the SDX Trading platform are described in the Rules and shall be described in Clearing House specifications (if and as applicable).</p> <p><i>Impartial access and any limitations on access to the swap execution facility.</i></p> <p>The SDX Trading Rules provide a clear and transparent process for granting access to the SEF that SDX Trading will impartially apply to all applicants. Rule 302 specifies the criteria to be used by SDX Trading staff in determining eligibility for Participant status. Among other requirements, every Participant must verify its status as an Eligible Contract Participant (“ECP”), and must ensure that, where relevant, any other Participant on behalf of whom they may be accessing the SEF is also an ECP (see Rule 302(b)). Section 303 specifies the requirements for Authorized Traders. Section 305</p>	<p>RuleBook – generally all sections, specific Rules in Section 5 and 8.</p> <p>Compliance Manual – generally all sections, with specifics in sections 5, 6, and 7.</p> <p>SDX Trading User Agreement – all sections</p>

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	<p>specifies the application process.</p> <p>Chapter 8 also provides for an appeals process that is available in the event that SDX Trading denies or revokes a Participant’s access to the SEF or limits a Participant’s trading privileges.</p> <p>To promote impartial access, as set forth in Rule 317, SDX Trading charges consistent fees for all Participants that have comparable trading status on the SEF.</p> <p><i>Trading rules to deter abuses.</i></p> <p>Chapter 5 of the Rules sets out in detail the trading practice and business conduct rules applicable to all Participants. In general, under Rule 511, Participants are prohibited from engaging in any conduct in violation of Applicable Law or the Rules. Under Rule 505, any violation of the Rules or act that is designed deceive, trick or mislead in connection with or related to any SDX Trading Activity is an offense, as, under Rule 504, is dishonorable or dishonest conduct, or conduct which is inconsistent with just and equitable principles of trade.</p> <p>Fraudulent acts of any kind, including but not limited to front-running, money passes, trading ahead of or against customers, and accommodation trading, are all prohibited under Rule 505.</p> <p>Also included in Chapter 5 is a series of specific Rules intended to deter abusive and disruptive trading</p>	

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	<p>practices, including but not limited to prohibitions on the following: fictitious, wash or non-competitive transactions (Rule 506); market disruption, including violating bids and offers, closing period violations, and spoofing (Rule 507); market manipulation (Rule 507); misstatements (Rule 509); acts detrimental to the SEF (Rule 510); misuse of the SEF (Rule 508); withholding of orders (Rule 516); trading against orders (Rule 505); and disclosing orders (Rule 519)</p> <p><i>Trade processing rules.</i> A number of trade processing Rules and features of SDX Trading are designed to deter abuse. Pursuant to Rule 532 and Rule 517 Orders will be executed in established priority order.</p> <p><i>Capacity to capture information for use in establishing whether rule violations have occurred.</i> SDX Trading maintains trading data in multiple separate databases including a production SEF database and a historical order database.</p> <p>Each database is replicated in primary and back-up (mirrored) form with each database stored in not less than two US states or two countries (initially New Jersey and the United Kingdom). Last trade, best bid, and best offer data is stored on servers. Additionally, this information is mirrored to an SQL server in a second country.</p> <p>All orders submitted to SDX Trading are recorded in the SEF database. This data also mirrored using</p>	

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	<p>transaction replication to a backup database at a secondary location. All static account information and a complete snapshot of order history are migrated to a historical order database. The information is backed up to another local host and a database at a secondary site. Additionally, the SDX Trading Compliance department uses the information housed in this repository to monitor and analyze market trends and enforce SDX Trading Rules. In addition to the audit trail, SDX Trading has the ability to obtain information through information sharing agreements (Rule 217) and directly from Participants (Rule 401 and Rule 403) for purposes of detecting and investigating potential Rule violations.</p> <p><i>Capacity to detect and investigate rule violations.</i> In order to detect and investigate potential violations of the Rules, SDX Trading has implemented adequate procedures to monitor trading activity, detect potentially non-compliant activity, and launch investigations to determine whether violations may have occurred. As presented above and in the Compliance Manual, SDX Trading has created a historical database to capture an audit trail of all SEF activity, including order entry, order cancellations, order modifications, and trade execution. Also as part of this audit trail, Rule 401 and Rule 403 requires all Participants to retain, and to provide to SDX Trading upon request, records of all trading activity on or related to the SDX Trading platform.</p> <p>As presented below in more detail in the discussion</p>	

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	<p>of compliance with Core Principal 4, the SDX Trading compliance department has the capacity to monitor trading activity in real time. SDX Trading may cancel or adjust trades when necessary to mitigate market-disrupting events caused by noncompliant trading activity or by system anomalies. Investigation of potential rule violations is handled by SDX Trading’s compliance personnel. Upon discovery of any potential trade practice violation through the real-time surveillance processes overseen SDX compliance personnel a review will be undertaken for a determination of whether to proceed with an investigation. SDX will investigate the facts and circumstances surrounding the apparent rule violation and prepare an investigation report for presentation to the CCO, and if needed, for enforcement action.</p> <p><i>Capacity to enforce rules.</i> Chapter 8 of the Rules and associated sections of the Compliance Manual describe the manner in which SDX Trading will enforce its rules. Rule 801 describes SDX Trading’s general disciplinary policy. All Participants are subject to SDX Trading’s jurisdiction for enforcement purposes. SDX Trading, through the Compliance Department (consisting of internal staff and, as needed, extra supplementary personnel obtained from SDX Trading’s parent company Super Derivatives, Inc.) and the Disciplinary Panels (see Rule 814), will conduct inquiries, investigations, disciplinary proceedings, summary impositions of fines, summary suspensions or other summary</p>	

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	<p>actions in accordance with Chapter 8 of the Rulebook. Pursuant to Chapter 8 of the Rulebook, SDX Trading may hold an Participant liable for, and impose sanctions against him or her, for such Participant’s own acts and omissions that constitute a violation as well as or for the acts and omissions of any other agent or representative of such Participant that constitute a violation as if such violation were that of the Participant (see Rule 303(I)).</p> <p>As discussed above, the Compliance Department has the authority to: (i) initiate and conduct inquiries and investigations; (ii) prepare investigative reports and make recommendations concerning initiating disciplinary proceedings; (iii) prosecute alleged violations within SDX Trading’s disciplinary jurisdiction; and (iv) represent SDX Trading on summary imposition of fines, summary suspension or other summary action.</p> <p>Each Participant is obligated to appear and testify and respond in Writing to interrogatories within the time period required by the Compliance Department in connection with any SDX Trading Rule, inquiry or investigation, or any preparation by and presentation during a disciplinary proceeding, summary imposition of fines, summary suspension or other summary action by SDX Trading.</p> <p>Each Participant is obligated to produce books, records, papers, documents or other tangible evidence in its, his or her possession, custody or</p>	

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	<p>control within the time period required by the Compliance Department in connection with any SDX Trading, inquiry or investigation, or any preparation by and presentation during a disciplinary proceeding, summary imposition of fines, summary suspension or other summary action by SDX Trading.</p> <p>Rule 803 describes how SDX Trading internally reports investigations. The Compliance Department will maintain a log of all investigations and their disposition. The Compliance Department will prepare a report of each investigation which will include the reasons for initiating the investigation (including a summary of the complaint, if any), all relevant facts and evidence gathered, staff analysis, conclusions and the recommendation of the Compliance Department.</p> <p>Participants may respond to an investigatory report pursuant to Rule 804. After completing its investigation report, the Compliance Department may, upon approval of the Chief Compliance Officer, notify each potential respondent that the Compliance Department has recommended formal disciplinary charges against the potential respondent. The Compliance Department may allow a potential respondent to propose a settlement of the matter or to submit a statement explaining why a disciplinary proceeding should not be instituted or one or more of the potential charges should not be brought.</p> <p>Rule 805 describes the procedure for reviewing investigative reports. The Review Panel will review</p>	



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	<p data-bbox="869 272 1491 612">promptly each completed investigation report to determine whether a reasonable basis exists for finding that a violation of SDX Trading’s Rules within SDX Trading’s jurisdiction has occurred or is about to occur. The Review Panel shall authorize commencement of disciplinary proceedings if a reasonable basis exists to believe that a violation of SDX Trading Rules within SDX Trading’s jurisdiction has occurred or is about to occur and adjudication is warranted.</p> <p data-bbox="869 655 1491 932">Rule 807 describes the procedure for issuing warning letters. SDX Trading authorizes compliance staff to issue a warning letter to a person or entity under investigation or to recommend that a disciplinary committee take such an action. No more than one warning letter for the same potential violation may be issued to the same person or entity during a rolling 12-month period.</p> <p data-bbox="869 970 1491 1246">Rule 806 describes the procedure for preparing a notice of charges and Rule 809 describes the procedure for the service of notice of charges. Rule 808 describes how a respondent may answer to a notice of charges. Any failure by the respondent to timely serve an answer to a notice of charges will be deemed to be an admission to the allegations in such notice.</p> <p data-bbox="869 1284 1491 1385">Rule 811 describes procedures to be taken in the event a respondent admits to the charges against him or fails to deny charges. Rule 810 describes</p>	

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	<p>procedures to be taken in the event a respondent denies charges. In such case, a respondent is entitled to a hearing on the charge that is denied. Except for good cause, the hearing must concern only with those charges denied for which a hearing has been requested.</p> <p>Rule 813 describes settlement procedures.            Rule 814 describes the formation and composition of the Disciplinary Panel (sometimes also referred to as a "Hearing Panel"). A Hearing Panel shall be formed to conduct hearings in connection with any disciplinary proceedings. Members shall be appointed by the Board upon the recommendation of the Chief Compliance Officer. No member of a Hearing Panel may have a material conflict of interest in respect of the proceedings defined in Rule 214.</p> <p>Rule 815 describes procedures for convening hearings of disciplinary proceedings. All disciplinary proceedings (except for summary impositions of fines pursuant to Rule 821) will be conducted at a hearing before the Hearing Panel. Rule 816 describes a respondent's right to review evidence presented at hearings. Rule 817 describes the policies and procedures for conducting hearings of disciplinary proceedings. At a hearing conducted in connection with any disciplinary proceedings, the Compliance Department will present its case supporting the allegations and proposed sanctions in the notice of charges to the Hearing Panel. If a respondent has timely filed an answer to the notice</p>	

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	<p>of charges in accordance with Rule 808, the respondent is entitled to attend and participate in the hearing.</p> <p>The Hearing Panel comes to a decision on charges in accordance with the procedures in Rule 818. As promptly as reasonable following a hearing, the Hearing Panel will issue an order rendering its decision based on the weight of the evidence contained in the record of the disciplinary proceedings. A decision by a majority of the Hearing Panel will constitute the decision of the Hearing Panel. Promptly following a hearing conducted in accordance with the SDX Trading Rules, the Hearing Panel shall render a written decision based upon the weight of the evidence contained in the record of the proceeding and shall provide a copy to the respondent.</p> <p>Rule 819 describes the potential sanctions SDX Trading may impose. After notice and opportunity for hearing in accordance with the SDX Trading (subject to appeal as provided under Rule 820), SDX Trading will impose sanctions if any Participant is found to have violated or to have attempted to violate a SDX Trading Rule or provision of Applicable Law for which SDX Trading possesses disciplinary jurisdiction.</p> <p>Rule 825 describes the procedures for allocating the cost of disciplinary proceedings.</p> <p>Under Rule 820, an appeal from a Disciplinary Panel</p>	

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	<p>Decisions is possible. Unless timely notice is filed, summary impositions of fines and other decisions are not subject to further appeal under the SDX Trading Rules.</p> <p>Rule 821 describes the procedure for the summary imposition of fines. The Chief Compliance Officer may summarily impose a fine against a Participant for failing to make timely payments of original or variation margin, fees, cost, charges or fines to SDX Trading, failing to make timely and accurate submissions to SDX Trading of notices, reports or other information required by the SDX Trading Rules, or failing to keep any books and records required by the SDX Trading Rules.</p> <p>Rule 822 describes the procedure for summary suspensions and other summary actions. Notwithstanding anything in the SDX Trading Rules to the contrary, the Chief Compliance Officer may, after consultation with the Regulatory Oversight Committee, if practicable, summarily suspend, revoke, limit, condition, restrict or qualify the Trading Privileges of a Participant as necessary to protect the public or the best interests of SDX Trading.</p> <p><i>Block trades.</i> Block Trades must be conducted pursuant to SDX Trading Rule Chapter 7 and any procedures published from time to time in any Notice to Participants (in the internet or otherwise). Rule 703 states that the minimum size of blocks on the</p>	

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	<p>SDX Trading platform will be established by reference to applicable CFTC regulations governing block trades.</p> <p><i>SD and MSP compliance with mandatory trading.</i> Under Rule 410, Swap Dealers and Major Swap Participants are responsible for compliance with the mandatory trading requirement under Section 2(h)(8) of the CEA.</p>	
<p><b><i>Core Principle 3 - Swaps not readily susceptible to manipulation.</i></b> The swap execution facility shall permit trading only in swaps that are not readily susceptible to manipulation.</p>	<p>FX Swaps and Options on deliverable currencies are currency swaps or options between two counterparties used to either hedge or speculate against currencies that are not subject to exchange controls. These transactions are generally based on major currencies, and are based on reference prices that are publicly available on a timely basis. Therefore, it is very difficult if not impossible to manipulate the FX Options that will be listed on the Platform. SDX Trading has placed monitoring tools in place to review all transactions and to detect suspected manipulation of the market.</p> <p>Trades in commodities derivatives are based on underlying commodities and are between two counterparties used to either hedge or speculate against commodities. These transactions are generally based on underlyings which are heavily traded in the futures market either through existing exchanges or other venues which publish market values that are publicly available on a timely basis. Therefore, it is very difficult to manipulate this</p>	<p>Description of the Trading Platform (Exhibit Q)</p> <p>RuleBook – generally all sections, specific Rules in Section 5 and 8.</p>

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	<p>segment of the market. SDX Trading has placed monitoring tools in place to review all transactions and to detect suspected manipulation of the market.</p>	
<p><b><i>Core Principle 4 - Monitoring of trading and trade processing.</i></b></p> <p>The swap execution facility shall:</p> <p>(a) Establish and enforce rules or terms and conditions defining, or specifications detailing:</p> <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>The swap execution facility shall:</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 conducting real-time monitoring of trading and comprehensive and accurate trade reconstructions.</p>	<p>Various Rules address requirements related to order entry and execution, including: Rule 537 (Pre-Execution Credit Check), Rule 536 (specifying procedures for executing orders on the Trading System and details of various order types) and Rule Chapter 7 (addressing Block Trades).</p> <p>All orders are executed via price-time priority under Rule 532.</p> <p>Real time monitoring for market trading anomalies. Under the procedures described in the Compliance Manual (in particular, Section 5 and Section 6), SDX Market Surveillance staff will conduct real-time surveillance of the trading platform using a number of tools and resources intended to help identify trading anomalies. These tools will allow SDX Trading staff to monitor activity across all active accounts in real-time, analyze trading activity for potential non-compliance and implement trading suspensions or halts at the account or product level.</p> <p>Systems will also provide for the rapid notification of compliance staff of trading errors to help facilitate the implementation of Rule 535.</p>	<p>Rulebook – generally all sections, specific Rules in Chapter 5 (including Rule 532, Rule 535, Rule 536, Rule 537), Rule 217, Rule 604, and Chapter 7</p> <p>Compliance Manual Section 5 and 6</p>

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	<p>SDX Trading maintains a robust historical database that captures, retains, and backs up all market and transaction data. The historical database permits SDX Trading to provide all data necessary to enable SDX Trading to conduct trade reconstruction and internal market analysis functions.</p> <p>Under the Rules, SEF Trading has the ability to obtain information from a number of sources, including Clearing Firms, Participants, and outside sources pursuant to information-sharing agreements (in particular, Rule 217 and Rule 604). SDX may also conduct inspections of Participants.</p> <p>SDX Trading reserves the right to suspend or terminate any Participant’s access for failure to establish reasonably prudent internal risk parameters.</p> <p>Certain functions of the Compliance Department will be performed on a daily basis:</p> <p>The Chief Compliance Officer (CCO) is located in New York City and will monitor and manage the activities of the SDX Trading Surveillance and Investigation Analyst(s) (SIA). The CCO will manage compliance analysts as follows: Market Surveillance and Trade Practice Integration:</p> <p>The “SDX Trading Surveillance and Investigation Analyst(s)” will review trades and associated market</p>	

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	<p>data using criteria established by the CCO and Directors. The criteria are based on best practices in the industry, regulatory requirements, and input from the SEF’s market practitioners. Any trade which is suspected of breaching the established criteria will be entered into a workflow system that will document the event and track resolution. After the possible violation is entered into the tracking system, the Trade Practice Investigation analyst researches the issue and if further action is required, the steps as defined in the Rule Book are followed.</p>	
<p><b><i>Core Principle 5 - Ability To Obtain Information.</i></b></p> <p><b>The swap execution facility shall:</b></p> <p>(a) Establish and enforce rules that will allow the facility to obtain any necessary information to perform 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>	<p>The Rulebook requires participants to maintain books and records related to their trading activity on the SEF and to make such books and records available to SDX Trading, the CFTC or any applicable Regulatory Service Provider upon request. SDX will provide information as requested by the CFTC.</p> <p>Pursuant to Rule 217, SDX Trading may enter into information sharing agreements as required by the CFTC or as otherwise necessary to fulfill its self-regulatory and reporting responsibilities.</p>	<p>Rules 216, 217, 403</p> <p>RuleBook – generally all sections, specific Rules 217, 215, 526, 401, 403, 409, 1005</p>
<p><b><i>Core Principle 6 – Position limits or accountability.</i></b></p> <p>(a) In general. To reduce the potential threat of</p>	<p>Under Rule 603, 604, 605 and 606, SDX Trading may</p>	<p>See Chapter 6, rules 601 through 606 of</p>



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<p>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) Position limits. 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>(1) Set its position limitation at a level no higher than the 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>set position accountability levels for swaps traded on the SEF as necessary to reduce threats of market manipulation and speculation. Section 8 of the Compliance Manual (Compliance with Regards to Position Limits or Accountability) also sets forward applicable position-limit related procedures.</p> <p>Position limits will be published on-line pursuant to Rule 606.</p> <p>SDX Trading’s Compliance Department will monitor the market for violations of the accountability level requirements set by SDX Trading.</p>	<p>the Rulebook and Section 5 and 8 of the Compliance Manual.</p>
<p><b><i>Core Principle 7 – Financial integrity of transactions.</i></b></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>Pursuant to Rule 302(c), 328, 901, and 908, all transactions executed on SDX Trading for which clearing is required must be cleared through a Clearing House in accordance with applicable Clearing House Rules.</p> <p>SDX requires all Participants to maintain adequate financial resources and credit under Rule 302. Rule 404 ensures that Participants comply with minimum financial and related reporting requirements established by the CFTC. Additionally, Rule 402 requires Participants to notify SDX Trading if specific adverse financial events occur. The SDX Trading User Agreement also requires further representations</p>	<p>Rules 302, 328, 402. 404, 901, 908</p> <p>SDX Trading User Agreement (as part of Exhibit N)</p>

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	concerning Participant status (such as Eligible Contract Participant status).	
<p><b><i>Core Principle 8 - Emergency authority.</i></b></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>Pursuant to Rule 210, the SDX Trading Board has the authority to implement rules on a temporary basis in response to any Emergency as defined in CFTC Regulation 40.1(a). The Rules permit the Board to take any action necessary to respond to any such Emergency, including, but not limited to the ability to: suspend or curtail trading or limit trading to liquidation for any of SDX Trading Swaps (in whole or in part); extend or shorten the last trading date for SDX Trading Swaps; provide alternative settlement mechanisms for any of SDX Trading Swaps; order the transfer, reduction or liquidation of open positions in any SDX Trading Swaps; extend, shorten or change the Trading Hours or the expiration date of any SDX Trading Swap; temporarily modify or suspend any provision of SDX Trading Rules or Obligations; impose or modify position limits; imposing or modifying price limits, intraday market restrictions, or bands; transferring a Participant’s or Customer’s positions and margin; or take actions as may be directed by the CFTC.</p> <p>The Chief Compliance Officer of SDX Trading may exercise emergency authority in the event that steps must be taken to protect the SEF and market participants before the Board can convene. SDX Trading shall use all reasonable efforts to inform the</p>	<p>Rule 210</p>

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	CFTC prior to taking emergency action and will document the decision-making process for all such actions	
<p><b><i>Core Principle 9 - Timely publication of trading information.</i></b></p> <p>(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.</p> <p>(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>SDX Trading will report all data to the CFTC consistent with any applicable requirements under part 16.01. SDX Trading will also make data available to the public as required under part 16.01.</p> <p>SDX Trading capacity to capture and transmit trade information is described in Exhibit V.</p>	<p>Exhibit V, Rule 526, Rule 1006</p> <p>Agreement with the DTCC (Exhibit N-4 to the Application)</p>
<p><b><i>Core Principle 10 - Recordkeeping and reporting.</i></b></p> <p>(a) In general. 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</p>	<p>In connection with Rule 539, SDX Trading maintains a Historical Database. In part, this allows SDX Trading to maintain all market and trading records as required by the CFTC.</p> <p>SDX Trading shall keep complete and accurate books and records of all activities relating to the business of SDX Trading. Such records will be kept for at least five years. Records of swaps defined in 1a(47)(A)(v) of the CEA will be open to inspection and examination by the SEC.</p> <p>Further, the Compliance Manual and other</p>	<p>Rule 539, Compliance Manual sub-part B; various other Rules</p>

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<p>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>documents provided as part of this Application provide for detailed record keeping of all transactions that flow through SDX Trading’s systems. This includes archiving all written and electronic records, also included are emails, text messages, and phone calls that have been recorded. Furthermore, the CCO will ensure that there are periodic audits to confirm that records are managed in a proper fashion.</p>	
<p><b><i>Core Principle 11 - Antitrust considerations.</i></b></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>SDX Trading’s rules and business policies have been designed to avoid any unreasonable restraints of trade or the imposition of any material anticompetitive burden on trading. Access to SDX Trading’s platform does not require the acquisition of any equity interest. Rather, access to SDX Trading’s platform will be available to a broad range and number of institutional and other parties based on objective and impartially enforced eligibility requirements.</p> <p>The SDX’s operational structure encourages open access and availability of the SEF. SDX Trading is independently owned and not affiliated with any DCO, DCM, SDR, other SEF, dealer, bank or financial institution.</p>	<p>Rule 301, Rule 302, Rule 303</p>

<p><b>Core Principle 12 - Conflicts of interest.</b></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 conflicts of interest</p>	<p>SDX Trading has established and will enforce Rules designed to minimize conflicts of interest in its decision-making. Under Rule 214, no person involved in decision-making about disciplinary proceedings or certain emergency actions may have a material conflict of interest with respect to such matter as defined in the Rule.</p> <p>Under the Rule 209, the Chief Compliance officer has responsibility for addressing conflicts of interest arising in the conduct of SEF business and operations.</p>	<p>Rule 209, 214</p>
<p><b>Core Principle 13 - Financial resources.</b></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 calculated on a rolling basis.</p>	<p>SDX Trading is adequately capitalized and has sufficient financial, operational and managerial resources to discharge its responsibilities, as described in Exhibit I.</p> <p>SDX Trading’s financial resources exceed, and will continue to exceed, its operating costs for a one-year period (calculated on a rolling basis), as described in Exhibit I, in part by virtue of the Committed Line of Credit – Subordinated attached as Exhibit N.</p>	<p>Exhibit I, Exhibit N (Committed Line of Credit – Subordinated)</p>
<p><b>Core Principle 14 - System safeguards.</b></p> <p>The swap execution facility shall:</p> <p>(a) Establish and maintain a program of risk analysis and oversight to identify and minimize</p>	<p>SDX Trading has established a comprehensive set of system safeguards to minimize operational risk. As described in detail in Exhibit V, these safeguards</p>	<p>Exhibit V</p>

<p>sources of operational risk, through the development of appropriate controls and procedures, and automated systems, that:</p> <ul style="list-style-type: none"> <li>(1) Are reliable and secure; and</li> <li>(2) Have adequate scalable capacity;</li> </ul> <p>(b) Establish and maintain emergency procedures, backup facilities, and a plan for disaster recovery that allow for:</p> <ul style="list-style-type: none"> <li>(1) The timely recovery and resumption of operations; and</li> <li>(2) The fulfillment of the responsibilities and obligations of the swap execution facility; and</li> <li>(c) Periodically conduct tests to verify that the backup resources of the swap execution facility are sufficient to ensure continued:             <ul style="list-style-type: none"> <li>(1) Order processing and trade matching;</li> <li>(2) Price reporting;</li> <li>(3) Market surveillance; and</li> <li>(4) Maintenance of a comprehensive and accurate audit trail.</li> </ul> </li> </ul>	<p>include scalable capacity, emergency backup and disaster recovery procedures. SDX Trading also conducts periodic testing to ensure sufficient resources for order processing and trade matching, price reporting, market surveillance and maintenance of an audit trail.</p> <p>SDX Trading LLC and designated 3rd party providers will protect the physical information assets of the company as well as confidential data and intellectual capital owned by the company, by SDX Trading LLC, by their clients and trading partners.</p> <p>To achieve this objective, policies, procedures, and standards, have been created to ensure secure business practices are in place at SDX Trading. Information security is a foundational business practice that has been incorporated into planning, development, operations, administration, sales and marketing, as each of these business functions requires specific safeguards to be in place to mitigate the risk associated with normal business activities.</p> <p>The SDX Trading Information Security Controls document describes SDX Trading's controls and procedures used to ensure the implementation and enforcement of the SDX Trading's Security Policy.</p> <p>The goal of the security controls and procedures is to protect the SDX Trading Platform and related information systems against unauthorized access or modification of information, and against the denial of service to authorized users or the provision of service to unauthorized users.</p>	
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<p><b>Core Principle 15 - Designation of Chief Compliance Officer.</b></p> <p>(a) In general. Each swap execution facility shall designate an individual to serve as a chief compliance officer.</p> <p>(b) Duties. The chief compliance officer shall:</p> <ol style="list-style-type: none"> <li>(1) Report directly to the board or to the senior officer of the facility;</li> <li>(2) Review compliance with the core principles in this subsection;</li> <li>(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;</li> <li>(4) Be responsible for establishing and administering the policies and procedures required to be established pursuant to this section;</li> <li>(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</li> <li>(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 through validated complaints.</li> </ol> <p>(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.</p>	<p>SDX Trading has appointed a Chief Compliance Officer (“COO”) and has conferred to the CCO all obligations specified under the CEA and CFTC regulations. The CCO reports to and will meet at least annually with the Board of SDX Trading. The CCO will also meet with the Regulatory Oversight Committee at least quarterly. The CCO has supervisory authority over all staff and resources acting at the direction of the CCO.</p> <p>The Chief Compliance Officer's duties include, but are not limited to, the following:</p> <ul style="list-style-type: none"> <li>• Overseeing and reviewing the compliance of SDX Trading with Section 5h of the CEA and any related CFTC regulations;</li> <li>• Resolving any conflicts of interest that may arise, including conflicts between business considerations and compliance requirements;</li> <li>• Establishing and administering written policies and procedures reasonably designed to prevent violations of the CEA and any rules adopted by the CFTC;</li> <li>• Taking reasonable steps to ensure compliance with the CEA and rules of the CFTC;</li> <li>• Establishing procedures for the remediation of noncompliance issues;</li> <li>• Establishing and following appropriate procedures for the handling, management response, remediation, retesting, and closing of noncompliance issues;</li> <li>• Establishing and administering a compliance</li> </ul>	<p>Compliance Manual, Chapter 2</p> <p>Rule 209</p>
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<p>(d) Annual reports.</p> <p>(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:</p> <p>(i) The compliance of the swap execution facility with the Act; and</p> <p>(ii) The policies and procedures, including the code of ethics and conflict of interest policies, of the swap execution facility.</p> <p>(2) Requirements. The chief compliance officer shall:</p> <p>(i) Submit each report described in clause (1) 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</p> <p>(ii) Include in the report a certification that, under penalty of law, the report is accurate and complete.</p>	<p>manual designed to promote compliance with the applicable laws, rules, and regulations and administering a written code of ethics designed to prevent ethical violations and to promote honesty and ethical conduct;</p> <ul style="list-style-type: none"> <li>• 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 conducted by any Regulatory Services Provider, and other regulatory responsibilities with respect to Participants, Clients and Customers, Supervising the effectiveness and sufficiency of any regulatory services provided to SDX Trading by any Regulatory Services Provider; and</li> <li>• Preparing and filing the annual compliance report of SDX Trading.</li> <li>• Liaising with the regulatory examiners and investigators regarding ongoing compliance, audits and reviews</li> </ul>	
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