EXHIBIT F – THE REGULATORY REGIME GOVERNING THE FOREIGN BOARD OF TRADE IN ITS HOME COUNTRY[1] OR COUNTRIES[2]

(1) A description of the regulatory regime/authority's structure, resources, staff, and scope of authority; the regulatory regime/authority's authorizing statutes, including the source of its authority to supervise the foreign board of trade; the rules and policy statements issued by the regulator with respect to the authorization and continuing oversight of markets, electronic trading systems, and clearing organizations; and the financial protections afforded customer funds.

(2) A description of and, where applicable, copies of the laws, rules, regulations and policies applicable to:[3]

(i) The authorization, licensure or registration of the foreign board of trade.

(ii) The regulatory regime/authority's program for the ongoing supervision and oversight of the foreign board of trade and the enforcement of its trading rules.

(iii) The financial resource requirements applicable to the authorization, licensure or registration of the foreign board of trade and the continued operations thereof.

(iv) The extent to which the IOSCO Principles are used or applied by the regulatory regime/authority in its supervision and oversight of the foreign board of trade or are incorporated into its rules and regulations and the extent to which the regulatory regime/authority reviews the applicable trading systems for compliance therewith.

(v) The extent to which the regulatory regime/authority reviews and/or approves the trading rules of the foreign board of trade prior to their implementation.

(vi) The extent to which the regulatory regime/authority reviews and/or approves futures, option or swap contracts prior to their being listed for trading.

(vii) The regulatory regime/authority's approach to the detection and deterrence of abusive trading practices, market manipulation, and other unfair trading practices or disruptions of the market.

(3) A description of the laws, rules, regulations and policies that govern the authorization and ongoing supervision and oversight of market intermediaries who may deal with members and other participants located in the United States participants, including:

(i) Recordkeeping requirements.

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[1] Where multiple foreign boards of trade subject to the same regulatory regime/authority and are similarly regulated are applying for registration at the same time, a single Exhibit E-1 may be submitted as part of the application for all such foreign boards of trade either by one of the applicant foreign boards of trade or by the regulatory regime/authority with responsibility to oversee each of the multiple foreign boards of trade applying for registration. Where an FBOT applying for registration is located in the same jurisdiction and subject to the same regulatory regime as a registered FBOT, the FBOT applying for registration may include by reference, as part of its application, information about the regulatory regime that is posted on the Commission's website. The FBOT applying for registration must certify that the information thus included in the application is directly applicable to it and remains current and valid.

[2] Including, where appropriate, an indication as to whether the applicable regulatory regime is dependent on the home country's classification of the product being traded on the foreign board of trade as a future, option, swap, or otherwise, and a description of any difference between the applicable regulatory regime for each product classification type.

[3] To the extent that any such laws, rules, regulations or policies were provided as part of Exhibit A-5, they need not be duplicated. They may be cross-referenced.

(ii) The protection of customer funds.
(iii) Procedures for dealing with the failure of a market intermediary in order to minimize damage and loss to investors and to contain systemic risk.

(4) A description of the regulatory regime/authority's inspection, investigation and surveillance powers; and the program pursuant to which the regulatory regime/authority uses those powers to inspect, investigate, and enforce rules applicable to the foreign board of trade.

(5) For both the foreign board of trade and the clearing organization (unless addressed in Supplement S-1), a report confirming that the foreign board of trade and clearing organization are in regulatory good standing, which report should be prepared subsequent to consulting with the regulatory regime/authority governing the activities of the foreign board of trade and any associated clearing organization. The report should include:

(i) Confirmation of regulatory status (including proper authorization, licensure and registration) of the foreign board of trade and clearing organization.
(ii) Any recent oversight reports generated by the regulatory regime/authority that are, in the judgment of the regulatory regime/authority, relevant to the foreign board of trade's status as a registered foreign board of trade.
(iii) Disclosure of any significant regulatory concerns, inquiries or investigations by the regulatory regime/authority, including any concerns, inquiries or investigations with regard to the foreign board of trade's arrangements to monitor trading by members or other participants located in the United States or the adequacy of the risk management controls of the trading or of the clearing system.
(iv) A description of any investigations (formal or informal) or disciplinary actions initiated by the regulatory regime/authority or any other self-regulatory, regulatory or governmental entity against the foreign board of trade, the clearing organization or any of their respective senior officers during the past year.

(6) For both the foreign board of trade and the clearing organization (unless addressed in Supplement S-1), a confirmation that the regulatory regime/authority governing the activities of the foreign board of trade and the clearing organization agree to cooperate with a Commission staff visit subsequent to submission of the application on an "as needed basis," the objectives of which will be to, among other things, familiarize Commission staff with supervisory staff of the regulatory regime/authority; discuss the laws, rules and regulations that formed the basis of the application and any changes thereto; discuss the cooperation and coordination between the authorities, including, without limitation, information sharing arrangements; and discuss issues of concern as they may develop from time to time (for example, linked contracts or unusual trading that may be of concern to Commission surveillance staff).

1 The Exchange is subject to a comprehensive regulatory regime in the United Kingdom and Europe. This regulatory structure includes: financial and other fitness criteria for members of the Exchange; reporting and record-keeping requirements; procedures governing the treatment of customer funds and property; conduct of business standards; provisions designed to protect the integrity of the markets; and statutory prohibitions on fraud, abuse and market manipulation.

2 Responsibility for financial services legislation and broad policy in the United Kingdom lies with Her Majesty's Treasury, which is answerable to Parliament. Responsibility for regulating the conduct of investment business, providing investor protection and preventing market manipulation in the United Kingdom rests with the Financial Conduct Authority ("FCA"), the successor regulator to the Financial Services Authority ("FSA"), which became responsible for the supervision of UK Recognised Investment Exchanges ("RIEs") on 1 April 2013 as part of the UK's programme of regulatory reform. Additional authority rests with the United Kingdom's Department of Business, Innovation and Skills which is responsible for modernising company law and reforming corporate governance and investigates the conduct of companies and the Serious Fraud Office which investigates and prosecutes serious and complex fraud, bribery and corruption and so maintains confidence in the probity of business and financial services in the United Kingdom.

3 The applicable regulatory regime for the United Kingdom is not dependent on the home country's classification of the product being traded on the foreign board of trade as a future, option, swap, which are all negotiated instruments, or otherwise. The principal legal provisions for investor protection in the United Kingdom's financial services sector are contained in, or derived from, the UK Financial Services and Markets Act 2000 as amended ("FSMA") and the FCA fulfils its regulatory responsibilities within the framework established by that Act and related legislation.

The Financial Services Authority

4 The FCA is an independent non-governmental body, given statutory powers by FSMA. It is a company limited by guarantee (registered in England and Wales with number 1920623) whose registered office is at 25 The North Colonnade, Canary Wharf, London, England, E14 5HS.

5 As a non-governmental body, the FCA is operationally independent of government. It is accountable to the ministers within Her Majesty's Treasury and through the Ministers in this department, to Parliament. It is also subject to the scrutiny of the National Audit Office, Treasury Select Committee and Parliamentary Accounts Committee.

Structure

6 The board of the FCA sets its overall policy. Board members are appointed by the Treasury. Details of the Board members are set out at Annex F (1). The majority of the Board members are non-executive. The non-executive directors check that the FCA operates efficiently and economically they oversee the FCA's mechanisms of financial control and set the pay of the executive members of the Board. Details of the corporate governance of the FCA, including the terms of reference for its board of the and various committees are set out in Annex F (2). Details on which matters the FCA board delegates to its committees, and

those that it retains decision making responsibilities for, are also set out at Annex F (2) and an organisation chart is at Annex F (3).

7 General strategic and policy matter decisions are taken by FCA Board and/or its Executive Committee ("ExCo"). Other major regulatory decisions (including appeals in respect of disciplinary matters, warning notices etc) are taken, on behalf of the FCA board, by the Regulatory Decisions Committee which comprises current and recently retired practitioners and non-practitioners, all of whom represent the public interest. Terms of reference for the Regulatory Decisions Committee are set out at Annex F (2).

8 FSMA establishes the Upper Tribunal, run by the Ministry of Justice (not Her Majesty's Treasury). This Tribunal considers afresh FCA regulatory decisions.

9 The FCA's rules and practices are also subject to competition scrutiny by the Office of Fair Trading ("OFT"). The OFT must report to the Competition Commission (a separate non-governmental body with specific powers to ensure healthy competition within the United Kingdom) if it finds that any of the FCA rules and practices have a significant anti-competitive effect.

Resources

10 The FCA is an independent body which does not receive any funding from Her Majesty's Government. To finance its work, the FCA charges fees to the entities that it regulates including the Exchange.

11 The general powers of the FCA to raise these fees are set out in Schedule 1, Part III, paragraph 17 of FSMA. FSMA also gives the FCA the power to maintain sufficient reserves. The FCA fee policy is set out at Annex F (4). The latest annual report of the FCA is set out at Annex F (5); anticipated funding for 2013/14 is £445.7 million as set out in the FCA's Business Plan, a copy of which can be found at Annex F (6) and http://www.fca.org.uk/static/documents/business-plan/bp-2013-14.pdf

Staff

12 The FCA currently has 2,848 full time equivalent staff (sources: FCA Annual Report 2012/13 and Business Plan 2013/14 available at http://www.fca.org.uk/static/documents/annual-report/fsa-annual-report-12-13.pdf; and http://www.fca.org.uk/static/documents/business-plan/bp-2013-14.pdf). Staffing represents the highest cost to the FCA.

Scope of authority

13 The FCA has three specific, and equal, operational objectives set by Parliament. These are to: secure an appropriate degree of protection for consumers; protect and enhance the integrity of the UK financial system; and promote effective competition in the interests of consumers. In practice, this means that the FCA wants to make markets work effectively to deliver benefits to firms and consumers.

14 The FCA regulates some 29,000 firms, which includes European Economic Area firms passporting into the United Kingdom, ranging from global investment banks to very small businesses, and also individuals. It operates a risk-based approach concentrating on the big risks and accepting that some failure neither can, nor should, be avoided. Potential risks are prioritised, using impact and probability analysis, and the FCA will then decide on an

appropriate regulatory response – in other words, what approach it will take and how much resource it will allocate to mitigating risk.

15 The FCA's risk-based regulatory approach to the supervision of exchanges includes an annual risk assessment designed to identify the main risks to its statutory objectives as they arise and to help it plan how to address these risks. This process involves drawing on a wide range of sources. The FCA uses this information to assess the level of risk posed to its statutory objectives and to decide on what approach is needed (if any) to mitigate risk.

Authorizing statutes

16 The FCA was created by the Financial Services Act 2012 which amended FSMA, the primary piece of legislation from which it derives its powers and functions. Rules and guidance made in the FCA REC Sourcebook for Recognised Investment Exchanges and Recognised Clearing Houses are made by powers found in FSMA.

17 Her Majesty's Treasury has the power to enact secondary legislation under FSMA, which affects the way the FCA operates. The most important piece of secondary legislation is the Financial Services and Markets Act (Regulated Activities) Order 2001 ("RAO"). The RAO sets out the specific activities for which firms must receive FCA permission (known as a Part IV permission) to carry on investment business (see paragraph 20 for further detail), or where they can avail themselves of an exemption or exclusion, as the case may be.

18 The FCA is the designated competent authority under the European single market directives for banking, insurance, investment business, payment services, collective investment schemes and other financial services, including insurance intermediation. It is also the competent authority under a host of other EU directives, including the Market Abuse and Prospectus Directives. As a result, it is the United Kingdom representative within the relevant EU regulatory bodies such as the European Securities and Markets Authority. European legislation affecting the FCA in regulated financial services is implemented through the FCA Handbook and/or Her Majesty's Treasury regulations.

19 Other main areas of FCA regulation include personal pension schemes and activities relating to regulated mortgage contracts. It has authorisation, enforcement, supervision and rule-making functions for firms (some prudential supervision is now undertaken by a subsidiary of the Bank of England, the Prudential Regulation Authority ("PRA")). It also has registration functions under the various pieces of legislation applicable to mutual societies and related functions under other legislation applicable to financial services and listing. FSMA also provides the FCA with powers over unregulated firms and persons regarding market abuse, breaches of money laundering regulations and short selling. It also has the power to prosecute unauthorised firms or persons carrying on regulated activities.

Source of its authority to supervise the foreign board of trade

20 The Exchange is a Recognised Investment Exchange ("RIE") in accordance with section 285 of FSMA. As an RIE, the Exchange is exempt from the general prohibition as respects any "regulated activity"[4] which is carried on as part of its business as an investment

[4] FSMA defines regulated activities to include, among other things, (1) buying, selling, subscribing for or underwriting securities or contractually based investments as principal and (2) making arrangements for another person (whether as principal or agent) to buy, sell, subscribe for or underwrite a particular investment which is a security or a contractually based investment.

exchange[5]. In addition, the Exchange is a Recognised Auction Platform ("RAP"), a separate type of recognised body being the only UK body on which EU emission allowances may be auctioned pursuant to the EU Commission Auction Regulation (Regulation 1031/201 as amended, see Annex F (7). To become a RAP, the Exchange needed to also be an RIE, and to demonstrate that it satisfied the additional requirements of the RAP Regulations (SI 2011/2699, see Annex A-1(5)) included in and expanded upon in the FCA's REC handbook (Annex A-5(3)). In summary a RAP must meet all relevant requirements of an RIE and a small number of additional requirements detailed below.

21 To acquire and maintain recognition status as an RIE, the Exchange must satisfy several statutorily-prescribed recognition requirements set out in the Financial Services and Markets Act 2000 (Recognition Requirements for Investment Exchanges and Clearing Houses) Regulations 2001 (SI 2001/995) as amended by the Financial Services and Markets Act 2000 (Recognition Requirements for Investment Exchanges and Clearing Houses) (Amendment) (Regulations) 2006 (the "Recognition Requirements"). These Recognition Requirements are attached at Annex A-5(2). Among other things, the Exchange is required to:

- have systems and controls in place to monitor transactions on the Exchange;
- retain sufficient financial resources for the performance of its functions as an RIE;
- operate its markets with due heed to the protection of investors;
- ensure that trading is conducted in an orderly and fair manner;
- maintain suitable arrangements for trade reporting;
- maintain suitable arrangements for the clearing and settlement of contracts;
- monitor compliance with its rules;
- enforce its rules;
- investigate complaints with respect to its business;
- maintain rules to deal with the default of its members;
- co-operate with other regulatory bodies through the sharing of information or otherwise[6];
- maintain high standards of integrity and fair dealing; and
- prevent abuse.

To acquire and maintain recognition status as a RAP, the Exchange must also meet additional requirements as expanded upon in FCA's REC Handbook at REC 2A (see Annex A-5(3)). These are set out in detail in REC 2A.2.1 and can be summarised as:

- Suitability: In addition to the matters set out in REC 2.4.3G – REC 2.4.6G, the FCA will have regard to whether a key individual has been allocated responsibility for overseeing the auction platform.
- Access to facilities: References to Members includes auction bidders who use the RAP's facilities. The FCA shall have regard to whether a RAP enables access to bid at auctions only to those persons eligible to bid.

[5] FSMA prohibits individuals and entities from carrying on a "regulated activity" in the United Kingdom unless they are "authorised" to do so or are eligible for an exemption from the authorisation requirement. See the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 at tab 16 for further details. FSMA imposes criminal sanctions on persons who violate this requirement.

[6] An RIE's obligation to co-operate with regulatory bodies is not limited to co-operation with regulatory authorities in the United Kingdom. The Recognition Requirements require an RIE to be able and willing to cooperate, by the sharing of information or otherwise, with an overseas state regulator.

- Settlement and clearing services: References to Members includes auction bidders who use the RAP's facilities.
- Availability of relevant information: In determining whether appropriate arrangements have been made to make relevant information available to persons engaged in dealing in auction products, the FCA may have regard to:
    - The extent to which auction bidders are able to obtain information in a timely fashion about the terms of those auctioned products and the terms on which they will be auctioned, either through accepted channels for dissemination of information or through other regularly and widely accessible communication media;
    - What restrictions, if any, there are on the dissemination of relevant information to auction bidders; and,
    - Whether relevant information is, or can be kept to restricted groups of persons in such a way as to facilitate or encourage market abuse.
- Promotion and maintenance of standards: References to Members includes auction bidders who use the RAP's facilities.
- Discipline: References to Members includes auction bidders who use the RAP's facilities.

22 [redacted]

23 The FCA has provided guidance on the Recognition Requirements in its Handbook that sets out the FCA's interpretation of how those obligations might be met in practical terms. This guidance is attached at Annex A-1(5)

24 The FCA is the authority charged with ensuring that RIEs (such as the Exchange) continue to comply with the recognition criteria. The FCA has the power to direct any RIE that is failing, or had failed, to comply with the recognition requirements to take action to remedy such non-compliance. It also has the power fine or censure an RIE or to de-recognise any RIE that fails to meet the statutory recognition requirements. Accordingly, the Exchange is subject to the oversight of the FCA.

25 The FCA exercises its supervisory responsibility by conducting an ongoing assessment of whether the Exchange's rules, procedures and practices are adequate for the protection of investors and for the maintenance of an orderly market in accordance with the Recognition Requirements (see REC 4 of the FCA Handbook at Annex A-1(5)). For this purpose the FCA requires the Exchange to report to it, among other things, financial information and changes in its constitution (see REC 3 of the FCA Handbook at Annex A-1(5)). Further, the Exchange is required to notify the FCA of all rule changes, and keeps the FCA notified of significant changes to its rules or procedures before such changes become effective.

26 The formal interaction structure between the Exchange and FCA includes (a) monthly meetings between the FCA and the Exchange compliance department; (b) quarterly meetings between the FCA and the Vice President – Technology Development; (c) quarterly meetings

between the FCA and the Exchange's President and COO (its chief executive officer); (d) annual meetings between the FCA and the Exchange's external auditors; (e) quarterly meetings between the FCA and the Exchange's Chairman; (f) annual meetings between the FCA and the IntercontinentalExchange Inc. senior management; (g) semi-annual meetings between the FCA and the Exchange's independent board directors; (h) semi annual meetings between the FCA and the Exchange's head of finance; and (i) quarterly meetings between the FCA and the Exchange's internal audit. Informally there are frequent ad hoc contacts between the FCA and the Exchange. In addition to the formal requirements on the Exchange to notify the FCA, the Exchange consults with the FCA on all material matters.

Rules and policy statements

27 The FCA Handbook is the primary source of rules and policy statements issued by the FCA with respect to the authorisation and continuing oversight of markets, electronic trading systems and clearing organisations. A copy of the full FCA Handbook is available at http://FCAhandbook.info/FCA/index.jsp. The key rules and policy statements relevant to the Exchange are set out in the FCA's REC Sourcebook, at Annex A-1(5).

Financial protections afforded customer funds

28 The FCA (and other home state regulators in jurisdictions where the Exchange has access) are responsible for regulating the financial soundness and conduct of Exchange members' business.

29 The Client Asset ("CASS") section of the FCA Handbook at Annex F (8) sets out the requirements on authorised firms in relation to customer funds. These include requirements such as segregation of customer funds from a firm's own funds and the rules around the distribution of client money in the event that an authorised firm (or third party who holds money on behalf of an authorised firm) fails. In addition, all trades effected on the Exchange are cleared by ICE Clear Europe, which is subject to various segregation requirements as a US DCO supervised by the CFTC (and further requirements imposed on UK Recognised Clearing Houses by the Bank of England, and European Union legislation).

Authorization, licensure or registration of the foreign board of trade

30 See paragraphs 20 to 26 above for the background to the RIE regime, the formal approval of the Exchange as an RIE and how the FCA regulates the Exchange.

31 The Exchange takes its compliance and regulatory activities and obligations extremely seriously. The Exchange has a statutory obligation to ensure that business conducted by means of its facilities is conducted in an orderly manner and so as to afford proper protection to investors. Failure to comply with this obligation may mean the Exchange ceasing to be an RIE and therefore ceasing to be allowed to operate an exchange under FSMA.

The regulatory regime/authority's program for the ongoing supervision and oversight of the foreign board of trade and the enforcement of its trading rules

33 See paragraphs 13 to 15 above for an overview of the FCA approach to risk assessment and mitigation. Details of the supervision and oversight of the Exchange and enforcement of its trading rules by the FCA are also set out above. Its approach to regulating

the Exchange is described as "close and continuous" (further information on this description is set out below).

The financial resource requirements applicable to the authorization, licensure or registration of the foreign board of trade and the continued operations thereof

34 The Recognition Requirements specify that the Exchange must have financial resources sufficient for the proper performance of its functions as an RIE. In considering whether this requirement is satisfied, the FCA must take into account all the circumstances, including the Exchange's connection with any person, and any activity carried on by the Exchange, whether or not it is an exempt activity.

35 The FCA has adopted guidance in the FCA Handbook which elaborates on the Recognition Requirements. This guidance sets out principles which the FCA will take into account to determine if the above requirement has been satisfied. This guidance states that, AUK RIE which at any time holds:

(a) eligible financial resources not less than the greater of:

(i) an amount calculated under the standard approach (equal to six months of operating costs); and

(ii) an amount calculated under a risk-based approach (which involves the undertaking of an annual financial risk assessment); and

(b) net capital not less than the amount of eligible financial resources determined under (a);

will, at that time, be considered to have sufficient financial resources in respect of operational and other risks unless there are special circumstances indicating otherwise.

(REC 2.3.6 to 2.3.22 at Annex A-1(5)).

36 The calculation of operating costs may exclude non-cash costs (costs that do not involve the outflow of funds) and variable costs of the Exchange's business that would not be incurred if no "exempt activities"[7] were performed (REC 2.3.8 at Annex A-1(5)).

37 The FCA expects a UK RIE to hold, in addition to this minimum amount, an amount constituting an operational risk buffer (REC 2.3.21).

The extent to which the IOSCO Principles are used or applied by the regulatory regime/authority in its supervision and oversight of the foreign board of trade or are incorporated into its rules and regulations and the extent to which the regulatory regime/authority reviews the applicable trading systems for compliance therewith.

38 A detailed assessment of implementation of the IOSCO Objectives and Principles of Securities Regulation in the United Kingdom (undertaken by the International Monetary Fund) is set out at Annex F (9).

The extent to which the regulatory regime/authority reviews and/or approves the trading rules of the foreign board of trade prior to their implementation.

39 The Recognition Requirements specify that the Exchange must ensure that appropriate procedures are adopted for it to make rules, for keeping its rules under review and

[7] Exempt activities are any regulated activity in respect of which the body is exempt from the general prohibition as a result of section 285(2) or (3) of FSMA.

for amending them. The FCA has adopted guidance in the FCA Handbook which elaborates on the Recognition Requirements. This guidance sets out principles which the FCA will take into account to determine if the above requirement has been satisfied. This guidance is set out at REC 2.14 of the FCA Handbook at Annex A-1(5).

40 Pursuant to section 293(5) of FSMA set out at Annex A-5(1), whilst there is no formal rule approval requirement for rules, if the Exchange alters or revokes any of its rules or guidance, or makes new rules or issues new guidance it must give written notice to the FCA. Further, the combination of a legal requirement to consult on rule changes, and the close and continuous nature of the supervisory interaction with RIEs means that, in practice, the FCA is aware of all material proposed rule changes well before they are made, and if there is a regulatory concern, then this will be built into the formulation of those rules. The FCA receives copies of consultation notices issued by the Exchange. Should the FCA wish to review proposed changes to the Exchange Rules, it will request further information from the Exchange, which the Exchange will provide. In such instances, the FCA and the Exchange will work closely to produce a form of wording that is acceptable to both entities. In addition, section 300A of FSMA gives further powers to the FCA in respect of Rules which may amount to an "excessive regulatory provision", requiring a formal notification process and right for the FCA to disallow any such rules.

The extent to which the regulatory regime/authority reviews and/or approves futures, option or swap contracts prior to their being listed for trading.

41 The Recognition Requirements specify that the Exchange must make appropriate arrangements for relevant information to be made available to persons engaged in dealing in specified investments on the Exchange and that the proposed contracts are capable of being traded in a fair, orderly and efficient manner. The FCA has adopted guidance in the FCA Handbook which elaborates on the Recognition Requirements. This guidance sets out principles which the FCA will take into account to determine if the above requirement has been satisfied. This guidance is set out at REC 2.12 of the FCA Handbook at Annex A-1(5).

42 The close and continuous nature of the supervisory interaction with RIEs means that, in practice, the FCA is aware of all proposed new contracts well before they are admitted to trading, and if there is a regulatory concern, then this will be built into the formulation of the contract specifications at that time. The Exchange confirms in writing to the FCA that any new contract will comply with the Recognition Requirements and provides background information supporting the Exchange's view that it will be able to operate an orderly market in that new contract. The FCA will then perform an internal review and provide its non-objection ahead of launch, once it is comfortable all regulatory aspects have been considered and any risks mitigated.

The regulatory regime/authority's approach to the detection and deterrence of abusive trading practices, market manipulation, and other unfair trading practices or disruptions of the market.

43 In the United Kingdom the primary term used to describe abusive trading practices, market manipulation and other unfair trading practices or disruptions of the market is "market abuse". In December 2001 the provisions of FSMA relating to market abuse came into force. FSMA prohibited market abuse and gave the FCA the power to issue unlimited fines to penalize market abuse, subject to a right of appeal to the Upper Tribunal.

44 FSMA, as originally enacted, set out three types of market abuse: misuse of non-public material information, the creation of false or misleading market impressions and market distortion. FSMA required the FCA to publish a code describing behavior which, in its opinion, amounts to market abuse and behavior which does not. This code ("Code of Market Conduct") was implemented on 1 December 2001.

45 In addition to legislation originating from the United Kingdom, the Exchange is subject to European Union legislation. The European Market Abuse Directive Annex F (10) is one of a number of initiatives implementing the Financial Services Action Plan[8]. The aim of the Market Abuse Directive is to promote clean and efficient markets which are regulated in a harmonised way throughout Europe. The United Kingdom had to amend the pre-existing parts of FSMA and the Code of Market Conduct as a result of the Market Abuse Directive. The manner in which these revisions took place means that in certain areas, there is a dual system of regulation, with the United Kingdom and Europe having different regimes that operate simultaneously.

46 The result of this dual system of regulation is that there are now seven types of behaviour that can amount to market abuse for the purpose of FSMA. These seven different types of behaviour, the interlinking definitions in FSMA and the Market Abuse Directive, along with the current proposals within Europe to revise the Market Abuse Directive are described in detail in the document attached at Annex F (11).

47 For commodity derivatives, as traded on the Exchange, the major threat of market abuse is market manipulation. The steps the Exchange takes to ensure its markets are not easily manipulated are set out at Exhibit G. The FCA can also independently enforce the prohibition on market abuse set out in FSMA and the Market Abuse Directive. In order to ensure there is no duplication of effort between the Exchange and the FCA, the FCA has published operating arrangement guidelines which clarify how the Exchange and the FCA will co-ordinate and co-operate in preventing suspected market abuse Annex F (12).

A description of the laws, rules, regulations and policies that govern the authorization and ongoing supervision and oversight of market intermediaries who may deal with members and other participants located in the United States

48 The United Kingdom has a comprehensive financial services supervision regime. The laws, rules, regulations and policies that govern the authorisation and ongoing supervision and oversight of market intermediaries are primarily set out in FSMA and the FCA Handbook.

49 Subject to applicable laws, non-US Exchange members may have customers located in the United States. While the Exchange Rules do not require Members to be authorised, under Rule B.3.1 they must:

- Be able to demonstrate, to the satisfaction of the Exchange, that they are fit and proper to be a Member;

[8] The Financial Services Action Plan consists of a set of measures intended by 2005 to fill gaps and remove the remaining barriers to a single market in financial services across the EU as a whole.

- Be able to demonstrate, to the satisfaction of the Exchange, that they have sufficient systems and controls in place to ensure that all their representatives acting on their behalf or in their name in the conduct of business on the Exchange are fit and proper, suitable, adequately trained and properly supervised to perform such functions; and
- Hold all necessary licences, authorisations and consents, or benefit from available exemptions, so as to allow them to carry on business as a Member in accordance with all applicable laws and regulations.

Recordkeeping requirements for market intermediaries who may deal with members and other participants located in the United States

52 The Exchange requires all of its Members to retain records for a minimum of five years, see Rule F.3(d) at Annex A-6.

The protection of customer funds by market intermediaries who may deal with members and other participants located in the United States

53 The protection of customer funds by market intermediaries who may deal with members and other participants located in the United States is provided by ICE Clear Europe, ICE Futures Europe's clearing organization, which is a DCO supervised by the CFTC and therefore applies protections under CFTC rules. Additional requirements under CFTC rules apply to market intermediaries themselves. Further, the United Kingdom has a comprehensive regime for the protection of client monies held by investment firms. The FCA's client money rules can be found in CASS Chapter 7 of the FCA Handbook at Annex F (10). These rules implement the requirements of MiFID and the MiFID Implementing Directive. Although ICE Clear Europe, as a clearing house, is not itself directly subject to this regime, it facilitates compliance by clearing members who are investment firms of the rules protecting client money. All Exchange transactions are submitted for clearing by ICE Clear Europe, a CFTC supervised DCO. ICE Clear Europe enables the protection of customer funds (including funds originating from United States customers) by offering its clearing members the facility of clearing customer transactions in a customer account, which is kept separate from, and not subject to aggregation or set-off with, the clearing member's proprietary account. Sums credited to the customer account are accordingly protected from the insolvency of the clearing member as they form part of the client money pool. Clearing members who are investment firms and accordingly subject to the FCA's client money regime are permitted by the FCA rules to transfer client monies to a clearing house for the purpose of a transaction for a client with or through the clearing house or to meet the client's obligation to provide collateral for a transaction (CASS 7.5.2R). Such monies are credited by the clearing house to a 'client transaction account' maintained by the clearing house for the firm. The firm is required to obtain an acknowledgement in writing from the clearing house that the client transaction account is not to be combined with any other account, nor any right of set-off exercised by the clearing house against money credited to the client transaction account in respect of any sum owed to it on any other account (CASS 7.8.2R). ICE Clear Europe has given such acknowledgement pursuant to provisions in the Clearing Membership Agreement (as well as Circular C08/032). The client money regime is currently subject to consultation in relation to various amendments proposed by the FCA, including the possibility of a firm having multiple client money pools to facilitate the porting of client positions (that is, transferring the client positions to a back-up clearing member) in the event

of a firm's failure and to increase the speed of recovery and return of assets to clients following a firm's insolvency. The proposed amendments also include changes to client money distribution rules to comply with regulatory technical standards (RTS) regarding indirect client clearing under EMIR (the Regulation of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories (Regulation (EU) No 648/2012)). However, the proposed changes will not affect the summary set out in this paragraph 53.

54 Where a clearing member maintains a client transaction account with a clearing house, the contracts which relate to that account are treated as having been entered into by a separate person vis-á-vis the contracts which the clearing member enters into through its proprietary account (section 187 of the Companies Act 1989; Financial Markets and Insolvency Regulations 1991, regulation 16). Accordingly, no set-off or netting can occur between contracts in the customer account and contracts in the proprietary account. In the event that ICE Clear Europe becomes a European recognised central counterparty under EMIR, section 187 will be disapplied in relation to clearing member house contracts, clearing member client contracts, certain client trades and contracts entered into for the purpose of providing central counterparty clearing services to an exchange or clearing house, pursuant to section 187(2A) Companies Act 1989. Instead, there will be a general prohibition of set off as between any customer account and another customer account or between any customer account and a proprietary account.

55 Further, not only is ICE Futures Europe's clearing organization a CFTC supervised DCO, but certain client money obligations of the United States apply to firms regulated by the FCA. Section 30.3 of Part 30 of the General Regulations under the US Commodity Exchange Act ("CFTC Part 30") makes it unlawful for any person to trade on behalf of US customers on non-US futures and options exchanges unless the trade is transacted by or through a US-registered futures commission merchant on a fully disclosed basis. The secured amount requirement under CFTC Rule 30.7 provides protection for customer property provided in connection with contracts carried through a registered FCM (including where the FCM is a direct clearing member of ICE Clear Europe). The CFTC has proposed a number of enhancements to the secured account requirement under Rule 30.7. In addition, pursuant to an order of the CFTC, ICE Futures Europe energy contracts carried through an FCM clearing member may in certain cases be held together with U.S.-traded futures, in which case customer property provided in connection therewith will be subject to the futures segregation requirements under Section 4d(a) of the US Commodity Exchange Act (and related regulations). The Part 30 regulations also allow the CFTC to grant an exemption from this registration requirement on a jurisdiction by jurisdiction basis. We understand that the CFTC operates an exemption system for firms regulated by the FCA that are, inter alia, members of UK Recognised Investment Exchanges whereby the FCA sponsors applications for exemption for firms to the CFTC in line with the terms of the agreement between UK and US regulators.

56 A firm that makes use of the Part 30 exemption order must continue to comply with the applicable requirements and standards under the United Kingdom regulatory system including the Conduct of Business Sourcebook ("COBS") and the CASS manual of the FCA Handbook. It also becomes subject to a number of additional US-specific requirements. The FCA is responsible for the supervision of the firm and its adherence to the United Kingdom requirements and standards, as well as the additional US requirements.

57 One such additional US requirement is that an exempt firm must refuse customers resident in the United States the option of not segregating funds notwithstanding relevant provisions of the UK regulatory system which allow such opt-out and to provide all customers resident in the United States no less stringent regulatory protection than that provided to UK customers under all relevant provisions of UK law (i.e., to segregate money provided by customers resident in the United States from house monies and offer all other protections required by the FCA's client money rules) (the "Standard Segregation Provision"). We understand that this requirement does not apply to "Eligible Contract Participants" as defined in section 1a of the United States Commodity Exchange Act, 7 USC § 1a. The effect of this is that CFTC Part 30 exempt firms that have been approved by the FCA are able to offer such Eligible Contract Participants the option of not having their monies segregated. In addition to this, as well as the FCA's requirements on risk warnings, a firm obtaining an exemption must adhere to US documentation requirements for a general risk disclosure for foreign futures and options; an options disclosure; and a particular additional risk disclosure and explanatory statement to Exchange customers.

Procedures for dealing with the failure of a market intermediary in order to minimize damage and loss to investors and to contain systemic risk for market intermediaries who may deal with members and other participants located in the United States

59 As stated above, ICE Futures Europe's clearing organization is a CFTC supervised DCO subject to the Dodd Frank Act and CFTC Rules as applicable to DCOs. In addition, under UK law, contracts as defined by the Exchange Rules are "market contracts" under the Companies Act 1989. As such, they are dealt with under the default rules of ICE Clear Europe in the event of a default of a member.

60 By virtue of section 159 of the Companies Act 1989, the ICE Clear Europe (and Exchange's, if appropriate) default rules, together with those of other recognised investment exchanges and recognised clearing houses, take precedence over normal UK insolvency procedures following a default by a member. This provision is designed to safeguard the operation of the United Kingdom's financial markets.

61 The default rules of the Exchange are contained in Section D of the Exchange Rules F-1(21) and set out, among other things, the circumstances under which the Exchange may declare a member to be in default, and the actions that the Exchange may take in the event of a default.

62 The default rules of ICE Clear Europe are attached at Annex F (13). Under these rules ICE Clear Europe has a range of options. Contracts between the defaulting member and ICE Clear Europe (as counterparty to the contract) may be allowed to settle or transferred to another clearing member; or the positions will be closed out.

63 Following the administration of Lehman Brothers, the UK enacted legislation designed to improve UK insolvency law in relation to investment banks, subsequently extended to investment firms. This legislation is known as the Investment Bank Special Administration Regulations 2011 ("SAR") which came into force in the United Kingdom on 8 February 2011. The SAR applies to investment banks which are defined in the Banking Act 2009 as institutions which: (a) have permission under Part 4 of FSMA to carry on at least one of the following regulated activities: (i) safeguarding and administering investments; (ii) dealing in investments as principal; or (iii) dealing in investments as agent; (b) hold client

assets (whether or not on trust); and (c) are incorporated or formed in the United Kingdom. SAR sets out specific measures designed to improve the timeliness of the return of client assets. It also requires the special administrator to work with market infrastructure operators (such as the Exchange and ICE Clear Europe). For more information on the new special administration regime see Annex F (14)[9].

A description of the regulatory regime/authority's inspection, investigation and surveillance powers; and the program pursuant to which the regulatory regime/authority uses those powers to inspect, investigate, and enforce rules applicable to the foreign board of trade.

64 This information is set out in Exhibit G of this form.

[redacted]

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