

Tradition SEF, Inc. – Exhibit L

Attach as Exhibit L, a narrative and any other form of documentation that may be provided under other Exhibits herein, that describes the manner in which the Applicant is able to comply with each core principle. Such documentation must include a regulatory compliance chart setting forth each core principle and providing citations to the Applicant’s relevant rules, policies, and procedures that address each core principle. To the extent that the application raises issues that are novel or for which compliance with a core principle is not self evident, include an explanation of how that item and the application satisfy the core principles.

Swap Execution Facility Core Principle	Tradition SEF Rule, Policy or Procedure	Relevant Tradition SEF Exhibit
<p>Core Principle 1 – Compliance with Core Principles</p> <p>(A) In general. To be registered, and maintain registration, as a swap execution facility, the swap execution facility shall comply with—the core principles described in section 5h of the Act; and any requirement that the Commission may impose by rule or regulation pursuant to section 8a(5) of the Act.</p> <p>(B) Reasonable discretion of swap execution facility. Unless otherwise determined by the Commission by rule or regulation, a swap execution facility described in paragraph (A) shall have reasonable discretion in establishing the manner in which the swap execution facility complies with the core principles described in section 5h of the Act.</p>	<p>The Tradition SEF Application as whole satisfies this Core Principle.</p>	<p>Tradition SEF Application and supporting documents.</p> <p>Tradition SEF Rulebook (Exhibit M)</p> <p>SEF Regulatory Services Agreement (Exhibit N).</p> <p>SEF Compliance and Surveillance Manual (Exhibit O).</p> <p>List of rules Prohibiting Specific Trade Practice Violations (Exhibit R)</p>
<p>Core Principle 2 – Compliance with Rules.</p> <p>A swap execution facility shall:</p> <p>(A) Establish and enforce compliance with any rule of the swap execution facility, including the terms and conditions of the swaps traded or processed on or through the swap execution facility and any limitation on access to the swap execution facility;</p> <p>(B) Establish and enforce trading, trade</p>	<p>Tradition SEF has established rules and procedures reasonably designed to ensure compliance with section 5(h) of the Commodity Exchange Act ("CEA") and Commodity Futures Trading Commission ("CFTC"), including procedures to be used in entering, executing and posting orders to the facility. Tradition SEF fulfills its compliance with CFTC and CEA requirements through the establishment of internal surveillance, market practices and trading operations procedures under the guidance of its Chief</p>	<p>Tradition SEF Rulebook (Exhibit M)</p> <ul style="list-style-type: none"> • Chapter 3 (Trading Privileges and Participants) • Chapter 4 (Obligations of Participants, Broker Firms and Customers) • Chapter 5 (Trading Practices and Business Conduct) • Chapter 6 (Disciplinary Rules) • Rule 534 (Responsibility of Swap Dealers and Major Swap Participants for Compliance)

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<p>processing, and participation rules that will deter abuses and have the capacity to detect, investigate, and enforce those rules, including means to provide market participants with impartial access to the market and to capture information that may be used in establishing whether rule violations have occurred;</p> <p>(C) Establish rules governing the operation of the facility, including rules specifying trading procedures to be used in entering and executing orders traded or posted on the facility, including block trades; and</p> <p>(D) Provide by its rules that when a swap dealer or major swap participant enters into or facilitates a swap that is subject to the mandatory clearing requirement of section 2(h) of the Act, the swap dealer or major swap participant shall be responsible for compliance with the mandatory trading requirement under section 2(h)(8) of the Act.</p>	<p>Compliance Officer (“CCO”), Regulatory Oversight Committee (“ROC”) and Compliance department, and through the retention of the regulatory services of the National Futures Association (“NFA”).</p> <p>The CCO is appointed by the SEF Board and is required to meet with the ROC at least quarterly. The ROC oversees the regulatory structure on behalf of the board. The ROC has authority to monitor the effectiveness of the SEF’s and oversee all aspects of the SEF’s regulatory program, including trade practices and market surveillance, regulatory audits and examinations and regulatory activity of participants.</p> <p>To perform trade practice surveillance for SEF, NFA will utilize an automated surveillance system to review swap order and transaction data provided by the SEF that complies with the standards for such systems established by the CFTC by regulation, order or otherwise. Tradition SEF retains ultimate decision-making responsibility for any functions performed by the NFA. NFA shall review SEF’s trades on a routine basis to determine whether suspicious activity relating to SEF’s trading standards exists, including, without limitation, whether any potential violations of SEF’s rules have occurred. The trades reviewed shall include trades executed on SEF’s matching system and, if applicable, “Request for Quote” (“RFQ”), block and error trades. NFA will utilize an automated system to perform market surveillance of the activity on SEF in order to detect manipulation, price distortions and where possible, disruptions of the delivery or cash-settlement process. The alerts include, but are not limited to, the following: Trade Cancellation: Off-SEF Block Trades: Exchange of</p>	<p>with Trading Requirement)</p> <p>SEF Compliance and Surveillance Manual (Exhibit O)</p> <ul style="list-style-type: none"> • Section 1.4.3 Chief Compliance Officer Certification Process • Section 1.9.0 (Compliance Department) • Section 5 (Execution Services) <ul style="list-style-type: none"> ➢ Section 5.8.0 (Review of transactions and Periodic Participant Account review) • Section 6 (Platforms) <ul style="list-style-type: none"> ➢ Section 6.9.2 (Supervisory Procedures and Monitor for Firmness of Quotations) • Section 8 (Insider Trading)

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	<p>Swaps for Related Positions (EFRPs)</p> <p>SEF shall be responsible for monitoring overall activity in each market on a real time basis and has set up a surveillance function to provide for real-time monitoring. SEF shall also provide NFA with a real-time, view-only market access, and NFA shall act as a "second set of eyes" regarding real time monitoring by viewing trading activity, tracking specific members and authorized traders, monitoring pricing and volume and being alerted to market messages and will contact SEF in instances that NFA reasonably believes warrant contacting SEF.</p> <p>NFA's Market Regulation Department shall be primarily responsible for performing the investigatory work in accordance with the NFA Procedures Manual relating to inquiries and investigations resulting from trade practice, market surveillance, enforcement of audit trail requirements and financial surveillance.</p> <p>If potential irregularities or exceptions are noted NFA may conduct an inquiry of SEF's members or authorized traders to obtain additional factual information regarding the potential irregularities or exceptions. NFA shall inform SEF's Chief Compliance Officer of all such inquiries. In performing these inquiries, NFA may conduct certain activities, including but not limited to, the following: (1) review any trades in question in relation to other surrounding trades; (2) gather background information and explanations from SEF members and authorized traders concerning trading activity, audit trail data and financial information; (3) gather procedural information regarding trade and back office processing; and (4) confer with SEF's Chief Compliance Officer about the SEF's customs and practices. If, at the</p>	

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	<p>conclusion of the inquiry:</p> <p>(1) NFA does not have reason to believe that there is a possible basis for a rule violation having occurred, NFA shall close the inquiry internally and so notify SEF's Chief Compliance Officer; or</p> <p>(2) NFA has a reasonable basis to believe that a rule violation has occurred, NFA shall open an investigation matter, inform SEF's Chief Compliance Officer and conduct further investigation. In conducting this investigation, NFA may engage in certain activities, including but not limited to the following: (1) request supporting documentation for specified trade activity; (2) conduct interviews, which at NFA's discretion, may be conducted under oath; (3) review trade activity in relation to other related cash and derivative markets; and (4) gather any additional information from clearing firms, SEF members and/or their employees and/or authorized traders that NFA deems necessary.</p> <p>At the conclusion of the investigation, NFA shall prepare a written report, which shall comply with relevant CFTC regulations, summarizing NFA's investigative findings and forward such report to SEFs Chief Compliance Officer for such further action as may be appropriate in accordance with SEF's disciplinary rules and process.</p> <p>If SEF initiates a disciplinary proceeding, then NFA staff, upon SEF's request and on SEF's behalf, shall administer and litigate the proceeding before a SEF disciplinary panel. If SEF does not initiate a disciplinary proceeding, then SEF's Chief Compliance Officer shall notify NFA's Market Regulation Department in writing of this decision and the reasons for the decision.</p> <p>Particular investigations may reveal conduct that</p>	

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	<p>is an alleged violation of both SEF's disciplinary rules and NFA's Compliance Rules. In these cases, NFA will initially confer with SEF's Chief Compliance Officer and determine whether, based upon the particular case's facts, NFA's or the SEF's disciplinary process provides the most effective means to resolve the alleged disciplinary problem: provided, however, that SEF and NFA shall each, in its sole discretion, determine whether it will conduct a disciplinary proceeding and nothing herein shall prevent both SEF and NFA from conducting disciplinary proceedings with respect to the same matter.</p> <p>NFA shall provide the written report in sufficient time to enable SEF to complete the investigation within twelve (12) months from the date that NFA opened the investigation. However, if mitigating factors that the CFTC has specified as reasonable justification for an investigation taking longer than twelve (12) months to complete exist, NFA shall conclude its investigation and provide such written report in a reasonably prompt manner.</p> <p>NFA shall offer its arbitration forum for the resolution of customer vs. SEF member disputes and SEF member vs. member disputes that must or may be arbitrated pursuant to SEF's rules governing arbitrations.</p>	
<p>Core Principle 3 – Swaps not readily susceptible to Manipulation</p> <p>The swap execution facility shall permit trading only in swaps that are not readily susceptible to manipulation.</p>	<p>Tradition believes that the swaps made available to trade or listed for trading on the SEF will not be susceptible to manipulation. Contract terms will define the settlement details of each swap.</p> <p>Interest rate swaps will be based on widely available, independent and observable benchmarks such as LIBOR, EURIBOR, which are published by the British Bankers Association</p>	<p>SEF Compliance and Surveillance Manual (Exhibit O)</p> <ul style="list-style-type: none"> Section 6.10.0 (Anti-Manipulative Principles)

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	<p>or other market standard benchmarks that reflect the overall level of interest rates, rather than the interest rate paid by a specific company or corporate entity.</p> <p>Foreign exchange swaps will be either physically-settled in actual currencies or cash-settled based on actual prices of currency.</p> <p>Equity index swaps will be based on widely-accepted broad-market indexes such as those published by Standard & Poor's, Dow Jones or international indexes such as the FTSE or Nikkei.</p> <p>Credit index swaps will be based on widely-accepted broad-market indexes.</p> <p>Commodity swaps will be based on widely accepted benchmark futures contracts, such as NYMEX WTI Crude Oil, ICE Brent crude oil, NYMEX natural gas, COMEX Gold and Silver or independent and verifiable benchmarks such as those offered by Platts, Dow Jones or other independent index providers.</p> <p>Tradition will coordinate review of the susceptibility to manipulation for swaps on the SEF with its regulatory service provider, NFA.</p> <p>In addition, participants executing trades in required swaps on the SEF shall have entered into a clearing arrangement with a DCO that is registered with the CFTC prior to entering orders for swaps into the SEF.</p> <p>All swaps made available to trade (required swaps) on the SEF will have been certified or approved by the CFTC.</p>	
<p>Core Principle 4 – Monitoring of Trading and Trade Processing</p>	<p>Tradition Swap Execution Facility has retained the services of the National Futures Association ("NFA") to assist in monitoring trading on</p>	<p>SEF Rulebook (Exhibit M)</p> <ul style="list-style-type: none"> • Chapter 5 (Trading Practices and Business Conduct)

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<p>The swap execution facility shall:</p> <p>(A) Establish and enforce rules or terms and conditions defining, or specifications detailing:</p> <p style="padding-left: 40px;">(1) Trading procedures to be used in entering and executing orders traded on or through the facilities of the swap execution facility; and</p> <p style="padding-left: 40px;">(2) Procedures for trade processing of swaps on or through the facilities of the swap execution facility; and</p> <p>(B) Monitor trading in swaps to prevent manipulation, price distortion, and disruptions of the delivery or cash settlement process through surveillance, compliance, and disciplinary practices and procedures, including methods for conducting real-time monitoring of trading and comprehensive and accurate trade reconstructions.</p>	<p>Applicant's SEF to prevent manipulation, price distortion and disruptions to the market and settlement process.</p> <p>To perform trade practice surveillance for SEF, NFA will utilize an automated surveillance system to review swap order and transaction data provided by the SEF that complies with the standards for such systems established by the CFTC by regulation, order or otherwise. Tradition SEF retains ultimate decision-making responsibility for any functions performed by the NFA. NFA shall review SEF's trades on a routine basis to determine whether suspicious activity relating to SEF's trading standards exists, including, without limitation, whether any potential violations of SEF's rules have occurred. The trades reviewed shall include trades executed on SEF's matching system and, if applicable, "Request for Quote" ("RFQ"), block and error trades. NFA's trade practice surveillance system shall monitor for fraudulent trading, e.g., intentionally deceptive trading for personal financial gain, trading practices that SEF deem to be abusive and any other manipulative or disruptive trading practices prohibited by the Act or CFTC Regulations, as well as the types of transactions and trade practices for both Required and Permitted Transactions as defined by the CFTC Regulations: Front-Running; Wash Trading; Pre-Arranged Trading: Trading Ahead of Customer Orders: Trading Against Customer Orders: Accommodation Trading: Improper Cross Trading: and improper activity in trades executed by RFQ. NFA will utilize an automated system to perform market surveillance of the activity on SEF in order to detect manipulation, price distortions and where possible, disruptions of the delivery or cash-settlement process.</p>	<p>SEF Compliance and Surveillance Manual (Exhibit O)</p> <ul style="list-style-type: none"> • Section 1(Introduction and Supervision) • Section 5 (Execution Services) • Section 6 (Platforms)

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	<p>NFA will enforce SEF's audit trail and recordkeeping requirements through at least annual reviews of all members subject to SEF's recordkeeping requirements. Such reviews shall include, but are not limited to, reviewing randomly selected samples of front-end audit trail data for order routing systems; reviewing the process by which user identifications are assigned and user identifications records are maintained; reviewing usage patterns associated with user identifications to monitor for violations of user identification rules, and reviewing account numbers and customer type indicator codes in trade records to test for accuracy and improper use.</p> <p>SEF will also maintain both a surveillance and trade practices program to monitor for market abuses, manipulations and other disruptive practices. SEF has disciplinary procedures and penalties for violation of its rules.</p>	
<p>Core Principle 5 – Ability to Obtain Information.</p> <p>The swap execution facility shall:</p> <p>(A) Establish and enforce rules that will allow the facility to obtain any necessary information to perform any of the functions described in section 5h of the Act;</p> <p>(B) Provide the information to the Commission on request; and</p> <p>(C) Have the capacity to carry out such international information-sharing agreements as the Commission may require.</p>	<p>SEF will require its participants to maintain books and records and permitting inspection by the CFTC as a condition for access to the SEF. This requirement will be referenced in the SEF rulebook.</p> <p>Additionally, SEF may enter into information-sharing agreements with other SEFs or DCMs where similar contracts to those made available to trade on the SEF or with underlying cash markets for swaps available for trading on the SEF for the purpose of monitoring activity on the SEF or to coordinate procedures such as delivery or reaction to market disruptions. As part of these agreements, SEF may share information and documents regarding current or former participants, provide market surveillance information, share information regarding ongoing</p>	<p>SEF Rulebook (Exhibit M)</p> <ul style="list-style-type: none"> • Rule 211 (Maintenance of Books and Records by Tradition SEF) • Rule 213 (Information-Sharing Agreements) • Rule 402 (Duties and Responsibilities of Participants) • Rule 404 (Inspections by Tradition SEF) <p>SEF Compliance and Surveillance Manual (Exhibit O)</p> <ul style="list-style-type: none"> • Section 2 (Books and Records) • Section 9.2.2 (Governmental Requests for Information)

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	<p>or completed investigations and / or require its current or former participants to provide information at the request of such other SEFs, DCMs or regulators with which the SEF has information-sharing agreements.</p> <p>SEF will enter into international information-sharing agreements as required by the CFTC.</p>	
<p>Core Principal 6 – Position Limits or Accountability</p> <p>(A) In general. To reduce the potential threat of market manipulation or congestion, especially during trading in the delivery month, a swap execution facility that is a trading facility shall adopt for each of the contracts of the facility, as is necessary and appropriate, position limitations or position accountability for speculators.</p> <p>(B) Position limits. For any contract that is subject to a position limitation established by the Commission pursuant to section 4a(a) of the Act, the swap execution facility shall:</p> <p>(1) Set its position limitation at a level no higher than the Commission limitation; and</p> <p>(2) Monitor positions established on or through the swap execution facility for compliance with the limit set by the Commission and the limit, if any, set by the swap execution facility.</p>	<p>The SEF has adopted rules related to position limits and position accountability levels and will receive reports from its regulatory services provider to allow the SEF to monitor and enforce these rules. The positions limits will not be higher than the levels established by the Commission.</p> <p>Additionally, SEF may enter into information-sharing agreements with other SEFs or DCMs where similar contracts to those made available to trade on the SEF or with underlying cash markets for swaps available for trading on the SEF for the purpose of monitoring activity on the SEF or to coordinate position monitoring. As part of these agreements, SEF may share information and documents regarding current or former participants, provide position information, share information regarding ongoing or completed investigations and / or require its current or former participants to provide information at the request of such other SEFs, DCMs or regulators with which the SEF has information-sharing agreements.</p>	<p>SEF Rulebook (Exhibit M)</p> <ul style="list-style-type: none"> • Rule 532 (Position Limits And Exemptions) • Rule 533 (Position Accountability) <p>SEF Compliance an Surveillance Manual (Exhibit O)</p> <ul style="list-style-type: none"> • Section 6 (Platforms)
<p>Core Principle 7 – Financial Integrity of Transactions</p> <p>The swap execution facility shall establish and enforce rules and procedures for ensuring the financial integrity of swaps entered on or through the facilities of the swap execution facility, including the clearance and settlement of the</p>	<p>All required swaps executed on the SEF will be cleared by a CFTC designated Derivatives Clearing Organization. Participants placing orders in non-cleared transactions shall be required to have entered into an Agreement governing the execution and settlement of the swap with the prospective counterparty to the swap prior to</p>	<p>SEF Rulebook (Exhibit M)</p> <ul style="list-style-type: none"> • Rule 302 (Participant Criteria) • Rule 304 (Additional Criteria for Participants Trading for Customers) • Chapter 7 (Cleared Swaps and Uncleared Swaps) <p>SEF Compliance and Surveillance Manual</p>

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swaps pursuant to section 2(h)(1) of the Act.	<p>placing an order for the swap.</p> <p>NFA shall receive and promptly review financial and related information from SEF's members for compliance with SEF's minimum financial standards from financial information SEF shall require its members to submit to NFA.</p>	<p>(Exhibit O)</p> <ul style="list-style-type: none"> Section 2 (Books and Records)
<p>Core Principle 8 – Emergency Authority “</p> <p>The swap execution facility shall adopt rules to provide for the exercise of emergency authority, in consultation or cooperation with the Commission, as is necessary and appropriate, including the authority to liquidate or transfer open positions in any swap or to suspend or curtail trading in a swap.</p>	<p>Tradition SEF has clear procedures and guidelines for identifying emergencies and exercising authority to liquidate or suspend trading in any swap listed for trading on the SEF.</p>	<p>SEF Rulebook (Exhibit M)</p> <ul style="list-style-type: none"> Rule 208 (Emergency Rules) <p>SEF Compliance and Surveillance Manual (Exhibit O)</p> <ul style="list-style-type: none"> Section 10 (Business continuity and Contingency)
<p>Core Principle 9 – Timely Publication of Trading Information</p> <p>(A) In general. The swap execution facility shall make public timely information on price, trading volume, and other trading data on swaps to the extent prescribed by the Commission.</p> <p>(B) Capacity of swap execution facility. The swap execution facility shall be required to have the capacity to electronically capture and transmit trade information with respect to transactions executed on the facility.</p>	<p>SEF will transmit swap transaction and pricing data to CFTC registered SDRs on a timely basis.</p>	<p>SEF Rulebook (Exhibit M)</p> <ul style="list-style-type: none"> Rule 410 (Information Regarding Orders) Rule 512 (Swap Data Reporting) <p>SEF Compliance Manual (Exhibit O)</p> <ul style="list-style-type: none"> Section 2 (Books and records) Section 5 (Execution Services) Section 6 (Platforms) <p>SEF Website (www.traditionsef.com)</p> <p>SDR agreements (Exhibit N)</p>
<p>Core Principle 10 – Record Keeping and Reporting</p> <p>(A) In general. A swap execution facility shall:</p> <p>(1) Maintain records of all activities relating to the business of the facility, including a complete audit trail, in a form and manner acceptable to the</p>	<p>SEF will maintain records of all activities related to its business for a period of five (5) years in accordance with CFTC regulations. SEF Participants are obliged to maintain all requisite books and records in accordance with CFTC regulations.</p>	<p>SEF Rulebook (Exhibit M)</p> <ul style="list-style-type: none"> Rule 211 (Maintenance of Books and Records by Tradition SEF) Rule 510 (Recordkeeping Requirements for Entering Orders into the Platform) <p>SEF Compliance and Surveillance Manual (Exhibit O)</p> <ul style="list-style-type: none"> Section 2 (Books and Records)

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<p>Commission for a period of five years;</p> <p>(2) Report to the Commission, in a form and manner acceptable to the Commission, such information as the Commission determines to be necessary or appropriate for the Commission to perform the duties of the Commission under the Act; and</p> <p>(3) Keep any such records relating to swaps defined in section 1a(47)(A)(v) of the Act open to inspection and examination by the Securities and Exchange Commission.</p> <p>(B) Requirements. The Commission shall adopt data collection and reporting requirements for swap execution facilities that are comparable to corresponding requirements for derivatives clearing organizations and swap data repositories.</p>		
<p>Core Principle 11 – Antitrust Considerations</p> <p>Unless necessary or appropriate to achieve the purposes of the Act, the swap execution facility shall not:</p> <p>(A) Adopt any rules or take any actions that result in any unreasonable restraint of trade; or</p> <p>(B) Impose any material anticompetitive burden on trading or clearing.</p>	<p>The Applicant believes that it has designed its business plan, rules and procedures to avoid unreasonable restraints of trade or the imposition of unreasonable or discretionary barriers to trading. Access to trading will be available to a broad section of participants based on fair and equitable access criteria pursuant to the Act.</p>	<p>SEF Rulebook (Exhibit M)</p> <p>SEF Compliance Manual (Exhibit O)</p>
<p>Core Principle 12 – Conflicts of Interest.</p> <p>The swap execution facility shall:</p> <p>(A) Establish and enforce rules to minimize conflicts of interest in its decision-making process; and</p> <p>(B) Establish a process for resolving the conflicts</p>	<p>Tradition SEF rules are constructed to minimize conflicts of interest in decision making. No person who has a “material” conflict of interest regarding their position may participate in deliberations or vote on matters affecting their personal interest.</p> <p>Tradition SEF’s rulebook extends the limitations on using non-public or conflicted information for</p>	<p>SEF Rulebook (Exhibit M)</p> <ul style="list-style-type: none"> • Rule 209 (Conflicts of Interest) <p>SEF Compliance and Surveillance Manual (Exhibit O)</p> <ul style="list-style-type: none"> • Section 1.10.0 (Employee Requirements) • Section 5.3.0 (Fair Dealing With Participants) • Section 8 (Insider Trading)

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of interest.	<p>personal gain, with such rules on the limitation of use or disclosure of conflicted or non-public information extended to Board members, Committee members or Tradition SEF personnel.</p> <p>Additionally, Tradition SEF's Regulatory Oversight Committee ("ROC") will be made up entirely of Public Directors. The ROC oversees the SEF's regulatory program on behalf of the Board. The ROC will assist in promoting policies and procedures aimed at minimizing actual and potential conflicts of interest.</p>	<p>Conflicts of interest policy</p> <p>SEF Governance Rules</p>
<p>Core Principle 13 – Financial Resources</p> <p>(A) In general. The swap execution facility shall have adequate financial, operational, and managerial resources to discharge each responsibility of the swap execution facility.</p> <p>(B) Determination of resource adequacy. The financial resources of a swap execution facility shall be considered to be adequate if the value of the financial resources exceeds the total amount that would enable the swap execution facility to cover the operating costs of the swap execution facility for a one-year period, as calculated on a rolling basis.</p>	<p>Tradition SEF will maintain the financial resources required to discharge each responsibility of the SEF. These resources will be adequate to enable Tradition to cover the operating costs of the SEF for a one-year period, calculated on a rolling basis.</p>	<p>SEF Compliance and Surveillance Manual (Exhibit O)</p> <ul style="list-style-type: none"> • Section 1.11.0 (Financial and Operational requirements) • Section 2.2.0 (Net Capital Rule Issues) <p>Attached financial statements (Exhibit I) in the Form SEF.</p>
<p>Core Principle 14 – System Safeguards</p> <p>The swap execution facility shall:</p> <p>(A) Establish and maintain a program of risk analysis and oversight to identify and minimize sources of operational risk, through the development of appropriate controls and procedures, and automated systems, that:</p> <ul style="list-style-type: none"> (1) Are reliable and secure; and (2) Have adequate scalable capacity; 	<p>Tradition SEF established and maintains emergency procedures, plans for disaster recovery and back-up capability that allow for a timely recovery and resumption of operations and fulfillment of the responsibilities of the SEF.</p> <p>Tradition SEF conducts system tests to identify weak points and reduce risk of system failure.</p> <p>Tradition SEF also conducts tests to monitor system reaction time, determine whether additional capacity might be required in the future, and schedule and test capacity additions</p>	<p>SEF Compliance and Surveillance Manual (Exhibit O)</p> <ul style="list-style-type: none"> • Section 10 (Business Continuity and Contingency) <p>Emergency Policies and Procedures</p> <ul style="list-style-type: none"> • Business Continuity / Disaster Recovery Plan • Testing

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<p>(B) Establish and maintain emergency procedures, backup facilities, and a plan for disaster recovery that allow for:</p> <ul style="list-style-type: none"> (1) The timely recovery and resumption of operations; and (2) The fulfillment of the responsibilities and obligations of the swap execution facility; and <p>(C) Periodically conduct tests to verify that the backup resources of the swap execution facility are sufficient to ensure continued:</p> <ul style="list-style-type: none"> (1) Order processing and trade matching; (2) Price reporting; (3) Market surveillance; and (4) Maintenance of a comprehensive and accurate audit trail. 	<p>prior to releasing them into a live trading environment.</p>	
<p>Core Principle 15 – Designation of Chief Compliance Officer</p> <p>(A) In general. Each swap execution facility shall designate an individual to serve as a chief compliance officer.</p> <p>(B) Duties. The chief compliance officer shall:</p> <ul style="list-style-type: none"> (1) Report directly to the board or to the senior officer of the facility; (2) Review compliance with the core principles in this subsection; (3) In consultation with the board of the facility, a body performing a function similar to that of a board, or the senior officer of the facility, resolve any conflicts of interest that may arise; 	<p>The Board shall appoint a Chief Compliance Officer with the responsibility to establish and administer the policies and procedures of the SEF to ensure compliance with the core principles, the Act and the rules and regulations issued under the Act, establish procedures for the remediation of noncompliance issues and prepare and submit annual report to the Commission describing the compliance of the SEF with the ACT and the policies, procedures, code of ethics and conflict of interest policies of the SEF.</p>	<p>SEF Compliance and Surveillance Manual (Exhibit O)</p> <ul style="list-style-type: none"> • Section 1.4.3 (Chief Compliance Officer Certification Process) • Section 1.9.0 (Compliance Department)

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<p>(4) Be responsible for establishing and administering the policies and procedures required to be established pursuant to this section;</p> <p>(5) Ensure compliance with the Act and the rules and regulations issued under the Act, including rules prescribed by the Commission pursuant to section 5h of the Act; and</p> <p>(6) Establish procedures for the remediation of noncompliance issues found during compliance office reviews, look backs, internal or external audit findings, self-reported errors, or through validated complaints.</p> <p>(C) Requirements for procedures. In establishing procedures under paragraph (B)(6) of this section, the chief compliance officer shall design the procedures to establish the handling, management response, remediation, retesting, and closing of noncompliance issues.</p> <p>(D) Annual reports.</p> <p>(1) In general. In accordance with rules prescribed by the Commission, the chief compliance officer shall annually prepare and sign a report that contains a description of:</p> <ul style="list-style-type: none"> (i) The compliance of the swap execution facility with the Act; and (ii) The policies and procedures, including the code of ethics and conflict of interest policies, of the swap execution facility. 		

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<p>(2) Requirements. The chief compliance officer shall:</p> <p>(i) Submit each report described in clause (1) with the appropriate financial report of the swap execution facility that is required to be submitted to the Commission pursuant to section 5h of the Act; and</p> <p>(ii) Include in the report a certification that, under penalty of law, the report is accurate and complete.</p>		