

## **TeraExchange, LLC Rulebook**

BY BECOMING A PARTICIPANT, OR BY ACCESSING TERAEXCHANGE IN ANY WAY, AND WITHOUT ANY NEED FOR ANY FURTHER ACTION, UNDERTAKING OR AGREEMENT, A PERSON AGREES (I) TO BE BOUND BY AND COMPLY WITH TERA RULES AND OBLIGATIONS, THE CLEARING HOUSE RULES, AND INSTRUMENT SPECIFICATIONS, IN EACH CASE TO THE EXTENT APPLICABLE TO IT, AND APPLICABLE LAW, (II) TO BECOME SUBJECT TO THE JURISDICTION OF TERAEXCHANGE WITH RESPECT TO ANY AND ALL MATTERS ARISING FROM, RELATED TO, OR IN CONNECTION WITH, THE STATUS, ACTIONS, OR OMISSIONS OF SUCH PERSON RELATED TO TERA RULES, AND (III) TO ASSIST TERAEXCHANGE IN COMPLYING WITH ITS LEGAL AND REGULATORY OBLIGATIONS, (IV) TO COOPERATE WITH TERAEXCHANGE AND THE CFTC IN ANY INQUIRY, INVESTIGATION, AUDIT, EXAMINATION OR PROCEEDING, AND (V) TO AUTHORIZE TERAEXCHANGE TO PROVIDE INFORMATION REGARDING IT TO THE REGULATORY SERVICE PROVIDER, THE CFTC OR ANY SELF-REGULATORY ORGANIZATION.

**TERA** EXCHANGE

**Ver. 1.3**

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## CHAPTER 1 DEFINITIONS AND RULES OF CONSTRUCTION

### Rule 101 Definitions

When used in the Tera Rules the following terms shall have the respective meanings as follows:

**"Account"** means, with respect to each Participant, any account established and maintained on Tera by such Participant or by or on behalf of an Account Holder through which Participant will trade Instruments.

**"Account Holder"** means the beneficial owner of an Account and all Orders and positions recorded therein.

**"Account Series Designation"** means an identifier assigned by a Participant to a group of accounts, which facilitates their treatment as one account for purposes of a Bunched Order.

**"Affected Person"** means a SEF applicant whose participant application is declined or is conditioned or a Person whose status as a Participant is terminated as set forth in Rule 303(e).

**"Affiliate"** means, with respect to any Person, any Person who, directly or indirectly, Controls, is Controlled by, or is under common Control with, such other Person.

**"Applicable Law"** means, with respect to any Person, any statute, law, regulation, rule or ordinance of any governmental or self-regulatory authority applicable to such Person, including the CEA and CFTC Regulations.

**"Authorized Representative"** means any Person who is authorized by a Participant to represent the Participant in SEF matters pursuant to Rule 306.

**"Authorized Trader"** means any natural person who is appointed, employed or authorized by a Participant to place orders on Tera and is assigned a valid Trader ID.

**"Block Trade"** means a single transaction for the purchase or sale of not less than the number of Instruments authorized by Tera under Rule 513.

**"Board"** means the Board of Directors of Tera constituted from time to time in accordance with the Operating Agreement.

**"Bunched Orders"** means a single Order placed pursuant to Rule 510.

**"Business Day"** means a day on which Tera is open for trading.

**"By-Laws"** means, with respect to any Person that is not an individual, the By-Laws or Operating Agreement of such Person, and, if no other Person is specified, the By-Laws or Operating Agreement of Tera.

**"CEA"** means the Commodity Exchange Act, as amended from time to time.

**"CFTC"** means the Commodity Futures Trading Commission or any successor regulatory body.

**"CFTC Regulations"** means the rules and regulations promulgated by the CFTC, as amended.

**"Chief Compliance Officer"** means the individual appointed by the Board as Tera's chief compliance officer in accordance with the Operating Agreement, with the duties and responsibilities as may be prescribed by the Board from time to time as set forth in Rule 207.

**"Clearable Instrument"** means an Instrument that is subject to the mandatory clearing requirement of Section 2(h)(1)(A) of the CEA or any Instrument that is accepted by a Derivatives Clearing Organization for clearing and which Participants have elected to submit for clearing.

**"Clearing House"** means a Derivatives Clearing Organization or non-U.S. central clearing counterparty recognized or approved by the CFTC that provides clearing services with respect to any or all Instruments.

**"Clearing House Rules"** means the Certificate of Incorporation, the By-Laws and any rule, interpretation, stated policy, or Instrument Specification corresponding to any of the foregoing, in each case as adopted or amended from time to time by the Clearing House relating to any or all Instruments.

**"Clearing Firm"** means a member of a Clearing House that is authorized to clear trades in any or all Instruments for a Participant.

**"Closing Period"** means the period defined by Tera as such in a Notice to Participants.

**"Compliance Department"** means all SEF Officials, agents, and service providers of Tera (including the Regulatory Services Provider) that assist Tera with the implementation, surveillance and enforcement of the Tera Rules and other Obligations.

**"Control"** means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of securities, by Instrument, or otherwise. The terms "controlling" or "controlled" shall have meanings correlative to the foregoing.

**"Credit Default Swap Index"** or **"CDSI"** means a contract in which counterparties agree to buy or sell protection on a basket of credit default swaps ("CDS").

**"CTI Code"** means a Customer Type Indicator Code as described in Rule 702.

**"DCM"** means a designated contract market as set forth in section 7 of the CEA.

**"Derivatives Clearing Organization"** has the meaning attributed to such term by Section 1a(9) of the CEA.

**"Directed Order"** means an order of the type described in Rule 509.

**"Director"** means any member of the Board.

**"Disciplinary Panel"** means one or more Review Panels and one or more Hearing Panels collectively which are responsible for conducting hearings, rendering

decisions and imposing sanctions with respect to disciplinary matters.

**"ECP"** means an eligible contract participant as defined in the CEA.

**"Eligibility Criteria"** means the criteria set forth in Rule 301(a).

**"Emergency"** has the meaning set forth in CTFC Regulation 40.1(a).

**"Emergency Rules"** has the meaning set forth in Rule 210(a).

**"End of Trading"** means such time as Tera may prescribe in a Notice to Participants or other Writing. The End of Trading is the time as of which such actions as are specified in the Tera Rules or the relevant Instrument Specifications as taking place at the end of a Business Day, will occur.

**"Exchange User License Agreement"** or **"EULA"** means the agreement executed by Participant and Tera that governs Participant's access to and use of Tera.

**"Executing Firm"** means any entity trading on Tera for its own account or on behalf of a legally distinct Account Holder.

**"Financial Entity"** has the meaning set forth in CEA Section 2(h)(7)(C).

**"Floor Broker"** means a Participant of the type described in Rule 313.

**"Floor Trader"** means a Participant of the type described in Rule 313.

**"Foreign Exchange Cash Settled Forward"** or **"FX CSF"** means a contract in which two counterparties agree on a currency pair exchange rate for a given notional amount on a date in the future.

**"Foreign Exchange Non-Deliverable Forward"** or **"FX NDF"** means a FX CSF in which one of the currencies in the currency pair cannot legally be delivered.

**"Futures Commission Merchant"** or **"FCM"** has the meaning set forth in Section 1a(28) of the CEA.

**"Governmental Agency"** means any governmental entity, body or agency of any government (including the United States, or a foreign government).

**"Hearing Panel"** means a panel responsible for adjudicating disciplinary cases pursuant to a Notice of Charges authorized by a Review Panel.

**"Instrument"** or **"Tera Instrument"** means any instrument that is a swap as defined in Section 1a(47) of the CEA, and any other financial contract or instrument, which is listed for trading on Tera or subject to the Tera Rules and described in Chapter 10 of these Rules.

**"Instrument Specification"** means, with respect to any Instrument, the rules or other trading protocols containing specifications for such Instrument, as adopted, amended, supplemented or otherwise modified from time to time by Tera.

**"Interest Rate Swap"** means an Instrument in which two parties agree to exchange payments on a periodic basis based on interest rate calculations.



**"Interested Person"** has the meaning attributed to such term in Rule 208(a).

**"Legal Entity Identifier"** has the meaning set forth in Part 45 of the CFTC Regulations.

**"Limit Order"** means an order in which the Participant specifies a minimum sale price or maximum purchase price.

**"Major Swap Participant"** has the meaning set forth in Section 1a(33) of the CEA.

**"Market Maker"** means a Participant of the type described in Rule 313.

**"Market Order"** means an order to buy or sell an Instrument at whatever price is obtainable at the time it is entered in Tera.

**"NFA"** means the National Futures Association.

**"No-Bust Range"** means the price of an Instrument that is in the range specified by Tera from time to time in a Notice to Participants.

**"Notice of Charges"** means a notice sent by the Compliance Department pursuant to Rule 807

**"Notice to Participants"** means a communication sent by or on behalf of Tera to all Participants as described in Rule 308.

**"Obligation"** means each Tera Rule, order or procedure issued by Tera, including any Notice to Participants, and any other requirement implemented by Tera under the Tera Rules, or pursuant to the EULA or any other agreement.

**"Officer"** has the meaning attributed to such term in Rule 206.

**"Operating Agreement"** means the Limited Liability Company Agreement of Tera.

**"Order"** means the entry of a proposed Trade into the Order Book pursuant to Tera procedures.

**"Order Book"** means the trading system or platform operated by Tera in which all Participants in the trading system or platform have the ability to enter multiple bids and offers, observe or receive bids and offers entered by other market participants, and transact on such bids and offers.

**"Participant"** means any Account Holder, Executing Firm, Clearing Firm, Authorized Trader, or Supervised Person, or any agent, broker, advisor, or other representative of any of the foregoing, that accesses or utilizes TeraExchange. For the avoidance of doubt, a Participant may act on behalf of itself in its own Account or on behalf of a legally distinct Account Holder pursuant to a Written delegation of trading authority.

**"Participant Documentation"** means such application forms and agreements including without limitation the EULA (together with any applicable schedules, exhibits or appendices thereto required by Tera) in form and substance acceptable to Tera, that are required to be executed and delivered to Tera before a Person may access Tera.

**"Participant ID"** means a unique identifier assigned to a Participant by Tera for access to Tera.

**"Permitted Transaction"** means any transaction involving an Instrument that is not a Required Transaction.

**"Person"** means a natural person or an entity.

**"President"** means the President of TeraExchange, or one duly authorized to act with the authority of the President.

**"Proprietary Account"** has the meaning ascribed to it by CFTC Regulation 1.3(y).

**"Proprietary Data"** means, with respect to any Person, any information that separately discloses business transactions, market positions, or trade secrets of such Person.

**"Public Director"** means a Person that meets the qualifications described in Rule 205(e).

**"Records"** shall have the meaning set forth in Rule 701(a).

**"Reference Price"** means the price specified by Tera from time to time in a Notice to Participants.

**"Regulatory Oversight Committee"** means the committee of the Board constituted in accordance with Rule 202.

**"Regulatory Services Agreement"** means the agreement between Tera and the Regulatory Services Provider whereby the Regulatory Service Provider provides market surveillance and trade practice surveillance functions as well as other compliance-related services to Tera.

**"Regulatory Services Provider"** or **"RSP"** means the organization which provides regulatory services to Tera pursuant to a Regulatory Services Agreement. Tera's RSP is the NFA.

**"Request for Quote"** or **"RFQ"** means an electronic message disseminated on Tera for the purposes of soliciting variable liquidity in connection with a Directed Order pursuant to Rule 509.

**"Required Transaction"** means any transaction involving an Instrument that is subject to the trade execution requirement of Section 2(h)(8) of the CEA.

**"Review Panel"** means a panel responsible for determining whether a reasonable basis exists for finding a violation of Tera Rules, and for authorizing the issuance of notices of charges against persons alleged to have committed violations if the Review Panel believes that the matter should be adjudicated

**"Rules"** means, with respect to any Person, the rules of such Person and the interpretations, resolutions, orders, directives and procedures of the Person thereunder as in effect from time to time, and if no other Person is specified, means the Rules of Tera and the interpretations, resolutions, orders and directives and procedures of Tera thereunder as in effect from time to time.

"**SDR**" means a Swap Data Repository, as defined in Section 1 a(48) of the CEA.

"**SEC**" means the U.S. Securities and Exchange Commission.

"**Self-Regulatory Organization**" shall, unless otherwise provided, have the meaning attributed to such term in CFTC Regulation 1.33(ee) and, in addition, shall include a Derivatives Clearing Organization, and a registered futures association. Tera is a self-regulatory organization.

"**SEF**" means a Swap Execution Facility as defined in Section 1a(50) of the CEA.

"**SEF Action**" and "**SEF Actions**" have the meanings attributed to such terms in Rule 208(a).

"**SEF Activity**" means business for which a Participant is subject to the Tera Rules, which is purportedly conducted subject to the Tera Rules, or which should have been conducted subject to the Tera Rules.

"**SEF Official**" means any Director or Officer of, or individual employed directly by, Tera, the Regulatory Services Provider or any individual rendering similar services to Tera under an administrative or similar agreement.

"**SEF Proceeding**" has the meaning attributed to such term in Rule 208(a).

"**Supervised Persons**" means any directors, officers, employees or agents (including any Authorized Traders) of any Participant.

"**System-Generated Transaction Error**" or "**STE**" means any error that may result from a system operation resulting from failure, malfunction, or erroneous operation of any system, service or facility operated by Tera or any Clearing Firm or Clearing House.

"**Swap Dealer**" has the meaning set forth in Section 1a(49) of the CEA

"**TeraExchange**" or "**Tera**" means TeraExchange, LLC, a Delaware limited liability company.

"**Trade**" or "**Transaction**" means the execution of any Order made on Tera or subject to Tera Rules.

"**Trading Hours**" means, for any Business Day, the hours as may be published by Tera in a Notice to Participants from time to time.

"**Trader ID**" means a unique identifier issued to each Authorized Trader which enables Tera to identify the individual entering Orders into the Order Book.

"**Trading Privileges**" means the right granted to a Participant to transmit Orders and/or enter into Transactions for certain or all Instruments through Tera or subject to Tera Rules.

"**TeraCheck**" means the pre-trade credit checking facility maintained by Tera and utilized by Participants pursuant to Rule 405.

"**Tera System**" means the electronic trading facility and related operations platform, including but not limited to, voice assistance, for the trading of Tera

Instruments.

“**Variable Liquidity Order**” or “**VL Order**” means an Order of the type described in Rule 509.

“**Written**” or “**Writing**” means any mode of representing or reproducing words or data in a visible form, including via electronic transmissions.

**Rule 102 Rules of Construction**

The following rules of construction shall apply to the Tera Rules:

- (a) The headings in the Tera Rules are for convenience only and do not affect the construction of the Tera Rules;
- (b) All references to time in the Tera Rules are to Summit, New Jersey, except where expressly provided otherwise;
- (c) In the Tera Rules, words denoting a singular number include the plural number where the context permits and vice versa;
- (d) Where the context permits or requires, any pronoun shall include the corresponding masculine, feminine and neuter forms; and
- (e) References in the Tera Rules to statutory provisions include those provisions as amended, and any rules or regulations promulgated thereunder.

**CHAPTER 2 SEF GOVERNANCE**

**Rule 201 Board**

- (a) The Board shall manage the business and affairs of Tera in accordance with the Operating Agreement. The Board has the power and authority to call for review, and to affirm, modify, suspend or overrule, any and all decisions and actions of standing committees or special committees of the Board or any panel of the Officers.
- (b) The Board may act only by the decision of an absolute majority in number of the members of the Board, either by vote at a meeting or by written consent without a meeting.
- (c) Each Director shall be appointed in accordance with the Operating Agreement and the procedures included therein and shall serve until his or her successor is duly appointed, or until his or her earlier resignation or removal, with or without cause.
- (d) The members of the Board shall be of sufficiently good repute and, where applicable, have sufficient expertise in financial services.
- (e) The Board may include Public Directors as required.

**Rule 202 Regulatory Oversight Committee**

- (a) The Regulatory Oversight Committee of the Board shall be appointed by the Board. Each member of the Regulatory Oversight Committee shall serve until the due appointment of his or her successor, or until his or her earlier resignation or

removal, with or without cause, as a member of the Regulatory Oversight Committee or as a Director. A member of the Regulatory Oversight Committee may serve for multiple terms. The Regulatory Oversight Committee shall report to the Board

- (b) The Regulatory Oversight Committee shall oversee Tera's regulatory program on behalf of the Board. It shall make such recommendations to the Board as will, in its judgment, best promote the interests of Tera. The Regulatory Oversight Committee shall also have such other powers and perform such other duties as set forth in the Tera Rules, the Operating Agreement and as the Board may delegate to it from time to time.
- (c) Without limiting the generality of the foregoing, the Regulatory Oversight Committee shall have authority to:
  - (i) Monitor the compliance program of Tera for sufficiency and effectiveness;
  - (ii) Oversee all facets of the compliance program, including trade practice and market surveillance, audits, examinations conducted by the Regulatory Services Provider and other regulatory responsibilities with respect to Participants, (including ensuring compliance with any financial integrity, financial reporting, sales practice, recordkeeping and other requirements), and overseeing the conduct of investigations by the Regulatory Services Provider;
  - (iii) Review the size and allocation of the regulatory budget and resources and the number, hiring and termination, and compensation of compliance personnel;
  - (iv) Recommend changes that would ensure fair, vigorous, and effective compliance; and
  - (v) Review compliance proposals and advise the Board as to whether and how such changes may impact compliance.
- (d) The Regulatory Oversight Committee shall oversee the regulatory program of Tera on behalf of the Board. The Board shall delegate sufficient authority, dedicate sufficient resources, and allow sufficient time for the Regulatory Oversight Committee to fulfill its mandate.

**Rule 203 Additional Committees and Panels**

- (a) The Board may create such additional standing committees of the Board as it may from time to time deem necessary or advisable.
- (b) In addition to the standing committees, the Board may from time to time constitute and appoint, by rule or resolution, special committees of the Board and designate their composition, responsibilities and powers.
- (c) Tera may create additional committees of Tera, or panels, for such purposes as may from time to time be necessary or advisable. Members of each such committee may be members of the Board, Supervised Persons of Participants or such other individuals as may be qualified to serve on such committee.

**Rule 204      Power of the Board to Review Decisions**

The Board has the power and authority to call for review, and to affirm, modify, suspend or overrule, any and all decisions and actions of standing committees or special committees of the Board.

**Rule 205      Eligibility of Directors**

- (a) A Director must meet the qualifications set forth from time to time in the Operating Agreement.
- (b) An individual may not serve as a Director or serve on a committee established by the Board or a Disciplinary Panel if the individual:
  - (i) Within the prior three (3) years has been found, by a final decision in any action or proceeding brought in a court of competent jurisdiction, the CFTC or any Self-Regulatory Organization, to have committed a disciplinary offense;
  - (ii) Within the prior three (3) years has entered into a settlement agreement in which any of the findings or, in the absence of such findings, any of the acts charged, included a disciplinary offense;
  - (iii) Has been suspended or expelled from membership in a Self-Regulatory Organization, is serving any sentence or probation, or owes any portion of a fine or penalty related to either:
    - (1) A finding of a disciplinary offense by a final decision in any action or proceeding brought in a court of competent jurisdiction, the CFTC, or any Self-Regulatory Organization; or
    - (2) A settlement agreement in which any of the findings or, in the absence of such findings, any of the acts charged included a disciplinary offense.
  - (iv) Is currently subject to an agreement with the CFTC or Self-Regulatory Organization not to apply for registration with the CFTC or for membership in the Self-Regulatory Organization;
  - (v) Is currently, or within the past three (3) years has been, subject to a revocation or suspension of registration by the CFTC;
  - (vi) Has been convicted of a felony listed in Section 8a(2)(D)(ii) through (iv) of the CEA; or
  - (vii) Is currently subject to a denial, suspension or disqualification from serving on a disciplinary committee, arbitration panel or governing board of any Self-Regulatory Organization.
- (c) Any Director, member of a committee established by the Board or any member of a Disciplinary Panel, any individual nominated to serve in any such role, or any individual authorized by the Regulatory Oversight Committee to take summary action shall immediately notify the President if such individual meets one or more of the criteria in Rule 205(b).
- (d) For purposes of this Rule, the terms "disciplinary offense," "final decision," and

"settlement agreement" have the meanings set forth in CFTC Regulation 1.63(a).

- (e) To qualify as a Public Director, a Director must be found, by the Board on the record, to have no material relationship with Tera or any of its Affiliates. A "material relationship" is one that reasonably could affect the independent judgment or decision making of such individual as a Public Director. In addition, an individual shall not be considered a "Public Director" if any of the following circumstances exists:
  - (i) Such Director is an officer or an employee of Tera, or an officer or an employee of an Affiliate of Tera;
  - (ii) Such Director is a Participant, or a director, an officer or an employee of a Participant; or
  - (iii) Such Director, or an entity with which the Director is a partner, an officer, or a director, receives more than \$100,000 in combined annual payments for legal, accounting, or consulting services from Tera or any Affiliate of Tera. Compensation for services as a director of Tera or as a director of an Affiliate of Tera does not count toward the \$100,000 payment limit, nor does deferred compensation for services rendered prior to becoming a Director of Tera, so long as such compensation is in no way contingent, conditioned or revocable.
- (f) Any of the relationships set forth in sub-paragraphs (e)(i) through (iii) of this Rule apply to the "immediate family" of such Director, i.e., spouse, parents, children and siblings.
- (g) A Public Director may also serve as a director of an Affiliate of Tera if he or she otherwise meets the requirements in paragraphs (e) and (f) of this Rule.

**Rule 206      Officers**

The Board shall appoint a President, a Chief Compliance Officer, one or more vice presidents, a secretary, a treasurer, and such other officers of Tera (all of the foregoing, collectively, the "Officers") as it may deem necessary or appropriate from time to time, in accordance with the Operating Agreement. The Officers shall have such powers and duties in the management of Tera as the Board may prescribe from time to time in accordance with the Operating Agreement. Each Director and Officer is entitled to indemnification pursuant to the Operating Agreement with respect to matters relating to Tera.

**Rule 207      Chief Compliance Officer**

- (a) The Chief Compliance Officer shall report to the Board of Tera. A vote of the majority of the Board is required to remove the Chief Compliance Officer. Tera shall notify the CFTC of the appointment or removal of the Chief Compliance Officer within two Business Days of such event.
- (b) The individual designated to serve as Chief Compliance Officer shall have the background and skills appropriate for fulfilling the responsibilities of the position. No individual disqualified from registration pursuant to Sections 8a(2) or 8a(3) of the CEA may serve as a Chief Compliance Officer.

- (c) The Board shall meet with the Chief Compliance Officer at least annually. The Chief Compliance Officer shall also meet with the Regulatory Oversight Committee at least quarterly. Each such meeting may occur in person or by telephone conference. The Chief Compliance Officer shall provide any information regarding the regulatory program of Tera that is requested by the Board or the Regulatory Oversight Committee.
- (d) The position of Chief Compliance Officer shall carry with it the authority and resources to develop and enforce policies and procedures necessary to fulfill the duties set forth for Chief Compliance Officers in CFTC Regulations. The Chief Compliance Officer shall have supervisory authority over all staff acting at the direction of the Chief Compliance Officer.
- (e) The Chief Compliance Officer's duties shall include, but are not limited to, the following:
  - (i) Overseeing and reviewing the compliance of Tera with Section 5h of the CEA and any related CFTC regulations;
  - (ii) In consultation with the Board or the senior officer of Tera, resolving any conflicts of interest that may arise, including:
    - (1) Conflicts between business considerations and compliance requirements;
    - (2) Conflicts between business considerations and the requirement that Tera provide fair, open, and impartial access as set forth in CFTC Regulation 37.202; and
    - (3) Conflicts between Tera's management and members of the Board;
  - (iii) Establishing and administering written policies and procedures reasonably designed to prevent violations of the CEA and any rules adopted by the CFTC;
  - (iv) Taking reasonable steps to ensure compliance with the CEA and rules of the CFTC.
  - (v) Establishing procedures for the remediation of noncompliance issues identified by the Chief Compliance Officer through a compliance office review, look-back, internal or external audit finding, self-reported error, or validated complaint;
  - (vi) Establishing and following appropriate procedures for the handling, management response, remediation, retesting, and closing of noncompliance issues;
  - (vii) Establishing and administering a compliance 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;
  - (viii) 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 the Regulatory Services



Provider, and other regulatory responsibilities with respect to Participants, (including ensuring compliance with, if applicable, financial integrity, financial reporting, sales practice, recordkeeping, and other requirements);

- (ix) Supervising the effectiveness and sufficiency of any regulatory services provided to Tera by the Regulatory Services Provider; and
- (x) Preparing and filing the annual compliance report of Tera.

## **Rule 208 Conflicts of Interest**

- (a) A Director, Officer, panel member or other Person authorized to exercise Tera's authority concerning any inquiry, investigation or any disciplinary proceeding, summary suspension, or other summary actions (any such action, a "SEF Action" and, collectively, "SEF Actions"), or Emergency actions taken pursuant to Rule 210 (each such SEF Action or Emergency Action, a "SEF Proceeding") who knowingly has a "material conflict of interest" between his or her position as a Director, Officer, panel member or exercise of authority concerning any SEF Proceeding and his or her personal interests (each, an "Interested Person") may not participate in any deliberations or vote of the Board Committee, or panel or exercise any authority in any SEF Proceeding involving his or her personal interest, except as described in Rule 208(d).
- (b) For purposes of Rule 208(a), a "material conflict of interest" includes a Director's, Officer's, or other Person's:
  - (i) Being named as a respondent or potential respondent in a SEF Proceeding;
  - (ii) Being an employer, employee, fellow employee or an Affiliate of a respondent or potential respondent in a SEF Proceeding;
  - (iii) Having any significant, ongoing business relationship with a respondent or potential respondent in a SEF Proceeding;
  - (iv) Having a family relationship with a respondent or potential respondent in a SEF Proceeding (including the individual's spouse, co-habitator, former spouse, parent, step-parent, child, step-child, sibling, step-brother, step-sister, grandparent, grandchild, uncle, aunt, nephew, niece, father-in-law, mother-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law); and/or
  - (v) Having a direct and substantial financial interest in the result of the deliberations or vote based upon either SEF or non-SEF positions. A direct and substantial financial interest includes positions held in Instruments in the accounts of, controlled by, or affiliated with the Interested Person or any other types of direct and substantial financial positions of the Interested Person that are reasonably expected to be affected by the deliberations or vote.
- (c) Before considering any SEF Proceeding, an Interested Person must disclose in writing to the Board the material facts concerning his or her relationship or interest in the matter.
- (d) Any Interested Person who would be required otherwise to abstain from deliberations and voting pursuant to Rule 208(a) as a result of having a direct and

substantial financial interest in the result of the deliberations and vote may participate in deliberations, prior to a vote on the matter, if:

- (i) The material facts about the Interested Person's financial interest in the matter are disclosed or known to the Board;
  - (ii) The Board determines that the participation by the Interested Person would be consistent with the public interest; and
  - (iii) A majority of the Directors (excluding any Interested Persons) vote to allow the Interested Person to participate in deliberations on the matter.
- (e) If a determination is made pursuant to Rule 208(d) that an Interested Person may participate in deliberations prior to a vote, then the minutes of the meeting of the Board or committee thereof will reflect the determination and the reasons for the determination.
- (f) If a determination is made pursuant to Rule 208(a) that all Directors are Interested Persons with respect to a matter subject to a vote by the Board, the President will appoint a panel of individuals who are not Interested Persons with respect to such matter, which will have the same authority and powers over such matter that the Board would have if the Directors were not Interested Persons with respect to such matter.
- (g) No Director, Officer or member of any committee or panel established by the Board shall use or disclose for any purpose other than the performance of his or her official duties and responsibilities as a Director, Officer or committee or panel member any material, non-public information obtained as a result of the individual's duties and responsibilities as a Director, Officer or committee or panel member. No Director, Officer or committee or panel member shall, directly or indirectly, disclose or use at any time, either during his or her association with Tera or thereafter, any confidential information of which the Board member or committee or panel member becomes aware. Each Director, Officer or committee or panel member in possession of confidential information shall take all appropriate steps to safeguard the information and to protect it against disclosure, misuse, espionage, loss and theft.
- (h) Notwithstanding Rule 208(g), a Director, Officer or committee or panel member may disclose confidential information if required by law or a court order to be revealed to the United States Department of Justice or the CFTC.
- (i) For the purposes of Rule 208(g), the terms "material information" and "nonpublic information" shall each have the meaning set forth in CFTC Regulation 1.59(a).

**Rule 209      Material Non-Public Information**

- (a) No member of the Board or of any Board committee, no member of any other committee of the Company, no officer of Tera, no employee of Tera and no consultant to Tera shall:
- (i) Trade for such person's own account, or for or on behalf of any other account, on the basis of any material, non-public information obtained through the performance of such person's official duties;

- (ii) Use or disclose, for any purpose other than the performance of such person's official duties, any material, non-public information obtained by such person as a result of such person's official duties, provided, however, that this Section shall not prohibit disclosures made by such person in the course of his or her official duties or disclosures made to the CFTC, any self-regulatory organization, a court of competent jurisdiction or any agency or department of the federal or state government; or
- (iii) Trade, directly or indirectly, in any Instrument traded on Tera; in any related commodity interest; or in any commodity interest traded on any DCM or SEF or cleared by any Clearing House if such person has access to material non-public information concerning such Instrument or commodity interest.

**Rule 210      Emergency Rules**

- (a) During an Emergency, the Board may implement temporary emergency procedures and rules ("Emergency Rules"), subject to the applicable provisions of the CEA and CFTC Regulations. Emergency Rules may require or authorize Tera, the Board, any committee of the Board, the President, or any other Officer to take any actions necessary or appropriate to respond to the Emergency, including, but not limited to, the following actions:
  - (i) Imposing or modifying position limits;
  - (ii) Imposing or modifying price limits;
  - (iii) Imposing or modifying intraday market restrictions;
  - (iv) Ordering the liquidation or transfer of open positions in any contract;
  - (v) Ordering the fixing of a settlement price;
  - (vi) Extending or shortening the expiration date or the trading hours;
  - (vii) Suspending or curtailing trading in any contract;
  - (viii) Transferring Participant contracts.
  - (ix) Altering any contract's settlement terms or conditions; or
  - (x) Providing for the carrying out of such actions through its agreements with its third-party provider of clearing or regulatory services.
- (b) Before any Emergency Rule may be adopted and enforced, a required vote of the Board must approve the implementation of such Emergency Rule at a duly convened meeting. Directors may attend such a meeting by teleconference. If the President determines that Emergency Rules must be implemented with respect to an Emergency before a meeting of the Board can reasonably be convened, then the President 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.
- (c) Whenever Tera, the Board, any committee of the Board, or the President takes actions necessary or appropriate to respond to an Emergency (including, without limitation, the actions set forth in paragraph (a) above), a duly authorized representative of Tera, where possible, will ensure that an announcement is posted

in a Notice to Participants. When the Board, any committee of the Board or the President determines that the Emergency is no longer in effect, permitting Tera to resume normal functioning, any such actions responding to an Emergency will be terminated.

- (d) Tera will use reasonable efforts to notify the CFTC prior to implementing, modifying or terminating an Emergency Rule. If such prior notification is not possible or practicable, Tera will notify the CFTC as soon as possible or reasonably practicable, but in all circumstances within twenty-four (24) hours of the implementation, modification or termination of such Emergency Rule.
- (e) Upon taking any action in response to an Emergency, Tera will document the decision-making process related to such action. Such documentation will be kept for at least five years following the date on which the Emergency ceases to exist or to affect Tera, and all such documentation will be provided to the CFTC upon request.

**Rule 211 Information-Sharing Agreements**

Tera shall enter into information-sharing agreements with other regulatory organizations, data repositories, and third-party data reporting services as required by the CFTC or as otherwise necessary and appropriate to fulfill its self-regulatory and reporting responsibilities.

**Rule 212 Regulatory Services Agreement with the Regulatory Services Provider**

Tera has contracted with the Regulatory Services Provider to provide certain regulatory services to Tera pursuant to a Regulatory Services Agreement. In accordance with the Regulatory Services Agreement, the Regulatory Services Provider may perform certain surveillance, investigative, and regulatory functions under the Tera Rules and Tera may provide information to the Regulatory Services Provider in connection with the performance by the Regulatory Services Provider of those functions. Tera shall retain ultimate decision-making authority with respect to any functions that are contracted to the Regulatory Services Provider.

**Rule 213 Prohibited Use of Data Collected for Regulatory Purposes**

Tera shall not use for business or marketing purposes any Proprietary Data that Tera collects or receives, from or on behalf of any Person, for the purpose of fulfilling its regulatory obligations; provided, however, that Tera may use such Proprietary Data for business or marketing purposes if the Person from whom it collects or receives such Proprietary Data clearly consents to Tera's use of such Proprietary Data in such manner. Tera shall not condition access to its markets or market services on a Person's consent to Tera's use of Proprietary Data for business or marketing purposes. Where necessary for regulatory purposes, Tera may share such Proprietary Data with the CFTC, the Regulatory Service Provider, one or more SEFs, DCMs or Derivatives Clearing Organizations registered with the CFTC pursuant to Rule 211.

## CHAPTER 3 PARTICIPANTS

### Rule 301 Eligibility Criteria for Becoming a Participant

- (a) To be eligible for admission as a Participant, an applicant must demonstrate to the satisfaction of Tera that it:
  - (i) Is an ECP;
  - (ii) Is of good reputation and business integrity;
  - (iii) Maintains adequate financial resources and credit;
  - (iv) Is validly organized, in good standing, and authorized by its governing body and, if relevant, documents of organization, to trade financial products of a type consistent with Instruments;
  - (v) Has not filed for bankruptcy;
  - (vi) Is not a SEF Official, agent or affiliate of Tera;
  - (vii) Holds all registrations required under Applicable Law, if any;
  - (viii) Is not subject to statutory disqualification under Section 8a(2) of the CEA; and
  - (ix) Satisfies any other criteria that Tera may require from a Participant.
- (b) Each Participant that is acting as agent for an Account Holder must cause such Account Holder to become a Participant and must provide Tera with all information necessary for Tera to establish Accounts for such Account Holder and provide Tera with written representations or proof of authority to place Orders and execute Trades on Tera on behalf of or in the name of such Account Holder.
- (c) Once admitted, the Participant shall continue to comply with all applicable eligibility criteria in this Rule 301.
- (d) Each Account Holder must be either a Clearing Firm of a Clearing House where the Clearable Instruments are cleared or have a clearing account with a Clearing Firm with respect to such Clearable Instrument and provide Tera with evidence of such relationship.
- (e) Each Executing Firm that is acting as agent for an Account Holder must ensure that each such Account Holder has established a clearing account with a Clearing Firm of the Clearing House accepting for clearance the Clearable Instruments traded on Tera.
- (f) Participants that do not have a relationship with a Clearing Firm as set forth in subsection (d) or (e) of this Rule 301 are prohibited from entering Orders on Tera.
- (g) Upon request of Tera, each Participant shall promptly provide to Tera or the Regulatory Services Provider such information about its Authorized Traders as Tera requests, including but not limited to, the names and dates of birth of such Authorized Traders.

### Rule 302 Authorized Traders

- (a) Each Participant shall designate one or more Authorized Traders, who will be

responsible for all SEF Activity conducted on behalf of the Participant.

- (b) Each Authorized Trader of a Participant:
  - (i) Must be a natural person;
  - (ii) Must satisfy any other requirements as may be prescribed by Tera from time to time.
  - (iii) Must have a Trader ID.
- (c) A Participant that authorizes a third party to trade for its Account on a discretionary basis pursuant to a power of attorney or other written delegation of authority must identify at least one specific natural person as its Authorized Trader with respect to such Account.
- (d) Without limiting the foregoing, each Authorized Trader will consent, in a form satisfactory to Tera, to abide by the Tera Rules and Applicable Law prior to accessing Tera, and each Participant will ensure on an ongoing basis that:
  - (i) None of its Authorized Traders is subject to a disqualification pursuant to any Applicable Law (unless an appropriate exemption has been obtained with respect thereto);
  - (ii) Each of its Authorized Traders will be technically proficient;
  - (iii) Each of its Authorized Traders will conduct its business in a fair and equitable manner; and
  - (iv) Each of its Authorized Traders will conduct its business in accordance with the Tera Rules.
- (e) By agreeing to become an Authorized Trader, an individual agrees to be bound by the duties and responsibilities of an Authorized Trader and to be subject to, and comply with, the Tera Rules and Obligations. Among other duties and responsibilities that Tera may impose, an Authorized Trader must ensure that any SEF Activity conducted under any Trader ID assigned to him or her complies with all Tera Rules and Obligations.
- (f) To nominate an Authorized Trader, a Participant must follow the procedures established by Tera. Tera may establish criteria that individuals must fulfill to become an Authorized Trader. Tera will not accept the registration as an Authorized Trader of any individual who is a SEF Official.
- (g) Tera will promptly notify a Participant in Writing of the approval of nominated Authorized Traders or if Tera declines to approve the nomination.
- (h) Tera may, in its sole discretion revoke or suspend the designation of an Authorized Trader and shall promptly notify the Participant in Writing of such action. Upon such request Tera will disable access of such Authorized Trader to Tera.
- (i) To request the termination of the designation of an Authorized Trader, the Participant or the Authorized Trader must notify Tera following the procedures established by Tera. Tera may, in its sole discretion, refuse to accept a request to terminate the registration of an Authorized Trader, or may postpone the effective date of the termination of registration if Tera considers it necessary for the

protection of Participants or in Tera's best interest. Based on the information provided to, and other information gathered by, Tera regarding the request to terminate the registration of an Authorized Trader, Tera will determine whether to

- (i) Accept the request to terminate the designation;
- (ii) Postpone the effective date of termination of the designation; and/or
- (iii) Impose any terms or conditions before or after the effective date of termination of the designation.

**Rule 303 Participant Application Process**

- (a) Any Person who desires to become a Participant shall:
  - (i) Submit a signed EULA;
  - (ii) Agree in Writing to abide by the Tera Rules and Applicable Law;
  - (iii) Provide such information and documentation as may be requested by Tera; and
  - (iv) Follow any other procedure established by Tera.

Additionally, any Participant organized or located outside of the United States may appoint a third party as agent for service of process pursuant to CFRC Regulation 15.05.

- (b) In considering an application from a potential Participant, Tera may require additional information from the applicant, or conduct an investigation to verify information submitted by the applicant, or both.
- (c) If Tera decides to admit an applicant as a Participant, it shall promptly notify the applicant and state in such notice the date on which the applicant shall become a Participant.
- (d) Tera may deny, condition, or terminate Participant status of any Person if:
  - (i) Such Person is unable to satisfactorily demonstrate its ability to satisfy the Eligibility Criteria as set forth in Rule 301(a) to become or remain a Participant;
  - (ii) Such Person is unable to satisfactorily demonstrate its capacity to adhere to all applicable Tera Rules;
  - (iii) Such Person would bring Tera into disrepute as determined by Tera in its sole discretion; or
  - (iv) For such other cause as Tera may reasonably determine.
- (e) If Tera decides to decline or condition an application for admission as a Participant, or terminate a Person's status as a Participant, Tera shall promptly notify such Person (the "Affected Person") thereof in a Writing sent to the address provided by the applicant or maintained in the Tera registry of Participants. Such Affected Person may, within seven (7) calendar days, request in Writing that Tera provide the reasons for the denial, conditioning or termination of Participant status. Within fourteen (14) calendar days after receiving such Written request, Tera shall send in Writing to the Affected Person the reasons for the denial, conditioning or termination. Within fourteen (14) calendar days of receiving

Tera's written response, the Affected Person may request in Writing that Tera reconsider its determination, and may provide any relevant representations or other information that such Affected Person believes to be relevant to the reconsideration.

**Rule 304      Limitations on Trading Privileges**

Tera may at any time revoke, suspend, limit, condition, restrict or qualify the Trading Privileges of any Participant with or without notice to such Participant if, in the sole discretion of Tera, such action is in the best interest of Tera.

**Rule 305      Assessments and Fees**

Tera shall set the times and amounts of any assessments or fees to be paid by Participants, which assessments or fees shall be paid to Tera when due. Such fees and assessments shall be applied consistently to Participants with similar Trading Privileges, rights, and Obligations under relevant documentation, governing their relationship with and access to Tera. If a Participant fails to pay when due any such assessments or fees levied on such Participant, and such payment obligation remains unsatisfied for thirty days after its due date, Tera may suspend, revoke, limit, condition, restrict or qualify the Trading Privileges of such Participant as it deems necessary or appropriate.

**Rule 306      Authorized Representatives**

Each Participant shall designate one or more Authorized Representatives who will represent the Participant before Tera and its committees and receive notices on behalf of the Participant. The Authorized Representative shall be empowered by the Participant to act on its behalf and Tera shall be entitled to rely on the actions of the Authorized Representative as binding on the Participant. Each Participant must provide Tera with current contact and other requested information for each of its Authorized Representatives so that Tera is able to immediately contact the Authorized Representatives.

**Rule 307      Recording of Communications**

Tera may record conversations and retain copies of electronic communications between SEF Officials, on the one hand, and Participants, on the other hand. Any such recordings may be retained by Tera or the Regulatory Services Provider in such manner and for such periods of time as Tera may deem necessary or appropriate and as necessary to comply with any applicable CFTC Regulations.

**Rule 308      Notices to Participants**

Tera shall publish a Notice to Participants with respect to each addition to, modification of, or clarification of, the Tera Rules or of any action to implement any Tera Rules, in a form and manner that is reasonably designed to enable each Participant to become aware of and familiar with, and to implement any necessary preparatory measures to be taken by it with respect to, such addition or modification, prior to the effective date thereof. For purposes of publication in accordance with the first sentence of this Rule 308, it shall be sufficient (without limiting the discretion of Tera as to any other reasonable means of



communication) if a Notice to Participants is published on Tera's website. Any Notice to Participants shall also be deemed to have been made to all Authorized Traders, agents, advisors, managers and Supervised Persons of such Participants.

**Rule 309      Communications between Tera and Participants**

Each Participant must provide Tera with its current electronic mail address and telephone number and the electronic mail address and telephone number of any of its Authorized Traders and immediately (and in any event within 24 hours) update this information whenever it changes. All communications between Tera and the Participant will be transmitted by electronic mail and/or posted on Tera's website, except as otherwise specified by Tera. The Participant shall be responsible for conveying such communications to its Authorized Traders, Account Holders on behalf of who they act, if any, and/or to any agents, advisors, or managers. Each Participant will be responsible for promptly reviewing and, if necessary, responding to all electronic communications from Tera to the Participant or any of its Account Holders, Authorized Traders, its other Supervised Persons, any Participants acting as agents, or any Person to whom it has given Trader ID(s). All communications made to a Participant shall also be deemed to have been made to all Account Holders, Authorized Traders and Supervised Persons, and agents of such Participant.

**Rule 310      Application of Tera Rules and Jurisdiction**

- (a) By becoming a Participant or by accessing, or entering any Order or submitting any Instrument into Tera, and without any need for any further action, undertaking or agreement, a Participant, its Account Holders, Authorized Traders, Supervised Persons, and any Participants acting as agents agrees to:
  - (i) Be bound by, and comply with, the Tera Rules and obligations, the Clearing House Rules, Instrument Specifications and Applicable Law, in each case to the extent applicable to it;
  - (ii) Become subject to the jurisdiction of Tera with respect to any and all matters arising from, related to, or in connection with, the status, actions or omissions of such Person; and
  - (iii) Assist Tera in complying with its legal and regulatory obligations;
  - (iv) Cooperate with Tera, its agents, the Regulatory Service Provider, and the CFTC in any inquiry, investigation, audit, examination or proceeding; and
  - (v) Authorize Tera to provide information regarding such Participant, its Account Holders, Authorized Traders, Supervised Persons, and any Participants acting as agents to the Regulatory Services Provider, the CFTC or any Self-Regulatory Organization.
- (b) Any Participant whose Trading Privileges are revoked or terminated shall remain bound by the Tera Rules and Applicable Law, in each case to the extent applicable to it, and subject to the jurisdiction of Tera with respect to any and all matters arising from, related to, or in connection with, the status, actions or omissions of such Participant prior to such revocation or termination.
- (c) Any Participant that is suspended for any period remains subject to the Tera

Rules, the Obligations and Tera's jurisdiction throughout the period of suspension. After termination or revocation of the designation of a Participant, the Participant remains subject to the Tera Rules, the Obligations and the jurisdiction of Tera for acts done and omissions made while registered or acting as an Participant. Any SEF Proceeding relating to a Participant shall occur as if the Participant were still registered or acting as such.

**Rule 311 Compliance with the Commodity Exchange Act**

All Participants shall comply with the provisions of the CEA and the rules and regulations duly issued pursuant thereto by the CFTC, including but not limited to the filing of reports, maintenance of books and records, and permitting inspection and visitation by duly authorized representatives of the CFTC or Department of Justice.

**Rule 312 Description of Participants' Status**

A Participant shall ensure that the form, content and context of any description of the Participant's status on Tera is not inconsistent with, and does not misrepresent, the Participant's capacity on Tera under the Tera Rules or the Participant's registration, if any, under the CEA, or under any other Applicable Law.

**Rule 313 Designated Categories of Participants**

- (a) Floor Broker means a Participant who executes Transactions for another Participant and has registered with the CFTC as a Floor Broker.
- (b) Floor Trader means a Participant that executes Transactions for its own Account and has registered with the CFTC as a Floor Trader.
- (c) Market Maker means a Participant who, pursuant to a market making agreement with Tera, agrees to abide by the conditions of its market making agreement on Tera.

**Rule 314 Dissolution of Participants**

All rights and privileges of a Participant terminate upon, and all obligations of a Participant shall survive the dissolution of the Participant.

**Rule 315 Withdrawal of Participants**

- (a) To withdraw from Tera, a Participant must notify Tera following the procedures established by Tera.
- (b) Tera may, in its reasonable discretion, refuse to accept a Participant's withdrawal request or may postpone the effective date of withdrawal of a Participant if Tera considers it necessary for the protection of other Participants or otherwise in the interests of Tera.
- (c) Based on the information provided to, and other information gathered by, Tera regarding a Participant's withdrawal request, Tera will determine whether to
  - (i) Accept the withdrawal request of the Participant;
  - (ii) Postpone the effective date of the Participant's withdrawal; and/or
  - (iii) Impose any terms or conditions before or after the effective date of

withdrawal of the Participant.

- (d) If Tera refuses to accept a Participant's withdrawal request or postpones the effective date of withdrawal of a Participant, Tera in its sole discretion may waive the Participant's obligation to pay some or all of the fees, costs and charges that Tera would have imposed during the period after the date on which the Participant's requested withdrawal would have otherwise taken effect.
- (e) When Tera accepts the withdrawal of a Participant, all rights and privileges of such Participant terminate (including, without limitation, the Trading Privileges). The accepted withdrawal of a Participant shall not affect the rights of Tera under the Tera Rules or relieve the former Participant of such Participant's obligations under the Tera Rules before such withdrawal. Notwithstanding the accepted withdrawal of a Participant, the withdrawn Participant remains subject to the Tera Rules, the Obligations and the jurisdiction of Tera for acts done and omissions made while a Participant, and must cooperate in any SEF Proceeding under Chapter 6 as if the withdrawn Participant were still a Participant.

## **CHAPTER 4 OBLIGATIONS OF PARTICIPANTS**

### **Rule 401 Information to be Provided by Participants**

Each Participant shall provide such information as may be requested by Tera from time to time, including but not limited to, such information as may be requested during the Participant onboarding process. Such information shall include but not be limited to the following:

- (a) Legal Entity name;
- (b) Legal Entity Identifier, if available;
- (c) An indication of whether the Participant or Account Holder is a Swap Dealer;
- (d) An indication of whether the Participant or Account Holder is a Major Swap Participant with respect to the Instrument with respect to which the Order is placed;
- (e) An indication of whether the Participant or Account Holder is a Financial Entity;
- (f) An indication of whether the Participant or Account Holder is a U.S. person;
- (g) If Participant or Account Holder is not a U.S. person, the name and contact information for an agent for service of process; and
- (h) For individuals identified as Authorized Traders, name, date of birth, and regulatory registration number, if applicable.

### **Rule 402 Duties and Responsibilities of Participants**

Each Participant, on behalf of itself and any other Participants for which Participant may act as agent, shall

- (a) Ensure that Tera's facilities are used in a responsible manner and are not used for any improper purpose;
- (b) Ensure that Tera's facilities are used to only conduct SEF Activity;

- (c) Ensure that all SEF Activity conducted by the Participant, its agents, Account Holders, Authorized Traders and Supervised Persons is performed in a manner consistent with the Tera Rules and their respective Obligations;
- (d) Comply with all Tera Rules and Obligations and act in a manner consistent with each Tera Rule and Obligation;
- (e) Observe high standards of integrity, market conduct, commercial honor, fair dealing, and just and equitable principles of trade while conducting or attempting to conduct any SEF Activity, or any aspect of any business connected with or concerning Tera;
- (f) Not knowingly mislead or conceal any material fact or matter in any dealings or filings with Tera or in response to any SEF Proceeding;
- (g) Keep all Authorized Trader's Trader IDs, account numbers and passwords confidential;
- (h) Be fully liable for all trading losses, Orders and Transactions in Instruments effected by or on behalf of Participant in any Account for which Participant is the Account Holder;
- (i) Be responsible for promptly informing Tera of any material changes to Eligibility Criteria information provided to Tera by the Participant; and
- (j) Keep, or cause to be kept, complete and accurate books and records, including, without limitation, all books and records required to be maintained pursuant to the CEA, the CFTC Regulations or the Tera Rules, for at least five (5) years after the termination of the Instrument and required to be readily accessible during the first two (2) years of the five-year period, and make such books and records available for inspection by any representative of Tera, the NFA, the CFTC or other relevant regulatory or governmental body.

**Rule 403 Representations and Required Disclosures to Tera**

At the time of each use of Tera, each Participant shall be deemed to represent to Tera that it is an ECP, and that none of the events listed below has occurred with respect to Participant, and each Participant shall immediately notify the Compliance Department upon becoming aware that any of the following events has occurred:

- (a) Any material change to the contact information provided to Tera by the Participant;
- (b) Any damage to, or failure or inadequacy of, the systems, facilities or equipment of the Participant needed to effect Transactions pursuant to the Tera Rules or to timely perform the Participant's financial obligations under or in connection with Instruments;
- (c) Any refusal of admission to, or withdrawal by the Participant of any application for membership in, any Self-Regulatory Organization, SEF, DCM, or Derivatives Clearing Organization;
- (d) Any expulsion, suspension or fine in excess of \$5,000 (whether through an

adverse determination, voluntary settlement or otherwise) imposed on the Participant by any Self-Regulatory Organization, SEF, DCM, Derivatives Clearing Organization or relevant regulatory or governmental body;

- (e) Any denial or withdrawal of any application for any registration or license by or from any Governmental Agency, and any revocation, suspension or conditioning of any registration or license granted by any regulatory or governmental body;
- (f) The commencement of any judicial, administrative, or regulatory proceeding or investigation involving the Participant, or the imposition of any fine, cease and desist order, denial of trading privileges, censure or other sanction or remedy (whether through an adverse determination, voluntary settlement or otherwise) imposed by any relevant regulatory or governmental body;
- (g) Any indictment or conviction of, or any confession of guilt or plea of guilty or *nolo contendere* by any principals or senior officers of the Participant or Account Holders or Supervised Persons for any felony or misdemeanor involving, arising from, or related to, the purchase or sale of any commodity, futures contract, Instrument, option, security, securities futures product or other financial instrument, or involving or arising from fraud or moral turpitude;
- (h) The existence of any circumstances that would disqualify the Participant from registration with the CFTC;
- (i) Any judgments, liens, or other encumbrances filed against the Participant;
- (j) The Participant's or a 10% or greater owner of the Participant becoming the subject of a petition for bankruptcy;
- (k) The appointment of a receiver, trustee or administrator for the Participant or a 10% or greater owner of the Participant;
- (l) The presentment of a petition, or the passing of a resolution, for the Participant's or a 10% or greater owner of the Participant winding-up;
- (m) The commencement of proceedings for the Participant's or the 10% or greater owner's of the Participant dissolution; or
- (n) The occurrence of an event of insolvency with respect to the Participant or the 10% or greater owner of the Participant.

**Rule 404      Inspections by Tera**

- (a) Tera (or the Regulatory Services Provider or other authorized representatives), shall have the right with such prior reasonable advance notice as is practicable under the circumstances, in connection with determining whether all Tera Rules and Obligations are being, will be, or have been complied with by the Participant, to:
  - (i) Inspect systems, equipment and software of any kind operated by the Participant in connection with SEF Activity, wherever located;
  - (ii) Access, either physically or electronically, the systems, equipment, software, and the premises on which the systems, equipment, and software are located, any data stored in any of the systems or

equipment, during the regular business hours and the Trading Hours of Tera, without prior notice to Participants; and/or

- (b) Each Participant and Supervised Person shall provide the Regulatory Services Provider with the same access to their books and records and offices as they are required to provide to Tera under the Tera Rules and Applicable Law.
- (c) The Compliance Department may require a Participant to furnish (periodically or on a particular occasion) information concerning the Participant's SEF Activity or open trading positions, Instruments to which the Participant is a party, or any other information related to the Participant's SEF Activity.

**Rule 405 Mandatory Use of TeraCheck for Pre-Trade Credit Checks**

- (a) All Participants shall establish prudent risk parameters in the TeraCheck pre-trade risk system for all Orders entered into Tera. Participants shall monitor and at all times maintain their credit parameters in TeraCheck to ensure consistency with any of Participant's applicable internal risk policies and procedures.
- (b) Tera reserves the right to suspend or terminate any Participant's access to Tera at any time in the event that Participant fails to establish reasonably prudent risk parameters for its Orders in TeraCheck, as determined by Tera in its sole discretion.

**Rule 406 Minimum Financial and Related Reporting Requirements**

Each Participant that is registered with any Self-Regulatory Organization shall comply with the provisions of Applicable Law relating to minimum financial and related reporting and recordkeeping requirements. A copy of any notice or Written report that a Participant is required to file with the CFTC regarding the financial condition of a Participant, including, but not limited to, any report pursuant to CFTC Regulation 1.12, shall be concurrently provided to Tera. A Participant that violates the aforementioned CFTC Regulation shall be deemed to have violated this Rule 406.

**Rule 407 Confidentiality of Financial and Other Information**

All information and data obtained or received by the Compliance Department from inspections of accounting and other records, quarterly balance sheets and declarations or reports on financial condition will be treated as confidential by Tera; however, this Rule does not supplant Rule 210 (Emergency Rules) and the Rules in Chapter 8 (Disciplinary Rules), or any other requirement of legal process or law.

**Rule 408 Authority to Impose Restrictions**

Whenever a Participant is subject to the early warning requirements set forth in the CFTC Regulations, including, but not limited to, CFTC Regulation 1.12, the President, or his or her designee, may impose such conditions or restrictions on the business and operations of such Participant as the President, or his or her designee, may deem necessary or appropriate for the protection of Account Holders, other Participants or Tera.

**Rule 409 Participants Accessing Tera on Behalf Others**

- (a) No Participant shall enter an Order or otherwise access Tera on behalf of a legally distinct Account Holder unless the Participant has entered into a Written agreement with such Account Holder containing such terms as may from time to time be prescribed in the Tera Rules.
- (b) Without prejudice to the generality of paragraph (a) of this Rule 409, each such Written agreement must:
  - (i) Contain a representation from Account Holder that Account Holder is an ECP;
  - (ii) Require Account Holder to consent to the jurisdiction of Tera;
  - (iii) In relation to any business done with Account Holder, enable the Participant to comply with all requirements of the Tera Rules and any other arrangements, provisions and directions given by Tera; and
  - (iv) Obligate Account Holder to provide Tera and its agents, including its Regulatory Service Provider, access to all books and records, staff and other information necessary for monitoring and enforcement of Tera Rules.

**Rule 410 Verification of ECP Status**

Any Participant that is acting on behalf of a legally distinct Account Holder must verify the status of such Account Holders as an ECP.

**Rule 411 Disclosure Requirements**

Each Participant must comply with all disclosure requirements set forth in applicable CFTC Regulations and Regulatory Service Provider rules and regulations and any additional disclosure requirements imposed by the Tera Rules.

**Rule 412 Information Regarding Orders**

Tera may make information regarding Orders (including prices), Trades and any other matters it may deem appropriate available to Participants and other Persons at such times and in such manner (whether through Tera, a ticker, financial information services or otherwise) as it may consider necessary or advisable from time to time. Tera has a proprietary interest in such information. Each Participant or other Person receiving any such information through Tera may not redistribute such information unless Tera agrees to such action in Writing.

**Rule 413 Responsibility for Mandatory Trading**

Each Participant that is a Swap Dealer or Major Swap Participant shall be responsible for compliance with the mandatory trading requirement under Section 2(h)(8) of the CEA for any Instrument or Transaction subject to such mandatory trading requirement.

**CHAPTER 5 TRADING PRACTICES AND BUSINESS CONDUCT**

**Rule 501 Scope**

This Chapter 5 prescribes rules concerning trading practices and business conduct

on Tera and applies to all Orders and Trades in Instruments as defined in Chapter 1.

**Rule 502 Procedures**

- (a) With respect to trading on or through Tera or subject to Tera Rules, Tera may adopt, without limitation, procedures relating to Transactions in Instruments and trading on Tera or subject to Tera Rules, including procedures to:
- (i) Disseminate the prices of bids and offers on, and Trades in, Instruments;
  - (ii) Record, and account for, Instruments and SEF Activity and regulate administrative matters affecting Instruments and SEF Activity;
  - (iii) Establish limits on the number and/or size of Orders that may be submitted by a Participant through Tera or subject to Tera Rules;
  - (iv) Establish limits on the quantity of Instruments that may be held by a Participant;
  - (v) Establish a limit on the maximum daily price fluctuations for any Instrument and provide for any related restriction or suspension of trading in the Instrument;
  - (vi) Establish minimum price quoting increments for each Instrument; and
  - (vii) Require a suspended or expelled Participant, or a Participant with restricted trading rights, to have Instruments executed for the Participant to reduce or eliminate any open position or exposure to future price changes for the Participants in any Instrument.
- (b) Tera may, in its discretion and at any time, amend any procedures adopted pursuant to Rule 502(a), and will publish the amendments in a Notice to Participants or in any other manner determined appropriate by Tera.

**Rule 503 Business Days and Trading Hours**

Except as provided in Rule 210 with respect to Emergencies, Tera shall determine and publish a Notice to Participants listing the Business Days of Tera and the Trading Hours for each Instrument.

**Rule 504 Supervision**

A Participant shall be responsible for establishing, maintaining and administering reasonable supervisory procedures to ensure that any Authorized Traders acting on its behalf comply with Applicable Law and the Tera Rules, and such Participant may be held accountable for the actions of such Authorized Traders acting on its behalf.

**Rule 505 Mishandling of Customer Orders**

Any Participant that mishandles any Order is responsible for all remedial actions with respect to such Order.

**Rule 506 Price-Time Priority in Order Book**

All Orders entered into Tera shall be executed based on price-time priority according to the algorithmic methodology in place for the relevant order type as



described in the Rules and any published procedures.

**Rule 507 Order Entry**

- (a) Each Participant entering an Order with respect to any Instrument traded on Tera must provide, without limitation:
  - (i) Account;
  - (ii) Instrument;
  - (iii) Price; and
  - (iv) Quantity.
- (b) All Orders in connection with Required Transactions shall be entered into the Order Book.
- (c) Orders in connection with Permitted Transactions may be entered into the Order Book or submitted for execution through other protocols made available by Tera from time to time in a Notice to Participants.

**Rule 508 Position Accountability**

- (a) Tera may establish a position accountability level for any Instrument pursuant to CFTC regulation 37.600(a). Any such accountability level shall be published in a Notice to Participants. A Participant who holds or controls aggregate positions exceeding those specified in such notice shall when so ordered by the Tera:
  - (i) Provide in a timely manner all applicable information regarding the nature of the position, trading strategy, and hedging information;
  - (ii) Refrain from increasing the position that exceed the levels specified in the Position Accountability column in the table below; and
  - (iii) Liquidate such positions in a timely and orderly manner.
- (b) For purposes of this Rule, all positions in accounts for which a Person, by power of attorney or otherwise, directly or indirectly controls trading shall be included with the positions held by such Person. The provisions of this Rule shall apply to positions held by two or more Persons acting pursuant to an expressed or implied agreement or understanding, as if the positions were held by a single Person.

**Rule 509 Order Types**

Orders shall be placed on Tera in one of the forms described below. Participants shall use appropriate symbols or indicators as specified in applicable Tera procedures from time to time. Execution of certain Order types shall occur as described below.

- (a) Limit Order
- (b) Market Order
- (c) Directed Order
  - (i) A Directed Order operates as a Request for Quote (“RFQ”) in conjunction with the Tera Order Book, during the system’s standard trading session.

This order type is comprised of a Limit Order combined with RFQ functionality.

- (ii) When placing a Directed Order, the Participant simultaneously and anonymously enters:
  - (1) A Limit Order into the Order Book, and
  - (2) A conditional automated RFQ for the amount of the Order that remains unfilled after the Limit Order is matched with all bids or offers resting in the Order Book at or better than the limit price.
- (iii) Following the execution of all resting bids and offers in the Order Book that match the Limit Order, an RFQ for the unfilled portion of the Directed Order at or better than the Limit Order price is sent automatically to the Market Maker(s) that the RFQ requestor has pre-selected to receive the RFQ.
  - (1) For Required Transactions, the RFQ for the unfilled portion of the Order must be sent to two or more responders; *provided, however*, after October 2, 2014, the RFQ must be sent to three or more responders.
  - (2) For Permitted Transactions, the RFQ must be sent to one or more responders.
  - (3) The responding Market Makers that the requestor pre-selects may not be affiliated with or controlled by the requesting Participant or each other.
- (d) Variable Liquidity Order
  - (i) Market Makers respond to RFQ components of Directed Orders by entering into the Tera System pre-designated responses through the entry of Variable Liquidity Orders (“VL Orders”). VL Orders constitute an automated response to the RFQ component of Directed Orders operated in conjunction with the Order Book. The VL Order type is available only to Market Makers, and is comprised of both a Limit Order displayed in the Order Book combined with an undisplayed response to an RFQ if received from pre-specified Directed Order RFQ requestors.
  - (ii) When placing a VL Order, the Market Maker simultaneously and anonymously enters:
    - (1) A displayed Limit Order; and
    - (2) One or more undisplayed, pre-defined responses to potential RFQs from pre-specified Participants which may be triggered by such Participants’ Directed Orders. Each VL Order response specifies the size of the offer or bid that will be sent at the Limit Order price in response to an RFQ for variable liquidity sent in connection with a Directed Order.
  - (iii) A Market Maker may withdraw or alter any resting VL Orders at any time prior to execution with the same effect on price/time priority as alterations

to any resting Order in the Order Book.

- (e) Execution of RFQs sent via Directed Order
  - (i) Transactions responding to a RFQ via a Directed Order are executed automatically by Tera:
    - (1) Anonymously;
    - (2) In price/time priority of the responding bids or offers at or better than the Directed Order price until the requesting RFQ is filled; and
    - (3) Any unfilled portion of the Directed Order, once all responding Market Maker VL Orders have been filled, is cancelled.
  - (ii) Upon execution, the prices and quantities of Transactions resulting from Directed Orders will be reported by Tera.

**Rule 510 Bunched Orders and Orders Eligible for Post-Execution Allocation**

- (a) Only the following categories of Participants may place a Bunched Order on Tera or that is subject to Tera Rules:
  - (i) A commodity trading advisor registered with the CFTC pursuant to the CEA or excluded or exempt from registration under the CEA or CFTC Regulations, except for entities exempt under CFTC Regulation 4.14(a)(3);
  - (ii) An investment adviser registered with the SEC pursuant to the Investment Advisers Act of 1940 or with a state pursuant to applicable state law or excluded or exempt from registration under the Investment Advisers Act of 1940 or applicable state law or rule;
  - (iii) A bank, insurance company, trust company, or savings and loan association subject to federal or state regulation;
  - (iv) A foreign adviser that exercises discretionary trading authority solely over the accounts of non-U.S. persons, as defined in CFTC Regulation 4.7(a)(1)(iv);
  - (v) A Futures Commission Merchant registered with the CFTC pursuant to the CEA; or
  - (vi) An introducing broker registered with the CFTC pursuant to the CEA.
- (b) Bunched Orders must be allocated and recorded in accordance with applicable CFTC Regulations and NFA Interpretative Notices.

**Rule 511 Orders Entered Prior to SEF Opening**

Orders entered into the Tera System prior to the opening of Trading Hours shall be entered pursuant to procedures established by Tera from time to time in a Notice to Participants.

**Rule 512 Identification of Authorized Traders**

Each Authorized Trader shall be identified to Tera, in the manner prescribed by Tera, and shall be subject to Tera Rules. It is the duty of the Participant to ensure that Authorized Trader (and Trader ID) registration, as applicable, is current and

accurate at all times. Each individual must use a Trader ID to access Tera. In no event may a Person enter an Order or permit the entry of an Order by an individual using a Trader ID other than the individual's own Trader ID.

**Rule 513      Block Trades**

- (a) Each Order underlying a Block Trade must:
  - (i) Be for at least such minimum number of Instruments as may from time to time be specified by CFTC Regulations, and
  - (ii) Comply with any other applicable CFTC Regulations governing Block Trades.
- (b) Block Trades must be executed using the Tera System in a manner prescribed from time to time by Tera.
- (c) Tera will report each Block Trade as required by Part 43 and Part 45 of the CFTC Regulations. A Participant that executes a Bunched Order as a Block Trade must provide Tera with the allocation information as soon as practicable.
- (d) Block Trade prices will not trigger unexecuted Orders in the Order Book.
- (e) Participants are not permitted to aggregate Orders across multiple Accounts or multiple Participants in order to meet any applicable minimum size for a Block Trade, except in compliance with CFTC Rule 43.6.
- (f) It shall be an offense to enter a Block Trade under this rule in violation of these requirements.

**Rule 514      Risk Controls**

- (a) Tera may, in its sole discretion, reject any Order.
- (b) Tera shall have the right to take any action to reduce the potential of market disruption, including, but not limited to, market restrictions that pause or halt trading in market conditions prescribed by Tera if such action is in the best interest of the Instrument markets.
- (c) If an Instrument is fungible with, linked to or a substitute for a financial instrument trading on another trading venue, including any trading venue regulated by the SEC (a "Linked Instrument"), and such other trading venue has placed risk controls on such financial instrument, Tera shall have the right to place similar risk controls on the Linked Instrument.

**Rule 515      Use of Trading Privileges**

No Participant may use its Trading Privileges or access Tera in any way that could be expected to bring disrepute upon such Participant or Tera.

**Rule 516      Priority of Customers' Orders**

No Participant shall enter an Order into Tera for its own Account, an Account in which he has a direct or indirect financial interest or an account over which he has discretionary trading authority, including, without limitation, an Order allowing discretion as to time and price, when such Participant is in possession of any Order from another Participant that Tera is capable of accepting.

**Rule 517 Adherence to Law**

No Participant shall engage in conduct in violation of Applicable Law and the Tera Rules.

**Rule 518 Rule Violations**

- (a) It shall be an offense for a Participant to violate any Tera Rule regulating the conduct or business of a Participant, or any agreement made with Tera, or to engage in fraud, dishonorable or dishonest conduct, or in conduct which is inconsistent with just and equitable principles of trade.
- (b) Participants shall assist Tera in any investigation into potential violations of the Tera Rules or the CEA. Such assistance must be timely and may include, but not be limited to, requiring any Participant to produce documents, to answer questions from Tera or its designee, and/or to appear in connection with an investigation.
- (c) If a Participant has actual or constructive notice of a violation of Tera Rules in connection with the use of Tera by a Participant and the Participant fails to take appropriate action, the Participant may be found to have committed an act detrimental to the interest or welfare of Tera.

**Rule 519 Fraudulent Acts Prohibited**

No Participant shall engage in any fraudulent act or engage in any scheme to defraud, deceive, trick or mislead in connection with or related to any SEF Activity. Specifically, no Participant shall engage in front running, fraudulent trading, money passes, trading ahead of Account Holders, or accommodation trading.

**Rule 520 Fictitious, Wash or Non-Competitive Transactions Prohibited**

- (a) No Participant shall create fictitious transactions or wash transactions or execute any such Order with knowledge of its nature. No Participant shall place or accept Orders in the same Instrument where the Participant knows or reasonably should know that the purpose of the Orders is to avoid taking a bona fide market position exposed to market risk (transactions commonly known or referred to as wash sales). Orders for different accounts with common beneficial ownership that are entered with the intent to negate market risk or price competition shall also be deemed to violate the prohibition on wash trades. Additionally, no Participant shall knowingly execute or accommodate the execution of such Orders by direct or indirect means.
- (b) No Participant shall engage in a non-competitive transaction except with respect to Block Trades affected pursuant to Rule 513.

**Rule 521 Market Disruption Prohibited**

The following are prohibited:

- (a) Violating Bids and Offers
  - No Participant, via the Order Book, shall buy or attempt to buy an Instrument on Tera at a price that is higher than the lowest available price offered for such Instrument or sell an Instrument on Tera at a price that is

lower than the highest available price bid for such Instrument.

(b) Orderly Execution of Transactions during the Closing Period

No Participant shall engage in any conduct that demonstrates reckless or intentional disregard for the orderly execution of transactions during the Closing Period, including, but not limited to, conduct commonly known as “banging” or “marking” the close.

(c) Spoofing

No Participant shall intentionally engage in any conduct that is, is the character of, or is commonly known to the trade as “spoofing,” including, but not limited to:

- (i) Bidding and offering with the intent to cancel the bid or offer before execution;
- (ii) Submitting or cancelling bids or offers to overload the quotation system;
- (iii) Submitting or cancelling bids or offers to delay another Participants’ execution of Transactions;
- (iv) Submitting or cancelling multiple bids or offers to create an appearance of false market depth; and
- (v) Submitting or cancelling bids or offers with intent to create artificial price movements upwards or downwards.

**Rule 522 Market Manipulation Prohibited**

No Participant shall intentionally engage in any conduct that manipulates or attempts to manipulate the market in any Instrument.

**Rule 523 Misstatements Prohibited**

It shall be an offense to make any knowing misstatement of a material fact to Tera, any SEF Official, any Board committee or SEF panel, the Compliance Department and/or agents of Tera (including the Regulatory Services Provider) or any Participant.

**Rule 524 Acts Detrimental to Welfare of Tera Prohibited**

It shall be an offense to engage in any act that is detrimental to the interest or welfare of Tera.

**Rule 525 Misuse of Tera Prohibited**

Misuse of Tera is strictly prohibited. It shall be deemed an act detrimental to the interest and welfare of Tera to willfully or negligently engage in unauthorized use of Tera, to assist any Person in obtaining unauthorized access to Tera, to trade on Tera without an agreement and an established account with a Derivatives Clearing Organization or a Clearing Firm, to alter the equipment associated with Tera, to interfere with the operation of Tera, to intercept or interfere with information provided thereby, or in any way to use Tera in a manner contrary to the Tera Rules.

**Rule 526 Withholding Orders Prohibited**

- (a) Any Participant entering Orders on Tera for any legally distinct Account Holders shall not withhold or withdraw from the market any Order, or any part of an Order, for the benefit of any Person other than such Account Holders.
- (b) A Participant must enter immediately into Tera all Orders received from any legally distinct Account Holders that are executable immediately. If a Participant cannot immediately enter into Tera an Order received from such legally distinct Account Holder, the Participant must enter the Order into Tera as soon as practicable, and must immediately create an electronic record as provided in Rule 507(a).

**Rule 527 Trading Against or Crossing Orders Prohibited**

- (a) No Participant in possession of any legally distinct Account Holder's Order shall knowingly take, directly or indirectly, the opposite side of such Order for its own account, an account in which it has a direct or indirect financial interest, or an account over which it has discretionary trading authority.
- (b) No Participant in possession of Orders from more than one legally distinct Account Holder shall knowingly cause such Orders to execute against one another on Tera.
- (c) The foregoing restriction shall not apply to Transactions executed pursuant to Rule 513 (Block Trades) or to Orders:
  - (i) That have been entered immediately upon receipt and exposed on the Order Book for a minimum of 15 seconds, or
  - (ii) From Account Holders who have consented in Writing within the preceding 12 months to waive the application of this Rule 527 and the executing Participant has notified the Account Holder in Writing of Participant's intent to take the opposite side of such Order.

**Rule 528 Disclosing Orders Prohibited**

No Person shall disclose another Person's Order except to a designated SEF Official or the CFTC, and no Person shall solicit or induce another Person to disclose Order information. No Person shall take action or direct another to take action based on non-public Order information, however acquired.

**CHAPTER 6 CLEARING**

**Rule 601 Mandatory Clearing**

All Transactions entered into Tera or subject to Tera rules shall be cleared through a Clearing House in accordance with applicable Clearing House Rules and in conformity with the CEA, CFTC Regulations and the Rules specifically provided in this Chapter 6.

**Rule 602 Clearing Accounts**

For each Transaction a Participant expects to enter into Tera or subject to Tera Rules, the Participant or an Account Holder of the Participant must establish a

clearing account with the Clearing House or with a Clearing Firm that is a member of the Clearing House, in each case, designated in the Instrument Specification for such Clearable Instrument.

**Rule 603 Clearing House Rules**

- (a) The clearing services provided by a Clearing House with respect to any Contract, and the rights and obligations of purchasers and sellers under cleared Contracts (including rights and obligations in respect of clearing and settlement, variation payments and performance at maturity), shall be governed by the Clearing House Rules of such Clearing House.
- (b) The Clearing House Rules shall prevail in the event of any conflict or inconsistency between these Rules and such Clearing House Rules with respect to any responsibilities or obligations of a Clearing Firm under such Clearing House Rules. Each Clearing Firm is bound by the Clearing House Rules of any Clearing House of which such Clearing Firm is a member.

**Rule 604 Other Clearing Organizations**

Each Clearing Firm must be a member of at least one Clearing House at all times. Tera may designate an additional clearing organization as a Clearing House from time to time. Whenever Tera designates a new Clearing House, a Clearing Firm may become a member of such Clearing House and clear Instruments through the Clearing House

**Rule 605 Clearing Fees**

Clearing fees shall be assessed against a Clearing Firm for each side of a transaction traded on, cleared by or processed through a Clearing House as such Clearing House may from time to time prescribe. Such clearing fees may be incorporated into the exchange fees assessed pursuant to Rule 305 as disclosed by Tera.

**Rule 606 Clearing and Finality**

- (a) Tera does not guarantee that orders executed on Tera and submitted for clearing will actually be cleared or otherwise result in completed and binding Transactions. Participants acknowledge through their use of Tera that
  - (i) Orders entered into Tera are intended to result in binding Transactions once accepted for clearing;
  - (ii) All obligations under such Transactions shall be enforceable against Participant solely by the relevant Clearing Firm and/or Clearing House;
  - (iii) The finality and binding status of any Transaction resulting from an Order executed on Tera shall be determined by reference to the relevant Clearing Firm documentation and Clearing House Rules; and
  - (iv) Tera is not a party to any cleared Transaction.
- (b) In the event that an Order is executed on Tera and submitted to the relevant Clearing House for clearing but subsequently rejected by the relevant Clearing Firm or Clearing House, Tera shall indicate such rejection as promptly as



practicable on Tera and such executed order shall be of no further force or effect. For the avoidance of doubt, at no time shall the submission by a Participant of an Order into Tera, or the execution of such order against another order on Tera, result in any transaction-specific performance obligations directly between the Participant and

- (i) Any other Participant that has entered an order into Tera, including any order that is executed and sent for clearing contemporaneously with the first Participant's order; or
- (ii) Tera, other than the payment of associated fees in connection with cleared Transactions.

## **CHAPTER 7 RECORDKEEPING AND REPORTING**

### **Rule 701 Records to be Maintained by Clearing Firms**

- (a) A Participant acting as an Clearing Firm is responsible for maintaining or causing to be maintained records for all Orders, including Order entry, modification, cancellation and responses to such messages (referred to as the "Records"), entered into Tera. The Records must be maintained for a minimum of five years after the termination of the Instrument and be readily accessible during the first two (2) years of the five-year period, and Participants must have the ability to produce this data upon request of the Chief Compliance Officer, his designee or the Regulatory Oversight Committee.
- (b) The Records must contain in addition to information required by subsection (a) of this Rule 701, all Order receipts, Order entry, Order terms, a unique account identifier (that relates back to the account(s) owner(s)), Order modification, and response receipt times at least to a second. The Records must also contain all data relating to Order entry, including transaction date, Instrument, applicable SEF codes, maturity date or tenor, quantity, Order type, Order qualifier, price, buy/sell indicator, trigger price, Order number, unique transaction number, Account number, Clearing Firm, type of action, customer type indicator, origin, and timestamps. For executed Orders the Record must contain the execution time of the trade along with all fill information.

### **Rule 702 Customer Type Indicator (CTI) Codes**

Each Participant must identify each transaction submitted to Tera with the correct customer type indicator code (a "CTI" code). The CTI codes are as follows:

- (a) CTI 1- Transactions initiated and executed by an individual member for his own account, for an account he controls or for an account in which he has ownership or financial interest.
- (b) CTI 2- Transactions executed for the Proprietary Account of a clearing member or non-clearing member firm.
- (c) CTI 3- Transactions where an individual member or authorized trader executes for the personal account of another individual member, for an account the other individual member controls or for an account in which the other individual member has ownership or financial interest.

- (d) CTI 4- Any transaction not meeting the definition of CTI 1, 2 or 3.

**Rule 703      Records of Trading Activity on Tera and Related Transactions**

As required by CFTC Regulation 37.404, each Participant must keep records of its trading on Tera, including records of its activity in the commodity underlying any Instrument and trading on related markets and make such records available, upon request, to Tera, the Regulatory Service Provider, and the CFTC.

**Rule 704      Reporting to SDR**

- (a) Tera will report all Trades to an SDR of Tera's choice as soon as technologically practicable.
- (b) Notwithstanding Rule 904(b) and Rule 904(c), and pursuant to Part 43 and Part 45 of the CFTC Regulations, Tera will report certain of the data described in Rule 904(a) to the SDR, which shall publicly report such data in a manner that does not disclose the business transactions or market positions of any Participant. Data that is publicly disseminated by the SDR shall be available from an internet website in a format that is freely available and readily accessible to the public.

**Rule 705      Enforceability**

- (a) Transactions entered pursuant to the Rules shall not be void, voidable, subject to rescission, otherwise invalidated, or rendered unenforceable as a result of:
  - (i) A violation by Tera of CFTC regulations; or
  - (ii) Any CFTC proceeding that:
    - (1) Alters or supplements a rule, term, condition, or procedure of the CEA;
    - (2) Requires Tera to adopt a specific rule, term, condition or procedure; or
    - (3) Results in an Emergency.
- (b) Tera shall provide Participants with an electronic record of all Principal Economic Terms of each Transaction, which shall legally supersede any previous agreement and confirm the terms of the transaction. Such confirmation shall occur promptly following execution. Tera may omit from such confirmation specific identifiers for accounts included in Bunched Orders, provided the applicable requirements of section 1.35(b)(5) of the CEA are met.

**CHAPTER 8 DISCIPLINARY RULES**

**Rule 801      General**

- (a) All Participants shall be subject to Tera's jurisdiction. All Participants are subject to this Chapter 8 if they, or with respect to a Participant, any other Person using any Trader ID and/or login credentials linked to the Participant, are alleged to have violated, to have aided and abetted a violation, to be violating, or to be about to violate, any Tera Rule or any provision of Applicable Law for which Tera possesses disciplinary jurisdiction.

- (b) Tera, through the Compliance Department and the Disciplinary Panels, will conduct inquiries, investigations, disciplinary proceedings, summary impositions of fines, summary suspensions or other summary actions in accordance with this Chapter 8.
- (c) No Director will interfere with or attempt to influence the process or resolution of any inquiry, investigation, disciplinary proceeding and summary imposition of fines, summary suspension or other summary action, except to the extent provided under the Tera Rules with respect to a proceeding in which the Director is a member of the relevant panel.
- (d) Any Participant may be represented by counsel during any inquiry, investigation, disciplinary proceeding, summary imposition of fines, summary suspension or other summary actions pursuant to this Chapter 8.
- (e) Pursuant to this Chapter 8, Tera may hold a Participant liable for, and impose sanctions against such Participant, for such Participant's own acts and omissions that constitute a violation as well as for the acts and omissions of each
  - (i) Authorized Trader of such Participant;
  - (ii) Other Supervised Person of such Participant;
  - (iii) Other Person using the Trader ID or login credentials linked to the Participant,
  - (iv) Other agent or representative of such Participant, in each case, that constitute a violation as if such violation were that of the Participant; or
  - (v) Account Holder of such Participant.
- (f) Pursuant to this Chapter 8, Tera may hold an Authorized Trader liable for, and impose sanctions against him or her, for such Authorized Trader'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 Authorized Trader that constitute a violation as if such violation were that of the Authorized Trader.
- (g) Pursuant to this Chapter 8, Tera may review an appeal by any applicant of Tera's decision to deny or otherwise limit Trading Privileges of such applicant pursuant to the Tera Rules; provided, however, that any such decision by Tera to deny or otherwise limit applicant's Trading Privileges shall continue in effect during such review.
- (h) A Person subject to a disciplinary proceeding (and any counsel or representative of such Person) and the Compliance Department and/or the Review Panel (and any counsel or representative of the Compliance Department including any Regulatory Service Provider and Review Panel) shall not knowingly make or cause to be made an ex parte communication relevant to the merits of a disciplinary proceeding to any member of the Hearing Panel hearing such proceeding. Members of a Hearing Panel shall not knowingly make or cause to be made an ex parte communication relevant to the merits of a disciplinary proceeding to any Person subject to such proceeding (and any counsel or representative of such Person) and the Compliance Department (and any counsel or representative of the Compliance Department) or the Review Panel (and any

counsel or representative of the Review Panel). Any Person who receives, makes or learns of any communication which is prohibited by this rule shall promptly give notice of such communication and any response thereto to the Compliance Department and all parties to the proceeding to which the communication relates. A Person shall not be deemed to have violated this rule if the Person refuses an attempted communication concerning the merits of a proceeding as soon as it becomes apparent the communication concerns the merits.

**Rule 802      Inquiries and Investigations**

- (a) The Compliance Department will investigate any matter within Tera's disciplinary jurisdiction of which it becomes aware. The Compliance Department will determine the nature and scope of its inquiries and investigations within its sole discretion and will function independently of any commercial interests of Tera. The Compliance Department's investigation must be completed within 12 months of the date when the Compliance Department commenced its investigation unless there are mitigating factors that may reasonably justify an investigation taking longer than 12 months, including without limitation the complexity of the investigation, the number of Participants or individuals involved as potential wrongdoers, the number of potential violations to be investigated, and the volume of documents and data to be examined and analyzed by the Compliance Department.
- (b) 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 Tera's disciplinary jurisdiction; and
  - (iv) Represent Tera on summary imposition of fines, summary suspension or other summary action.
- (c) Each Participant:
  - (i) Is obligated to appear and testify and respond in Writing to interrogatories within the time period required by the Compliance Department in connection with:
    - (1) Any Tera Rule;
    - (2) Any inquiry or investigation; or
    - (3) Any preparation by and presentation during a disciplinary proceeding, summary imposition of fines, summary suspension or other summary action by Tera.
  - (ii) Is obligated to produce books, records, papers, documents or other tangible evidence in its, his or her possession, custody or control within the time period required by the Compliance Department in connection with:
    - (1) Any Tera Rule;

- (2) Any inquiry or investigation; or
- (3) Any preparation by and presentation during a disciplinary proceeding, summary imposition of fines, summary suspension or other summary action by Tera; and
- (iii) May not impede or delay any inquiry, investigation, disciplinary proceeding, summary imposition of fines, summary suspension or other summary action.

**Rule 803      Reports of Investigations**

- (a) The Compliance Department will maintain a log of all investigations and their disposition. The Compliance Department will prepare a Written report of each investigation, regardless of whether the evidence gathered during any inquiry or investigation forms a reasonable basis to believe that a violation within Tera's jurisdiction has occurred or is about to occur or whether the evidence gathered results in closing the matter without further action or through summary action.
- (b) Any Written report of investigation 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. The report must also include the Participant's disciplinary history at Tera, including copies of the warning letters. For each potential respondent, the Compliance Department will recommend either:
  - (i) Closing the investigation without further action;
  - (ii) Summary action;
  - (iii) Resolving the investigation through an informal disposition, including the issuance of a warning letter; or
  - (iv) Initiating disciplinary proceedings.

An informal disposition (including the issuance of a warning letter) will not constitute a finding of a violation or a sanction.

**Rule 804      Opportunity to Respond to Investigatory Report**

- (a) 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.
- (b) The Compliance Department may allow a potential respondent to propose a settlement of the matter or to submit a Written statement explaining why a disciplinary proceeding should not be instituted or one or more of the potential charges should not be brought. The potential respondent shall submit such Written statement within the time limit established by the Compliance Department.

**Rule 805      Review of Investigative Reports**

The Review Panel will review promptly each completed investigation report to determine whether a reasonable basis exists for finding that a violation of Tera Rules within Tera's jurisdiction has occurred or is about to occur. Within 30 days

of receipt of the investigation report, or as soon as commercially reasonable, the Review Panel must take one of the following actions:

- (a) If the Review Panel determines that additional investigation or evidence is needed to decide whether a reasonable basis exists to find that a violation of Tera Rules within the Tera's jurisdiction has occurred or is about to occur, the Review Panel will promptly direct the Compliance Department to conduct further investigation.
- (b) After receiving completion of an investigation, the Review Panel will determine for each potential respondent whether to authorize:
  - (i) The commencement of disciplinary proceedings because a reasonable basis exists to believe that a violation Tera Rules within the Tera's jurisdiction has occurred or is about to occur and adjudication is warranted;
  - (ii) The informal disposition of the investigation (by issuing a warning letter as more fully discussed in Rule 806) because disciplinary proceedings are unwarranted, in which case the Review Panel shall provide a Written explanation which must set forth the facts and analysis supporting the decision; or
  - (iii) The closing of the investigation without any action because no reasonable basis exists to believe that a violation of Tera Rules within the Tera's jurisdiction has occurred or is about to occur in which case the Review Panel shall provide a Written explanation including the facts and analysis supporting the decision to the Compliance Department.

**Rule 806      Warning Letters**

Tera 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. A warning letter issued in accordance with this Rule is not a penalty or an indication that a finding of a violation has been made. A copy of a warning letter issued by compliance staff must be included in the investigation report. 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.

**Rule 807      Notice of Charges**

- (a) If the Review Panel authorizes disciplinary proceedings pursuant to Rule 805(b)(i), the Review Panel will prepare, and serve in accordance with Rule 808, a Notice of Charges.
- (b) A Notice of Charges will:
  - (i) State the acts, practices or conduct that the respondent is alleged to have engaged in;
  - (ii) State the Tera Rule or provision of Applicable Law alleged to have been violated or about to be violated;
  - (iii) State the proposed sanctions;
  - (iv) Advise the respondent of its right to a hearing;
  - (v) 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;

- (vi) 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;
- (vii) Advise the respondent that any allegation in the Notice of Charges that is not expressly denied will be deemed to be admitted; and
- (viii) Advise the respondent of its right to be represented by legal counsel or any other representative of its choosing in all succeeding stages of the disciplinary process.

**Rule 808 Service of Notice of Charges**

Any Notice of Charges or other documents contemplated to be served pursuant to this Chapter 8 may be served (and service shall be deemed complete) upon the respondent either personally or by leaving the same at his or her place of business, or by tracked delivery via reputable overnight courier, or by deposit in the United States mail, postage prepaid, via registered or certified mail addressed to the respondent at the address as it appears on the books and records of Tera.

**Rule 809 Answer to Notice of Charges**

- (a) If the respondent determines to answer a Notice of Charges, the respondent must file answers within 20 days after being served with such notice, or within such other time period determined appropriate by the Review Panel.
- (b) To answer a Notice of Charges, the respondent must in Writing:
  - (i) Specify the allegations that the respondent denies or admits;
  - (ii) Specify the allegations that the respondent does not have sufficient information to either deny or admit;
  - (iii) Specify any specific facts that contradict the Notice of Charges;
  - (iv) Specify any affirmative defenses to the Notice of Charges; and
  - (v) Sign and serve the answer on the Review Panel.
- (c) 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. Any failure by the respondent to answer one or more allegations in a Notice of Charges will be deemed to be an admission of that allegation or those allegations. Any allegation in a Notice of Charges that the respondent fails to expressly deny will be deemed to be admitted. A statement of a lack of sufficient information shall have the effect of a denial of an allegation. A general denial by the respondent, without more, will not satisfy the requirements of paragraph (b) above.

**Rule 810 Admission or Failure to Deny Charges**

- (a) If respondent admits or fails to deny any of the charges, a Hearing Panel may find that the violations alleged in the Notice of Charges for which the respondent admitted or failed to deny any of the charges have been committed. The Hearing Panel then must take the following action:

- (i) Impose a sanction for each violation found to have been committed;
  - (ii) Notify the respondent in Writing of any sanction to be imposed and advise the respondent that it may request a hearing on such sanction within a specified period of time.
- (b) If a respondent fails to request a hearing within 20 days as specified in the notice, the respondent will be deemed to have accepted the sanction.

**Rule 811 Denial of Charges and Right to a Hearing**

In the event a respondent denies charges, such 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.

**Rule 812 Settlements**

- (a) A respondent or potential respondent may at any time after the investigation report is complete propose in Writing an offer of settlement to anticipated or instituted disciplinary proceedings. Any offer of settlement should contain proposed findings and sanctions and be signed by the respondent or potential respondent and submitted to the Review Panel. A respondent or potential respondent may offer to settle disciplinary proceedings without admitting or denying the findings contained in the order of the disciplinary proceedings but must accept the jurisdiction of Tera over it and over the subject matter of the proceedings and consent to the entry of the findings and sanctions imposed.
- (b) If a respondent or potential respondent submits an offer of settlement in accordance with paragraph (a) above, the Compliance Department will forward the offer to the Chief Compliance Officer with a recommendation on whether to accept or reject the offer. Any preliminary determination by the Chief Compliance Officer to accept the offer shall be submitted for review by the Review Panel. If the Review Panel agrees, then the Chief Compliance Officer shall conditionally accept an offer of settlement, without alteration unless the respondent agrees, and that the settlement will become final upon the expiration of 20 days after an order of the disciplinary proceedings consistent with the terms of the offer of settlement is served on the respondent.
- (c) If an offer of settlement is accepted, the Review Panel must issue a Written decision specifying the rule violations it has reason to believe were committed, including the basis or reasons for the panel's conclusions, and any sanction to be imposed, which must include full Participant restitution where Participant harm is demonstrated. If an offer of settlement is accepted without the agreement of the Compliance Department, the decision must adequately support the Review Panel's acceptance of the settlement. Where applicable, the decision must also include a statement that the respondent has accepted the sanctions imposed without either admitting or denying the rule violations. Further, the settlement is accepted the related order of disciplinary proceedings becomes final, the respondent's submission of the offer will be deemed to constitute a waiver of the right to notice, opportunity for a hearing and review under the Tera Rules.
- (d) If the offer of settlement of a respondent or potential respondent is not accepted by



agreement between the Chief Compliance Officer and the Review Panel, fails to become final or is withdrawn by the respondent or potential respondent, the matter will proceed as if the offer had not been made and the offer and all documents relating to it will not become part of the record. Neither a respondent or potential respondent nor the Compliance Department may use an unaccepted offer of settlement as an admission or in any other manner at a hearing of disciplinary proceedings.

**Rule 813      Hearing Panel**

- (a) 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 to the proceedings defined in Rule 208(b).
- (b) A respondent may seek to disqualify any individual on the Hearing Panel for the reasons identified in Tera Rules or for any other reasonable grounds, by serving Written notice on the Chief Compliance Officer. By not timely filing a request for disqualification, the respondent will be deemed to have waived any objection to the composition of a Hearing Panel. The President of Tera will decide the merits of any request for disqualification within his or her sole discretion. Any such decision will be final and not subject to appeal.

**Rule 814      Convening Hearings of Disciplinary Proceedings**

- (a) All disciplinary proceedings (except for summary impositions of fines pursuant to Rule 821) will be conducted at a hearing before the Hearing Panel. A hearing will be conducted privately and confidentially. Notwithstanding the confidentiality of hearings, the Hearing Panel may appoint an expert to attend any hearing and assist in deliberations if such expert agrees to be subject to an appropriate confidentiality agreement.
- (b) After reasonable notice to each respondent, the Hearing Panel will promptly convene a hearing to conduct the disciplinary proceedings with respect to such respondent. Parties to a disciplinary proceeding include each respondent and the Compliance Department.
- (c) The chairman of the Hearing Panel may continue, adjourn or otherwise conduct the hearing, as he or she may deem appropriate. The chairman of the Hearing Panel will determine all procedural and evidentiary matters, including the admissibility and relevance of any evidence proffered. In determining procedural and evidentiary matters, the chairman of the Hearing Panel will not be bound by any evidentiary or procedural rules or law. Once admitted during the hearing, the Hearing Panel may consider, and attach the weight it believes appropriate to, evidence or other materials.
- (d) Except for procedural and evidentiary matters decided by the chairman of the Hearing Panel pursuant to paragraph (c) above and Rule 816, unless each respondent otherwise consents, the entire Hearing Panel must be present during the entire hearing and any related, deliberations.

**Rule 815      Respondent Review of Evidence**

- (a) Prior to the commencement of a hearing, each respondent will be given the opportunity to review all books, records, documents, papers, transcripts of testimony and other tangible evidence in the possession or under the control of Tera that the Compliance Department will use to support the allegations and proposed sanctions in the Notice of Charges or which the chairman of the Hearing Panel deems relevant to the disciplinary proceedings. Notwithstanding the foregoing, no respondent will have the right to review, and Tera will have no obligation to disclose, any information protected by attorney-client privilege.
- (b) If any books, records, documents, papers, transcripts of testimony, or other tangible evidence contain information that could adversely affect the competitive position of the Person providing the information or if such information might compromise other investigations being conducted by the Compliance Department, the Compliance Department may redact, edit or code such information before furnishing it to the respondent.
- (c) Notwithstanding anything in paragraph (b) above to the contrary, the Compliance Department:
  - (i) Will not redact, edit or code competitive or investigative information contained in documents in a manner that would impair the respondent's ability to defend against the allegations or proposed sanctions in the notices of charges; and
  - (ii) Will provide the respondent with access to the information and portions of the documents that the Compliance Department intends to rely on to support the allegations or proposed sanctions in the Notice of Charges.
- (d) For purposes of this Rule 815, information that could adversely affect competitive positions include positions in Instruments currently held, trading strategies employed in establishing or liquidating positions, the identity of any Participant or Authorized Trader and the personal finances of the Person providing the information.

**Rule 816      Conducting Hearings of Disciplinary Proceedings**

- (a) 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 of Charges in accordance with Rule 809, the respondent is entitled to attend and participate in the hearing.
- (b) At a hearing conducted in connection with any disciplinary proceedings, the Hearing Panel or the Compliance Department and each respondent may:
  - (i) Present evidence and facts determined relevant and admissible by the chairman of the Hearing Panel;
  - (ii) Call and examine witnesses; and
  - (iii) Cross-examine witnesses called by other parties.

- (c) Any person within Tera's jurisdiction who is called as a witness must participate in the hearing and produce evidence. Tera will make reasonable efforts to secure the presence of all other persons called as witnesses whose testimony would be relevant.
- (d) If the respondent fails to file an answer, has filed a general denial, or if any or all of the allegations in the Notice of Charges are not expressly denied in the respondent's answer, the chairman of the Hearing Panel may limit evidence concerning any allegations not expressly denied in determining the sanctions to impose. If a respondent fails to file an answer but appears at the hearing, the respondent may not participate in the hearing (by calling or cross examining witnesses, testifying in defense, presenting evidence concerning the Notice of Charges, or otherwise) unless the Hearing Panel determines that the respondent had a compelling reason for failing to timely file an answer. If the Hearing Panel determines that the respondent had a compelling reason for failing to timely file an answer, the Hearing Panel will adjourn the hearing and direct the respondent to promptly file a Written answer in accordance with Rule 809.
- (e) Any Person entitled, or required or called upon, to attend a hearing before a Hearing Panel pursuant to paragraph (b)(ii) above will be given reasonable notice, confirmed in Writing, specifying the date, time and place of the hearing, and the caption of the disciplinary proceedings. Tera will require all Participants that are called as witnesses to appear at the hearing and produce evidence. Tera will make reasonable efforts to secure the presence of all other Persons called as witnesses whose testimony would be relevant.
- (f) If during any disciplinary proceedings the Hearing Panel determines that a reasonable basis exists to believe that the respondent violated or is about to violate a Tera Rule or a provision of Applicable Law other than the violations alleged in the Notice of Charges, the Hearing Panel may consider those apparent violations after providing the respondent with an opportunity to answer the additional allegations in accordance with Rule 809. In connection with considering apparent violations pursuant to this paragraph (e), the Hearing Panel may request that the Compliance Department provide the Hearing Panel with any additional information
- (g) The Hearing Panel may summarily impose sanctions on any Participant that impedes or delays the progress of a hearing
- (h) Tera may arrange for any hearing conducted in connection with disciplinary proceedings to be recorded verbatim, or substantially verbatim, in a manner capable of accurate transcription. If the respondent requests a copy of all or portions of the recording of a hearing, the chairman of the Disciplinary Panel may within his or her sole discretion order the respondent to pay the costs for transcribing the recording of the hearing.
- (i) If the respondent has requested a hearing, a record of the hearing will be made and will become a part of the record of the proceeding. The record will be one that is capable of being accurately transcribed; however, it will not be transcribed unless the transcript is requested by the CFTC or the respondent. The cost of transcribing

the record of the hearing will be borne by the respondent who requests the transcript or whose application for the CFTC review of the disciplinary action has been granted. In all other instances, the cost of transcribing the record will be borne by Tera.

- (j) No interlocutory appeals of rulings of any Disciplinary Panel or chairman of the Disciplinary Panel are permitted.
- (k) Sanctions may be summarily imposed upon any person within Tera's jurisdiction whose actions impede the progress of a hearing.

**Rule 817 Decision of Hearing Panel**

- (a) 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.
- (b) Tera will serve a copy of the order of the disciplinary proceedings on the respondent and the Compliance Department. The order will include:
  - (i) The Notice of Charges or summary of the charges;
  - (ii) The answer, if any, or a summary of the answer;
  - (iii) A brief summary of the evidence introduced at the hearing;
  - (iv) Findings of fact and conclusions concerning each charge, including an explanation of the evidentiary and other basis for such findings and conclusions with respect to each charge;
  - (v) The imposition of sanctions, if any, and the effective date of each sanction; and
  - (vi) Notice that the respondent has no right to appeal.
- (c) The order of the disciplinary proceedings will become final upon the expiration of 20 days after the order is served on the respondent and a copy thereof is provided to the Compliance Department.
- (d) Promptly following a hearing conducted in accordance with the Tera 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. The decision shall include:
  - (i) The Notice of Charges or a summary of the charges;
  - (ii) The answer, if any, or a summary of the answer;
  - (iii) A summary of the evidence produced at the hearing or, where appropriate, incorporation by reference of the investigation report;
  - (iv) A statement of findings and conclusions with respect to each charge, and a complete explanation of the evidentiary and other basis for such findings and conclusions with respect to each charge;
  - (v) An indication of each specific rule that the respondent was found to have violated; and
  - (vi) A declaration of all sanctions imposed against the respondent, including the

basis for such sanctions and the effective date of such sanctions.

**Rule 818 Sanctions**

- (a) After notice and opportunity for hearing in accordance with the Tera Rules, Tera will impose sanctions if any Participant is found to have violated or to have attempted to violate a Tera Rule or provision of Applicable Law for which Tera possesses disciplinary jurisdiction. Tera may impose one or more of the following sanctions or remedies:
  - (i) Censure;
  - (ii) Limitation on Trading Privileges or other activities, functions or operations;
  - (iii) Suspension of Trading Privileges;
  - (iv) Fine (subject to paragraph (b) below);
  - (v) Restitution or disgorgement;
  - (vi) Termination of Trading Privileges; or
  - (vii) Any other sanction or remedy deemed to be appropriate.
- (b) Tera may impose a fine of up to \$1,000,000, or such other amount Tera determines in its sole discretion to be equitable and just under the circumstances, for each violation of a Tera Rule. If a fine or other amount is not paid within 30 days of the date that it becomes payable, then interest will accrue on the sum from the date that it became payable at the quoted prime rate plus three percent. Tera has sole discretion to select the bank on whose quotations to base the prime rate. Each Participant will be responsible for paying any fine or other amount imposed on, but not paid by, any of its Authorized Traders, Supervised Persons, or any Participant acting on its behalf.

**Rule 819 Costs**

- (a) Regardless of the outcome of any disciplinary proceeding, the Disciplinary Panel may order a respondent to pay some or all of the costs associated with the disciplinary proceedings that the Disciplinary Panel believes were unnecessarily caused by the respondent. Costs may include costs associated with the inquiry or investigation, the prosecution by the Compliance Department, legal and professional assistance, the hearing and administrative and other expenses incurred by the Disciplinary Panel.
- (b) The Disciplinary Panel may only award costs against Tera if the Panel concludes that Tera has behaved in a manifestly unreasonable manner in the commencement or conduct of the disciplinary proceedings in question. The Disciplinary Panel must limit any award of costs against Tera to an amount that the Panel concludes is reasonable and appropriate, but does not exceed the respondent's costs for external legal or other external professional assistance.
- (c) The Disciplinary Panel may determine the amounts and allocation of costs in any manner it may deem appropriate. Tera or the respondent will pay any costs ordered to be paid by it by the Disciplinary Panel within 30 Business Days of written notice of the amount imposed by the Disciplinary Panel.

**Rule 820 No Right to Appeal; Summary Actions**

All Disciplinary Panel Decisions, summary impositions of fines and other summary actions are final and are not subject to appeal under the Tera Rules.

**Rule 821 Summary Imposition of Fines**

- (a) The Chief Compliance Officer may summarily impose a fine against a Participant for failing:
  - (i) To make timely payments of original or variation margin, fees, cost, charges or fines to Tera;
  - (ii) To make timely and accurate submissions to Tera of notices, reports or other information required by the Tera Rules; or
  - (iii) To keep any books and records required by the Tera Rules.
- (b) The Compliance Department, acting on behalf of the Chief Compliance Officer, will give notice of any fine imposed pursuant to this Rule 821 to each Participant subject thereto. The notice will specify:
  - (i) The violations of the Tera Rules for which the fine is being imposed;
  - (ii) The date of the violation for which the fine is being imposed; and
  - (iii) The amount of the fine.

Within 20 days of serving the notice of fine, the Participant must either pay or cause the payment of the fine. The fine will become final upon the expiration of 20 days after the notice of fine is served on the Participant.

- (c) Tera will set the amount of any fines imposed pursuant to this Rule 821, with the maximum fine for each violation not to exceed \$5,000. Summary imposition of fines pursuant to this Rule 821 will not preclude Tera from bringing any other action against the Participant.

**Rule 822 Summary Suspensions and Other Summary Actions**

- (a) Notwithstanding anything in the Tera 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, and may take other summary action against any Participant in accordance with the Tera Rules; provided, however, that the Chief Compliance Officer must reasonably believe that the business, conduct or activities of the Participant in question is not in the best interests of Tera or the marketplace, including based on any of the following:
  - (i) Statutory disqualification from registration as provided in CEA Section 8a(2) or (3);
  - (ii) Non-payment of fees, costs, charges, fines or arbitration awards; or
  - (iii) The reasonable belief that immediate action is necessary to protect the public or the best interests of Tera.
- (b) Whenever practicable, the Compliance Department, acting on behalf of the Chief Compliance Officer, shall provide prior Written notice to the party against whom any action in accordance with paragraph (a) shall be taken. If prior notice is not

practicable, Tera will give notice at the earliest possible opportunity to the respondent against whom the action is brought. The Compliance Department, acting on behalf of the Chief Compliance Officer, will prepare a notice of summary action (which will state the action, the reasons for the action, and the effective time, date and duration of the action) and serve the notice on such party.

- (c) The summary action will become final upon the expiration of 20 days after the notice of action is served on the respondent.
- (d) At the request of Tera, a respondent against whom a summary action is brought pursuant to this Rule 822 must provide books and records over which the respondent has access or control and must furnish information to, or appear or testify before, Tera or the in connection with the enforcement of any Tera Rule.

**Rule 823 Rights and Responsibilities after Suspension or Termination**

- (a) When the Trading Privileges of a Participant are suspended, any such suspension will not affect the rights of creditors under the Tera Rules or relieve the Participant in question of its Obligations under the Tera Rules incurred before the suspension, or to pay any SEF fees, costs, or charges incurred during the suspension. Tera may discipline a suspended Participant under this Chapter 8 for any violation of a Tera Rule or provision of Applicable Law committed by the Participant before, during or after the suspension.
- (b) When the Trading Privileges of a Participant are terminated, all of its rights and Trading Privileges will terminate, except for the right of the Participant in question to assert claims against others, as provided in the Tera Rules. Any such termination will not affect the rights of creditors under the Tera Rules. A terminated Participant may only seek to reinstate its Trading Privileges by applying for Trading Privileges pursuant to Rule 302. Tera will not consider the application of a terminated Participant if such Participant continues to fail to appear at disciplinary proceedings without good cause or continues to impede the progress of disciplinary proceedings.
- (c) A suspended or terminated Participant remains subject to the Tera Rules and the jurisdiction of Tera for acts and omissions prior to the suspension or termination, and must cooperate in any inquiry, investigation, disciplinary proceeding, summary suspension or other summary action as if the suspended or terminated Participant still had Trading Privileges.
- (d) In the event of the suspension or revocation of the Trading Privileges of a Participant, Tera shall seek to facilitate the transfer of any Accounts held by such Participant to other Participants with Trading Privileges.

**Rule 824 Notice to the Respondent, the Regulatory Services Provider and the Public**

Tera will provide Written notice of disciplinary proceedings to the parties consistent with applicable CFTC Regulations. Whenever Tera suspends, expels, fines or otherwise disciplines, or denies any Person access, to Tera, Tera will make the disclosures required by CFTC Regulations.

## **CHAPTER 9 MISCELLANEOUS**

### **Rule 901 System-generated Transaction Errors (“STE”)**

- (a) If Tera has reason to believe that an STE has occurred or may occur at any time, Tera may take any appropriate action, including without limitation, closing the market, deleting bids and offers, and/or suspending new bids and offers. Tera may also void any Transactions that were directly or indirectly caused by the STE.
- (b) If a Participant knows or should have known an STE has occurred, such Participant shall have 30 minutes following the discovery of such STE (the “Cutoff Time”) to bring such STE to the attention of Tera. Following a prompt review and verification of the STE, Tera shall instruct Participants to take prescribed action with respect to their positions resulting from such STE. After the Cutoff Time, Tera shall have no obligation to take any action with respect to any STE.
- (c) If an Order was incorrectly executed or rejected by Tera, a Participant may, within ten minutes thereafter, request review of the Order by providing the confirmation number for the Order and stating the grounds for the disagreement.
- (d) Upon receipt by Tera of a request for review of an Order and the accompanying confirmation number, Tera will review its electronic audit trail to determine if Tera correctly executed the Order. Such review will be completed
  - (i) On the same Business Day if Tera received such request for review prior to 12:00 noon on any Business Day or
  - (ii) By the end of the following Business Day if such request was received
    - (1) On or after 12:00 noon on any Business Day or
    - (2) On any day that is not a Business Day.
- (e) If the review described in this Rule reveals that the Order was incorrectly executed, then the Order in question shall be cancelled in the Accounts of all affected Participants.
- (f) If the review described in this Rule reveals that the Order was correctly executed by Tera, then no adjustment shall be made in the Accounts of any Participants.
- (g) Notwithstanding anything to the contrary in this Rule, if Tera determines in its sole discretion that the execution of any Trade was the result of Orders being incorrectly processed by Tera, or any other cause beyond the control of any Participant, then Tera may cancel such Trade in the Accounts of all affected Participants.

### **Rule 902 Anti-Money Laundering and Anti-Terrorism**

- (a) It is Tera policy:
  - (i) Not to engage in or knowingly assist any money laundering or other illicit business, and
  - (ii) Not to engage in or knowingly assist, or be a conduit for, terrorist financing.
- (b) Participants will be required to provide sufficient information for Tera to



complete "know your customer" checks and to conduct restricted list searches, including, but not limited to, searches against the Specially Designated Nationals ("SDN") and Blocked Persons list maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury ("OFAC list").

**Rule 903      Gifts and Gratuities**

Except as permitted in Writing by the Chief Compliance Officer, no SEF Official may accept anything of value in excess of \$100 from any Participant.

**Rule 904      Market Data**

- (a) All Participants understand and acknowledge that Tera has a proprietary interest in:
  - (i) The price and quantity data from each and every bid, offer, Order, Transaction, and modification thereof, including the time at which the Transaction was executed by, or submitted to, Tera and the Participant ID and the Trader ID under which it was entered (as well as other information identifying persons involved in the Transaction);
  - (ii) The price and quantity data of each bid and offer submitted to Tera, including the time at which such bid or offer was submitted to the Trading System;
  - (iii) Any yield curves prepared by Tera;
  - (iv) Any data and information derived from (i), (ii) and (iii) and the format and presentation thereof; and
  - (v) The transmissions and dissemination of the data and information to Participants, any publisher of the data or information with whom Tera has a written agreement, and any other Persons.
- (b) Tera may at any time restrict or establish utilization fees in respect of data described in Rule 904(a), with respect to all or any Participants, in order to safeguard the security or operations of Tera, or to preserve market, integrity, fair and orderly trading, or if otherwise in the public interest.
- (c) Participants may not distribute, sell or retransmit information displayed on the Tera to any third party.
- (d) Notwithstanding Rule 904(b) and Rule 904(c), and pursuant to Part 43 and Part 45 of the CFTC Regulations, the CFTC will have access to the data described in Rule 904(a).

**Rule 905      Extension or Waiver of Tera Rules**

If necessary and expedient, the Chief Compliance Officer or President may, in his or her sole discretion, waive, or extend the time period for performing, any act or acts designated by the Tera Rules, but only to the extent such waiver or extension is not inconsistent with the CEA or the CFTC Regulations or other applicable regulations.

**Rule 906      Governing Law, Jurisdiction and Dispute Resolution**

- (a) The law of the State of New York governs the Tera Rules regardless of the laws

that would otherwise apply under applicable choice-of-law principles.

- (b) Any dispute between Tera and a Participant arising from or in connection with the Tera Rules or use of Tera must be brought to arbitration pursuant to subsection (c) of this Rule 906 within one (1) year from the occurrence of the event giving rise to the dispute. This Rule 906 shall in no way create a cause of action nor authorize an action that would otherwise be prohibited by the Tera Rules.
- (c) Any dispute between Tera and a Participant arising from or in connection with the Tera Rules will be settled through arbitration conducted by the NFA, and pursuant to the NFA's Member Arbitration Rules.
- (d) Any failure on the Part of the Participant to arbitrate a case subject to arbitration, or the commencement by any such Participant of a suit in any court prior to arbitrating a case subject to arbitration, violates these Rules and subjects such Participant to disciplinary proceedings pursuant to Chapter 8.
- (e) In the event that this Rule 906 is held to be unenforceable in connection with any dispute or a claim is deemed by a court of competent jurisdiction to be not arbitrable:
  - (i) Exclusive jurisdiction for any such dispute will reside in any state or federal court sitting in New York County, New York;
  - (ii) Tera and the Participant involved in the dispute will be presumed to have submitted to the personal jurisdiction of any such court;
  - (iii) An action to enforce any judgment or decision of such court may be brought in the same court or in any other court with jurisdiction or venue; and
  - (iv) All Participants unconditionally and irrevocably waive any and all right to trial by jury in connection with any such dispute.

**Rule 907      LIMITATION OF LIABILITY, NO WARRANTIES**

- (a) THE SERVICES (FOR EACH INSTANCE IN THIS RULE 907, "SERVICES" SHALL HAVE THE MEANING AS PROVIDED IN THE EULA) ARE PROVIDED ON AN "AS IS," "AS AVAILABLE" BASIS WITHOUT WARRANTIES OF ANY KIND AND THERE ARE NO EXPRESS OR IMPLIED WARRANTIES OR REPRESENTATIONS, INCLUDING BUT NOT LIMITED TO, NO EXPRESS OR IMPLIED WARRANTIES OR REPRESENTATIONS IN RELATION TO THE TRADEMARKS "FAIR FIRM FAST," "FAIR FIRM FINAL," AND "YOU'RE DONE," PROVIDED BY TERA (INCLUDING ITS SUBSIDIARIES AND AFFILIATES, AND ANY CONTRACTORS PROVIDING SERVICES TO TERA,) NOR ANY OF THEIR RESPECTIVE EMPLOYEES, MEMBERS, AGENTS, CONSULTANTS, AND LICENSORS (THE "DISCLAIMING PARTY" OR "DISCLAIMING PARTIES"). EACH OF THE DISCLAIMING PARTIES DISCLAIMS ALL WARRANTIES, CONDITIONS, GUARANTEES OR REPRESENTATIONS AS TO MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR OTHER WARRANTIES, CONDITIONS, GUARANTEES OR REPRESENTATIONS. NONE OF THE DISCLAIMING PARTIES WILL

HAVE ANY RESPONSIBILITY TO MAINTAIN THE SERVICES OR TO SUPPLY ANY CORRECTIONS, UPDATES OR RELEASES IN CONNECTION THEREWITH. EACH PARTY HEREBY ACKNOWLEDGES THAT IT HAS NOT RELIED UPON ANY WARRANTY, CONDITION, GUARANTY, ACKNOWLEDGMENT, OR REPRESENTATION MADE BY THE OTHER, EXCEPT FOR THE REPRESENTATIONS AND ACKNOWLEDGEMENTS SET FORTH IN THIS RULEBOOK AND THE EULA. FURTHERMORE, THE DISCLAIMING PARTIES CANNOT AND DO NOT GUARANTEE OR MAKE ANY REPRESENTATION OR WARRANTY, EITHER EXPRESS OR IMPLIED, AS TO THE VALIDITY, SEQUENCE, TIMELINESS, COMPLETENESS, ACCURACY OR CONTINUED AVAILABILITY OR ANY INFORMATION OR DATA MADE AVAILABLE ON OR THROUGH THE SERVICES. PARTICIPANT IS SOLELY RESPONSIBLE FOR CONFIRMING THE ACCURACY AND ADEQUACY OF INFORMATION, SERVICES OR PROCESSES USED BY IT AND THE RESULTANT TRANSACTIONS OR OTHER OUTPUT THEREOF.

- (b) EXCEPT AS PROVIDED BELOW IN THIS RULE 907(a) AND EXCEPT WHEN THERE HAS BEEN A FINDING OF GROSS NEGLIGENCE, FRAUD OR WILLFUL MISCONDUCT BY TERA, ITS SUBSIDIARIES OR AFFILIATES, NONE OF TERA, ITS AFFILIATES OR ANY CONTRACTORS AND SUBCONTRACTORS PROVIDING SERVICES RELATED TO TERA, NOR ANY OF THEIR RESPECTIVE SUCCESSORS OR ASSIGNS, DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, PARTNERS, CONSULTANTS, OR LICENSORS (EACH, A "DISCLAIMING PARTY") SHALL BE LIABLE TO ANY PERSON (INCLUDING ANY PARTICIPANT) FOR ANY LOSSES, DAMAGES, COSTS OR EXPENSES (INCLUDING, BUT NOT LIMITED TO, LOSS OF PROFITS, LOSS OF USE, AND DIRECT, INDIRECT, SPECIAL, INCIDENTAL, CONSEQUENTIAL OR PUNITIVE DAMAGES), ARISING FROM:
- (i) ANY FAILURE, MALFUNCTION, FAULT IN DELIVERY, DELAY, OMISSION, SUSPENSION, INACCURACY, INTERRUPTION, TERMINATION, OR ANY OTHER EVENT, IN CONNECTION WITH THE FURNISHING, PERFORMANCE, OPERATION, MAINTENANCE, USE OF OR INABILITY TO USE ALL OR ANY PART OF ANY OF TERA, OR SERVICES OF THE DISCLAIMING PARTY, OR SERVICES, EQUIPMENT OR FACILITIES USED TO SUPPORT SUCH SELF OPERATED BY TERA, OR SERVICES, INCLUDING ELECTRONIC ORDER ENTRY/DELIVERY, TRADING THROUGH ANY ELECTRONIC MEANS, ELECTRONIC COMMUNICATION OF MARKET DATA OR INFORMATION, WORKSTATIONS USED BY PARTICIPANTS, PRICE REPORTING SYSTEMS AND ANY AND ALL COMMUNICATIONS NETWORKS, SOFTWARE AND HARDWARE RELATING THERETO;
  - (ii) ANY FAILURE, MALFUNCTION, FAULT IN DELIVERY, DELAY, OMISSION, SUSPENSION, INACCURACY, INTERRUPTION OR TERMINATION, OR ANY OTHER EVENT, OF TERA OR ANY SERVICES OF A DISCLAIMING PARTY, OR SERVICES, EQUIPMENT

OR FACILITIES USED TO SUPPORT SUCH TRADING SYSTEMS OR SERVICES, CAUSED BY ANY THIRD PARTIES INCLUDING, BUT NOT LIMITED TO, INDEPENDENT SOFTWARE VENDORS OR NETWORK PROVIDERS;

- (iii) ANY ERRORS OR INACCURACIES IN INFORMATION PROVIDED BY THE DISCLAIMING PARTY OR IN ANY OF THE DISCLAIMING PARTY'S SYSTEMS, SERVICES, EQUIPMENT OR FACILITIES;
  - (iv) ANY UNAUTHORIZED ACCESS TO OR UNAUTHORIZED USE OF ANY OF THE DISCLAIMING PARTY'S SYSTEMS, SERVICES, EQUIPMENT OR FACILITIES BY ANY PERSON.
  - (v) ANY FAULT ION DELIVERY, DELAY, SUSPENSION, INACCURACY OR ANY OTHER CAUSE OF ANY SYSTEM OR SERVICE USED BY PARTICIPANT OR CLEARING HOUSE IN SUPPORT OF TRANSACTIONS OR CLEARING ACTIVITIES.
  - (vi) THE FOREGOING LIMITATION OF LIABILITY SHALL APPLY WHETHER A CLAIM ARISES IN CONTRACT, TORT, NEGLIGENCE, STRICT LIABILITY, CONTRIBUTION OR OTHERWISE AND WHETHER THE CLAIM IS BROUGHT DIRECTLY OR AS A THIRD PARTY CLAIM.
- (c) EXCEPT FOR ANY INDEMNIFICATION OBLIGATIONS IN ACCORDANCE WITH THE EULA, THE SOLE LIABILITY OF TERA (INCLUDING ITS SUBSIDIARIES AND AFFILIATES AND ANY CONTRACTORS PROVIDING SERVICES TO TERA) OR ANY OF THEIR RESPECTIVE DIRECTORS, OFFICERS, MEMBERS, EMPLOYEES, AGENTS, CONSULTANTS, AND LICENSORS FOR DIRECT LOSS OR DAMAGE WHETHER IN CONTRACT, TORT (INCLUDING NEGLIGENCE AND BREACH OF STATUTORY DUTY), STRICT LIABILITY OR OTHERWISE ARISING OUT OF OR IN CONNECTION WITH SERVICES OR THE TERMS SHALL BE LIMITED TO THE NEGLIGENT ACTION OR WILLFUL MISCONDUCT IN:
- (i) TERMINATING A PARTICIPANT'S PRIVILEGES AND DENYING THAT PARTICIPANT FROM ENGAGING IN FURTHER TRANSACTIONS;
  - (ii) FAILING TO TERMINATE A PARTICIPANT'S PRIVILEGES AFTER RECEIVING A CLEARING FIRM'S INSTRUCTIONS; AND
  - (iii) CAUSING PARTICIPANT ID, TRADER ID, OR ANY OTHER SUCH USER ACCESS CREDENTIALS ("USER ACCESS CREDENTIALS" SHALL HAVE THE MEANING AS PROVIDED IN THE EULA) TO BE ISSUED TO UNAUTHORIZED PERSONS, AND SUCH LIABILITY FOR ANY PARTICIPANT FOR ALL CLAIMS ARISING FOR THAT PARTICIPANT IN A CALENDER YEAR SHALL BE LIMITED TO:
    - (1) \$1,000 FOR ANY SINGLE CLAIM; AND
    - (2) \$10,000 FOR ALL CLAIMS.
- (d) EXCEPT FOR ANY INDEMNIFICATION OBLIGATIONS IN

ACCORDANCE WITH THE EULA, THE TOTAL COMBINED AGGREGATE LIABILITY OF TERA, ITS SUBSIDIARIES OR AFFILIATES SHALL NOT EXCEED \$5,000 FOR ALL LOSSES AND CLAIMS FROM ALL CAUSES SUFFERED ON A SINGLE DAY; \$50,000 FOR ALL LOSSES AND CLAIMS FROM ALL CAUSES SUFFERED IN A SINGLE CALENDAR MONTH; AND (III) \$250,000 FOR ALL LOSSES AND CLAIMS FROM ALL CAUSES SUFFERED IN A SINGLE CALENDAR YEAR. ANY DISPUTED CLAIM PURSUANT TO THIS PARAGRAPH (e) SHALL BE SUBJECT TO ARBITRATION TO THE EXTENT PROVIDED IN RULE 906.

- (e) EXCEPT FOR ANY INDEMNIFICATION OBLIGATIONS IN ACCORDANCE WITH THE EULA, IN NO EVENT SHALL TOTAL COMBINED AGGREGATE LIABILITY OF TERA FOR ALL CLAIMS AND CLAIMS AGAINST DISCLAIMING PARTIES ARISING OUT OF ANY FAILURES, MALFUNCTIONS, FAULTS IN DELIVERY, DELAYS, OMISSIONS, SUSPENSIONS, INACCURACIES, INTERRUPTIONS, TERMINATIONS, OR ANY OTHER CAUSES, IN CONNECTION WITH THE FURNISHING, PERFORMANCE, OPERATION, MAINTENANCE, USE OF OR INABILITY TO USE ALL OR ANY PART OF ANY OF TERA, OR SERVICES, EQUIPMENT OR FACILITIES USED TO SUPPORT TERA, OR THE NEGLIGENCE OF TERA EMPLOYEES, AGENTS OR SUBAGENTS EXCEED \$250,000 IN ANY GIVEN CALENDAR YEAR.

IF THE NUMBER OF ALLOWED CLAIMS ARISING OUT OF ANY FAILURES OR MALFUNCTIONS ON A SINGLE DAY, SINGLE MONTH OR SINGLE YEAR CANNOT BE FULLY SATISFIED BECAUSE OF THE ABOVE DOLLAR LIMITATIONS, ALL SUCH CLAIMS SHALL BE LIMITED TO A PRO RATA SHARE OF THE MAXIMUM AMOUNT FOR THE RESPECTIVE PERIOD.

A CLAIM AGAINST TERA ARISING OUT OF ANY FAILURE OR MALFUNCTION SHALL ONLY BE ALLOWED IF SUCH CLAIM IS BROUGHT IN ACCORDANCE WITH PROCEDURES SET FORTH BY THE RULES.

- (f) EXCEPT WHEN THERE HAS BEEN A FINDING OF GROSS NEGLIGENCE, FRAUD OR WILLFUL MISCONDUCT OR INTENTIONAL VIOLATION OF THE RULES AND EXCEPT FOR ITS PAYMENT OBLIGATION TO TERA (IN ACCORDANCE WITH THE EULA) AND ANY INDEMNIFICATION OBLIGATION (IN ACCORDANCE WITH THE EULA),
- (i) IN NO EVENT SHALL PARTICIPANT (INCLUDING ITS SUBSIDIARIES AND AFFILIATES), NOR ANY OF THEIR RESPECTIVE DIRECTORS, OFFICERS, MEMBERS, EMPLOYEES, AGENTS, OR CONSULTANTS BE LAIBLE TO ANY PERSON FOR ANY LOSES, DAMAGES, COSTS OR EXPENSES, INCLUDING BUT NOT LIMITED TO LOSS OF PROFIT, LOSS OF USE, SPECIAL, PUNITIVE, INDIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES; AND
- (ii) THE MAXIMUM LIABILITY OF PARTICIPANT (INCLUDING ITS

SUBSIDIARIES AND AFFILIATES AND ANY CONTRACTORS PROVIDING SERVICES TO THEM), OR ANY OF THEIR RESPECTIVE DIRECTORS, OFFICERS, MEMBERS, EMPLOYEES, AGENTS, OR CONSULTANTS, FOR DIRECT LOSS OR DAMAGE WHETHER IN CONTRACT, TORT (INCLUDING NEGLIGENCE AND BREACH OF STATUTORY DUTY), STRICT LIABILITY, OR OTHERWISE ARISING OUT OF OR IN CONNECTION WITH USE OF SERVICES OR TRANSACTIONS SHALL NOT EXCEED \$10,000 FOR ALL LOSSES FROM ALL CAUSES SUFFERED ON A SINGLE DAY; \$50,000 FOR ALL LOSSES SUFFERED FROM ALL CAUSES IN A SINGLE CALENDER MONTH; AND \$250,000 FOR ALL LOSSES FROM ALL CAUSES SUFFERED IN A SINGLE CALENDER YEAR. ANY DISPUTED CLAIM PURSUANT TO THIS RULE 907(f)(ii) MUST BE ARBITRATED PURSUANT TO RULE 906.

## **CHAPTER 10 INSTRUMENT SPECIFICATIONS**

### **Rule 1001 Instruments Listed for Trading**

The Instruments that will be listed for trading on Tera are described in this Chapter 10. The description of each Instrument includes the designation of a Clearing House for Transactions in such Instruments. Only Instruments eligible for clearing at a Clearing House shall be listed on Tera. The available Clearing Houses include:

- (a) CME Group Inc. (“CME”);
- (b) LCH.Clearnet LLC (“LCH”); and
- (c) ICE Clear U.S. (“ICE”).

### **Rule 1002 Interest Rate Swaps**

Tera will list for Trading Interest Rate Swaps under this rule meeting the clearing specifications defined by the relevant Clearing House.

- (a) CME Interest Rate Swaps
- (b) LCH Interest Rate Swaps

### **Rule 1003 Credit Default Swap Indices**

Tera will list for Trading CDSI Instruments under this rule meeting the clearing specifications defined by the relevant Clearing House.

- (a) CME CDSI
- (b) LCH CDSI
- (c) ICE CDSI

### **Rule 1004 Foreign Exchange Derivatives**

Tera will list for Trading Foreign Exchange Derivatives under this rule meeting the clearing specifications defined by the relevant Clearing House.

- (a) CME Cash Settled Forwards
- (b) CME Non-Deliverable Forwards