

EXHIBIT G – THE RULES OF THE FOREIGN BOARD OF TRADE AND ENFORCEMENT THEREOF

Exhibit G-1

A description of the foreign board of trade’s regulatory or compliance department, including its size, experience level, competencies, duties and responsibilities.

All references to the Rules within this Exhibit can be found at Annex A-6.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Development or implementation of new compliance tools and procedures, are handled by a Compliance Manager, assisted by an Analyst with experience working in trading and surveillance roles. This team builds and develops tools used by the Compliance department for detecting and investigating potential trade violations, and liaises with Group entities to ensure the integrity of the data is maintained and that surveillance tools are effective.

The third Compliance Manager, assisted by a Senior Market Analyst, oversees regulatory developments and the associated implementation of Rule changes or policy updates and also Member compliance with the Exchange rule book, which includes the use of a Member Review Framework. This may include physical visits to Member offices or may be carried out remotely, and entails looking at documents, procedures and policies to ensure controls are robust. Compliance also performs due diligence on new applicants, and carries out enhanced monitoring of new Members via the New Member Monitoring Programme, which reviews activities against expectations and conformance to rule and reporting requirements. [REDACTED]

[REDACTED]

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Periodically the department engages further resources, such as temporary staff and consultants as required. These are used to support *ad hoc* tasks of uncertain duration, such as major investigations, and to complete one-off tasks supporting the business' objectives.

Exhibit G-2

A description of the foreign board of trade's trade practice rules, including but not limited to rules that address the following –

(1) Capacity of the foreign board of trade to detect, investigate, and sanction persons who violate foreign board of trade rules.

The Exchange is required under the UK Recognition Requirements (see Annex A-5(2)) and chapter two of the FCA REC Handbook (REC 2.15 Discipline: See Annex A-5(3)) which requires Exchanges to have arrangements in place for monitoring and enforcing its Rules and ensuring that it takes appropriate disciplinary action when a Member is in breach.

In order to meet this requirement, and to empower the Exchange to take appropriate action, the Exchange Rules in Section C- Compliance, Section E- Discipline and Trading Procedures, contain detailed procedures on how it may investigate any non-compliance; impose penalties on a Member; refer cases to other appropriate authorities for further investigation; and sets out formal disciplinary and appeals procedures under Section E of the Rules. These procedures are described in detail later in this section.

(2) Prohibition of fraud and abuse, as well as abusive trading practices including, but not limited to, wash sales and trading ahead, and other market abuses.

Members are at all times required to comply with all Exchange Rules and disciplinary proceedings can be taken by the Exchange in respect of any breach by a Member. The Exchange has Rules which govern the trading practices of Members under Section F - Contracts, G - Trading and Trading Procedures and sets out in Section E - Discipline conduct that is prohibited by the Exchange. We do not seek to set out in this section an exhaustive list of all such rules, however, the following Rules would (among others) prohibit Members from abusing the Market:

- (a) No Member shall (or permit its representatives to) take any action or be guilty of any omission which in the opinion of the Exchange is liable to bring the Exchange or its Members into disrepute or otherwise be substantially detrimental to the interests or welfare of the Exchange (Rule E.2.1(a));
- (b) No Member shall knowingly or recklessly permit the use of its services, facilities or membership or trading privileges by any person in a manner which is in the opinion of the Exchange liable to bring the Exchange or its Members into disrepute, impair the dignity or degrade the good name of the Exchange, create or maintain or exacerbate manipulations (or attempted manipulations) or corners (or attempted corners) or violations of the Regulations (or arrangements, provisions or directions made or given thereunder) or otherwise be substantially detrimental to the interests or welfare of the Exchange (Rule E.2.1(b));
- (c) No Member shall in relation to Contracts entered into, or orders placed,
 - i. Commit any act of fraud or bad faith (Rule E.2.2(i))
 - ii. Manipulate or attempt to manipulate the Market, nor create or attempt to create a disorderly market, nor assist its clients or any other person to do so (Rule E.2.2(vi));
- (d) Members whose behaviour amounts to market abuse as under the FCA Code of Market conduct (in the FCA Handbook MAR) attached as Annex G-2(1) is in breach of the Regulations (Rule E.2.2A);
- (e) Any act of misconduct listed under Rule E.2.3
- (f) It shall be an offence for a Member to prearrange a Contract made or intended to be made on the Market (Rule G.4); and
- (g) A Member undertaking business on its own account or on account of any of its Member's Representatives¹ as well as on account of other clients shall always give priority to the orders of such client. (Rule G.7(a))

¹ Any employee, director, officer, partner, agent or representative of a Member (whether a natural person or corporation, including any employee, director, officer, partner, agent or representative of such a corporation).

(3) A trade surveillance system appropriate to the foreign board of trade and capable of detecting and investigating potential trade practice violations.

Real-time Market surveillance is carried out by the Market Supervision team which ensures the orderliness of the market throughout the day using various surveillance tools as described in Exhibit G-4.

The compliance department has various tools available which enables it to monitor transactions on a post-trade basis, and to reconstruct transactions quickly, when required. Details of such systems and tools are detailed in Exhibit D.

(4) An audit trail that captures and retains sufficient order and trade-related data to allow the compliance staff to detect trading and market abuses and to reconstruct all transactions within a reasonable period of time.

Details on the audit trail available to compliance staff is detailed in Exhibit D-2 (3).

(5) Appropriate resources to conduct real-time supervision of trading.

Real-time supervision of trading is undertaken by ICE Futures Europe's market supervision department. [REDACTED] Further details can be found in Exhibit G-4.

(6) Sufficient compliance staff and resources, including those outsourced or delegated to third parties, to fulfill regulatory responsibilities.

Please refer to Exhibit G-1 for details on resourcing.

(7) Rules that authorize compliance staff to obtain, from market participants, information and cooperation necessary to conduct effective rule enforcement and investigations.

Details of what compliance staff are authorized to do under the Rules when conducting investigations is detailed in Exhibit G-2(8) below.

(8) Staff investigations and investigation reports demonstrating that the compliance staff investigates suspected rule violations and prepares reports of their finding and recommendations.



Inspections and Enquiries

Should a suspected breach be observed by the compliance department whilst undertaking monitoring of Exchange transactions on a post trade basis or on referral from market supervision, routine inspections and enquiries may be carried out by the compliance department as authorized by the compliance officer under Rule C.12. In carrying out an inspection or enquiry, the compliance department has the same powers as an investigation panel would have under Rules E.3.3, E.3.4 and E.3.5. Members are required to co-operate fully with all routine inspections and enquiries (Rule C.12.2).

If the compliance department concludes that there has been a breach of the Regulations, it may take action itself and submit a written report to the Chairman of the Authorisation, Rules and Conduct Committee setting out any action taken. Alternatively, a report of the provisional conclusions will be sent to the Chairman of the Authorisation, Rules and Conduct Committee who can give the compliance department such directions as may be appropriate. The compliance department will inform the Member concerned of its provisional conclusions and of the grounds for it, and give the Member the opportunity to comment (Rule C.12.3).

Having carried out the inspection or received sufficient information to complete the enquiry, the compliance officer will then submit a report to the Authorisation, Rules and Conduct Committee setting out the final conclusions, and make such recommendation as considered appropriate. The Authorisation, Rules and Conduct Committee will consider the report, and may then take one or more of the steps mentioned in Rule E.3.8 (Rule C.12.4).

Investigations

Formal investigations carried out by the compliance department, into alleged breaches of the Regulations or an act of misconduct, can also be authorised by the compliance officer (Rule E.3.1).

In terms of the process when an investigation has been commenced, the compliance department will first issue a Notice of Investigation (NoI) notifying the Member concerned that an investigation has begun, giving a brief description of the matter under investigation (Rule E.3.2).

In the course of conducting an investigation, the Exchange can call for the assistance of such other persons as needed, which may include legal advisors; clearing house; regulatory organisation and other Exchange staff (Rule E.3.3).

Throughout an investigation, Members are required to co-operate fully and each Member is required to:-

- (a) promptly furnish to the Exchange such information and documentary and other material as may reasonably be requested (including without limitation in the case of Members details of the Member's own and clients' accounts);
- (b) permit those persons appointed to carry out or assist in carrying out the investigation to enter any premises where the Member carries on its business or maintains its records for the purpose of carrying out such investigation;
- (c) make available for interview itself (if the Member is an individual) and its Member's Representatives as may reasonably be requested; and itself answer, and ensure that its Member's Representatives answer, truthfully and fully any question put by or on behalf of the Exchange;
- (d) make available for inspection such documents, records or other material in its possession, power or control as may reasonably be required and, upon request, provide copies of the same;
- (e) use its best endeavours to ensure that so far as possible its agents give similar co-operation (Rule E.3.4).

In carrying out an investigation, each Member permits the compliance department to request any clearing house, investment exchange or regulatory body or person to give to the Exchange such information and documents as the Exchange may require in connection with an investigation (Rule E.3.5).

When the compliance department has sufficient information, they will submit a written report to the compliance officer who may, or may not, recommend to the Authorisation, Rules and Conduct Committee that disciplinary proceedings should be commenced. (Rule E.3.7) or take such action under Rule E.3.8 as set out below under Disciplinary actions available to the Exchange.

(9) Rules determining access requirements with respect to the persons that may trade on the foreign board of trade, and the means by which they connect to it.

The Rules which govern such access requirements are set out in Annex A-6, in particular Sections B, Rule G.10 and G.11 and Trading Procedures 1 and 1A. Please see Exhibits B and D-1 for further details on access.

(10) The requirement that market participants submit to the foreign board of trade's jurisdiction as a condition of access to the market.

Accession to the ICE Futures Europe Regulations is referenced in the Application Form at Annex A-3(1).

Exhibit G-3

A description of the foreign board of trade's disciplinary rules, including but not limited to rules that address the following –

- (1) Disciplinary authority and procedures that empower staff to recommend and prosecute disciplinary actions for suspected rule violations and that provide the authority to fine, suspend, or expel any market participant pursuant to fair and clear standards.**

The compliance department is authorised by the compliance officer to make further enquiries or commence an investigation where a breach is suspected. The Exchange Rules then govern what actions can be taken when it has come to a conclusion on the events that took place. Such actions, which include financial penalties, suspension, expulsion, summary enforcement, commencement of formal disciplinary proceedings, referral to other bodies and the ability for a Member to appeal a decision, are described in more detail below along with details on publication of disciplinary decisions.

In the event that such behaviour or practices may be at risk of impacting the orderly running of the market or Members are at risk, the Exchange has powers to immediately suspend access as under Rule E.5 – described further below.

There are certain other circumstances where the Exchange has the ability to suspend the trading permissions of a Member and where a Member may be expelled subject to the decision of the Board which are described in more detail below.

Where a Member has failed to satisfy the Membership criteria under Rule B.3 or fails to comply with the terms of the Electronic User Agreement attached as Annex A-3(2), the Board can suspend its membership permissions including its permission to trade on the Market (or any part of it), to accept allocation of any Contracts made on the Market by another Member and to clear Contracts for such period as the Board determines (Rule B.7.2).

The Board can also, on the recommendation of a Disciplinary Panel under Rule E.4.11:

- (a) expel a Member from membership of the Exchange or, in the case of individuals, permanently remove their right to access the ICE Platform; or
- (b) in the case of a Member, suspend the membership permissions of the Member including its permission to trade, to accept allocation of any Contracts made on the ICE Platform by another Member and to clear Contracts made on the ICE Platform for such time as the Board thinks appropriate.

The Exchange, without any prior decision of the Board can suspend a member's permissions membership permissions (including trading permissions and its permission to allocate, accept or clear Contracts) in the event that it:

- (a) suspends payment of its debts;
- (b) calls a meeting of its creditors;

- (c) (in the case of an individual or all the members of a partnership) have a bankruptcy, administration or winding-up petition presented against him or all of them;
- (d) (in the case of a firm or company) have an administrative receiver or administrator appointed of all or any of its assets or go into liquidation (except a voluntary liquidation for the purposes of amalgamation or reconstruction);
- (e) fail to comply with relevant Applicable Requirements under Rule B.12.1;
- (f) be declared a defaulter under the default rules; or
- (g) an analogous event occurs in respect of the Member under the laws of any other jurisdiction;

Upon the expulsion of a Member or the suspension of its trading permissions or its permission to accept allocations or clear any Contracts, the Exchange will notify all Members and the Clearing House (Rule B.7.8).

Emergency Suspension

Under Rule E.5 the Exchange can, if it reasonably believes that immediate suspension is necessary to protect the interests of the Exchange and its Members or to ensure an orderly market, suspend for up to seven working days the right of any individual or a Member to enter the Market to trade. The decision to suspend under this Rule will be reviewed by the Exchange within that period and can be extended. (Rule E.5)

(2) The issuance of warning letters and/or summary fines for specified rule violations.

When action has been taken by the compliance officer under Rule C.12.3 or Rule E.3.7, the sanctions available in such instances are:-

- (a) decide that no further action should be taken and notify any Member or other person concerned in writing accordingly (Rule E.3.8(a));
- (b) in the event of a minor infringement or misconduct, issue a written warning to the Member concerned (Rule E.3.8(b));
- (c) commence disciplinary proceedings (including, in an appropriate case, summary proceedings under Rule E.7.0) (Rule E.3.8(c));
- (d) refer the matter back to the compliance department for further enquiry (Rule E.3.8(d)); or
- (e) in the case of the Authorisation, Rules and Conduct Committee, make such amendments to the Regulations as they think fit (Rule E.3.8(e));
- (f) report such of the findings of the investigation to such investment exchanges, clearing houses or other regulatory bodies as they think fit (Rule E.3.8(f));
- (g) publish such findings and in such detail as the Authorisation, Rules and Conduct Committee deems appropriate where the matter under investigation is considered of relevance to the market in general or in the public interest (Rule E.3.8(g)).

Or any combination of the above.

Furthermore, a breach by a Member of any provision in Rule E.8 (except paragraph (a)) or in Section G (Trading), or a failure to identify a customer pursuant to Rule K.5 (b) or (c), may be summarily dealt with under Rule E.7.2 by the compliance officer (Rule E.7.1). The compliance officer may take summary disciplinary measures, including without limitation the imposition of fixed penalty fines up to a maximum of £1000 (Trading Procedure 10.1) and fixed terms of exclusion from the Market (or any part thereof) (Rule E.7.2).

Any summary decision of the compliance officer will be published by Circular and posted on the Exchange website (Rule E.7.4).

(3) The review of investigation reports by a disciplinary panel or other authority for issuance of charges or instructions to investigate further, or findings that an insufficient basis exists to issue charges.

Where an alleged breach falls outside the Rules mentioned in Rule E.7.1, the Authorisation, Rules and Conduct Committee, taking into account the circumstances of a case, can consider summary enforcement of the Regulations to be appropriate. It can therefore, instead of referring disciplinary proceedings to a Disciplinary Panel, summarily hear and determine the case itself (Rule E.7.0). The Terms of Reference (see Annex C-1(4)) for the Authorisation, Rules and Conduct Committee sets out what its role is when considering disciplinary matters.

The member is given notice that the Authorisation, Rules and Conduct Committee will hear the case summarily and given the opportunity to represent themselves in person. The procedures under which a case may be summarily heard are set out in Trading Procedure 10.

If the Member does not appear at the hearing and the Authorisation, Rules and Conduct Committee is satisfied that the Member has been given due notice of it, it will decide the case on documentary evidence including a written case submitted by the Exchange and the Member's response (if any) (Trading Procedure 10.4 (a));

If the Member does appear, the Authorisation, Rules and Conduct Committee will permit the Exchange and the Member to present their cases orally, and to call witnesses who may be cross-examined. (Trading Procedure 10.4 (b))

Before commencing a summary hearing the Authorisation, Rules and Conduct Committee will inform the Member concerned that it may object to summary enforcement. If the Member concerned objects, the case will be referred to a Disciplinary Panel under Rule E.4.2 (Rule E.7.0(b)).

The Authorisation, Rules and Conduct Committee will announce its decision either orally or in writing at the conclusion of the summary hearing, or soon after the hearing (Trading Procedure 10.5) and will also publish its decision by Circular on the Exchange website (Rule E.7.4).

In accordance with Summary Enforcement Rules (Rule E.7) the sanctions which may be imposed by the Authorisation, Rules and Conduct Committee are the same as those set out under Rule E.3.8 (as described above under Exhibit G-3 (2)) and as those available to a Disciplinary Panel in Rule E.4.11 (described in Exhibit G-3(4)), except that:

- (i) the sanction of expulsion is not be available to the Authorisation, Rules and Conduct Committee; and
- (ii) the maximum sanction of suspension which may be imposed by the Authorisation, Rules and Conduct Committee on an individual is limited to 3 calendar months; and the maximum fine which may be imposed by the Authorisation, Rules and Conduct Committee is limited to £25,000 for an individual and £50,000 for a Member in respect of each offence (Rule E.7.0(a)).

Matters may also be referred to a Disciplinary Panel or an Appeals Panel where the Member believes there is no basis for the decision made. The processes that apply to these Panels are set out in Exhibit G-3(4) below.

(4) Disciplinary committees of the foreign board of trade that take disciplinary action via formal disciplinary processes.

Disciplinary proceedings may be commenced by the Authorisation, Rules and Conduct Committee only when it is satisfied that there is *prima facie* evidence of a breach of the Regulations or misconduct by a Member.

When the Authorisation, Rules and Conduct Committee decide to commence disciplinary proceedings, they will (subject to Rule E.7.0) direct that a written notice (“Notice”) be sent to the Member, setting out the alleged act of misconduct or breach, including a summary of the facts relied upon. (Rule E.4.2).

The Member or other person the subject of a Notice will have twenty working days from the service of the Notice to provide a statement of defence (“The Defence”) responding to all or any of the allegations, stating its intended pleas and what admissions of fact, if any, it makes. Where no defence has been served and no settlement has been reached, the Exchange will deem the Member or other person the subject of Notice to have accepted the facts and matters alleged in the Notice. (Rule E.4.2.1)

Having seen and considered the Defence, the Authorisation, Rules and Conduct Committee may, if it deems appropriate, continue to proceed with the disciplinary proceedings and refer the matter to the Disciplinary Panel or may choose to discontinue disciplinary proceedings or deal with the matter as set out in Rule E.3.8 (Rule E.4.2.2).

Without adjournment or reference back to the Authorisation, Rules and Conduct Committee, the Disciplinary Panel, or a quorum of the Authorisation, Rules and Conduct Committee hearing a case summarily, may amend a Notice by deletion, alteration or addition, or may vary the Rule breach alleged or add another Rule breach provided that they are of the opinion that:

- (a) the amendment or variation is material to the course of conduct under investigation;
- (b) the essential character of the allegation or Rule breach has not been changed; and
- (c) the Member would not be prejudiced in any defence it might wish to put before the Disciplinary Panel. (Rule E.4.3)

In any other circumstances, and in particular should a Disciplinary Panel, or a quorum of the Authorisation, Rules and Conduct Committee hearing a case summarily, determine that a separate or unrelated course of misconduct or a breach of the Regulations may have been revealed, it may order an adjournment to enable the matter to be investigated further or, in the case of the Disciplinary Panel, may refer the matter back to the Authorisation, Rules and Conduct Committee for further examination.

Settlement

The Member and/or the person alleged to have committed the breach may offer to settle the disciplinary proceedings at any stage (including any appeal) with the Exchange. The terms of any settlement will be agreed between the compliance officer and the Member and submitted in writing to the Chairman of the Authorisation, Rules and Conduct Committee, or in his

absence a quorum of this Committee for ratification. Upon ratification the terms of the settlement will take effect. In the event the settlement is not ratified, the disciplinary proceedings will continue. (Rule E.4.3.A)

Appointment of Panel

A Disciplinary Panel (“the Panel”) will consist of a Chairman sitting alone or together with one or two other persons; who may be persons drawn from market practitioners, lawyers or other suitable persons. Serving members of the Authorisation, Rules and Conduct Committee or Directors of the Exchange may not be appointed to a Disciplinary Panel. Expert assessors may be appointed, at the discretion of the Authorisation, Rules and Conduct Committee or the Panel itself, to sit with and advise the Panel but not to vote. No person will serve on or sit with a Panel if he has a personal or financial interest in or has been involved in any investigation into or previous Panel hearing on the matter under consideration.

The Member and/or the person alleged to have committed the breach and the Exchange may object to any particular appointment to the Panel which objection will be determined in the first instance by the Chairman of the Disciplinary Panel and, in the event that the objection is against the Chairman of the Disciplinary Panel, then this will be determined by the Chairman of an Appeals Panel. An Appeals Panel shall be appointed to consider appeals made by the Exchange or the Member under investigation, where either party objects to the basis of the decision made by a Disciplinary Panel. Further detail on the Appeals Panel is set out below.

In the event of equality of votes, the Chairman will have a second or casting vote. In the event of any of the Panel having or acquiring a personal or financial interest in the outcome, or dying or in any other way being or becoming, incapacitated, the Chairman of the Disciplinary Panel (or in the case of the Chairman of the Disciplinary Panel, the Chairman of the Appeal Panel) may direct that the Panel will continue to act with a reduced number or appoint another person to take the place of the retiring member of the Panel (and the disciplinary proceedings will then proceed as if such person had been originally appointed in lieu of the first person) or may direct that a new Panel should be appointed to rehear the matter. (Rule E.4.4)

Proceedings of Panel

The Disciplinary Panel will investigate the alleged misconduct or breach and determine whether there has been a violation of the Regulations and, if so, the appropriate sanction (if any) to be imposed. In carrying out this function, the Disciplinary Panel may adopt such procedure as it thinks fit. Without limitation:-

- (a) it may request from the Exchange or the Member (or client of the Member and any Member) such further statements, information, documents or other evidence as it may think fit or either party to the proceedings may submit further evidence as they consider necessary within time limits agreed by the Panel;
- (b) the Panel, or its Chairman sitting alone, may deal with such matters as it considers appropriate at a pre-hearing review, issue directions and take such other steps as it considers appropriate for the clarification of the facts and issues and for the just and expeditious determination of the case;
- (c) it may, if it considers appropriate, but only with the agreement of the Exchange and the Member concerned (or client of the Member and any associated Member), decide to determine the case upon written submissions and evidence placed before it;

- (d) in all other cases, the Exchange and the Member (or the person concerned and any Member) will be given the opportunity (and may be required by the Panel upon reasonable notice) to attend and give evidence before the Panel and be questioned. The Exchange or the Member (or the client of the Member and associated Member, as the case may be) may call witnesses to give evidence and be questioned;
- (e) the Member (or client of the Member and any associated Member) and the Exchange may be assisted or represented by any person who may or may not be legally qualified;
- (f) any Member may be required (and any other person may be requested) by the Panel (upon reasonable notice) to attend and give evidence. The Member (or client of the Member and any associated Member) will be given notice of every hearing at which any person is to give evidence. Both the Member (or the client of the Member and associated Member, as the case may be) and the compliance officer or other representative of the Exchange will be allowed the opportunity of examining and cross-examining any person who attends to give evidence;
- (g) the Panel may call for any person to attend its hearings. Save for this, all hearings will be in private unless the Member requests otherwise and the Exchange and the Panel consent;
- (h) the Panel will not be bound by any rule of law or court procedure concerning admissibility of evidence and may accept as conclusive any finding of fact made by a court or any regulatory body;
- (i) the Panel will apply the civil standard of proof on the balance of probabilities, with the cogency of evidence required being commensurate with the seriousness of the alleged infringement;
- (j) the Panel may consult with legal advisers;
- (k) a Member's disciplinary record will not be disclosed to the Panel until the Panel will have declared itself satisfied that an infringement has been proved. The Panel will then request such record from the Exchange and will be entitled to take it into account when selecting the appropriate sanction;
- (l) the Panel may receive submissions from the Exchange on the appropriate sanction. Such submissions will be made available to the Member concerned who will have the right to make final submissions on penalty. (Rule E.4.8)

If the Exchange or Member (or client of the Member and any associated Member or either of them) should fail to meet a time limit imposed by the Disciplinary Panel or fail to attend a hearing, the Panel may in its absolute discretion allow an extension of time, adjourn its proceedings or proceed, if necessary in the absence of the Member (or the client and Member, or either of them). (Rule E.4.9)

The findings of the Disciplinary Panel, and particulars of any sanction, will be notified in writing to the Member concerned (or the client of the Member and any associated Member). Such findings and sanction will be deemed conclusive and binding upon expiry of the time permitted for appeal or receipt by the Secretary of the Exchange of any earlier written notice that such right of appeal will not be exercised. (Rule E.4.10).

Sanctions available to the Disciplinary Panel

The sanctions available to the Disciplinary Panel are set out in Rule E.4.11 of the Exchange Regulations. These are:

- (a) the issue of a warning or reprimand (Rule E.4.11(a));
- (b) the issue of a notice of censure (Rule E.4.11(b));

- (c) in the case of an individual, disqualification (either indefinitely or for a fixed term) from being a Director or member of a committee or any panel of the Exchange (Rule E.4.11(c));
- (d) in the case of a Member, disqualification (either indefinitely or for a fixed term) of any of its Member's Representatives from being a Director or member of a committee or any panel of the Exchange (Rule E.4.11(d));
- (e) a fine of any amount, to be paid on such terms as may be prescribed (Rule E.4.11(e));
- (f) in the case of an individual entitled to enter or access the Market, suspension or curtailment of his right to do so (which may include suspension of his registration as a Responsible Individual) for a fixed term of up to a maximum of 36 months (Rule E.4.11(f));
- (g) a recommendation to the Directors that they expel a Member from membership of the Exchange, or in the case of other persons subject to the Regulations, permanently remove their right to access the premises or the trading facilities of the Exchange under Rule B.7.1(a) (Rule E.4.11(h));
- (h) the issue of an order requiring the Member found to have committed the breach (or the person found to have committed the breach and the Member with whom he was associated at that time, or either of them) to take such steps including making an order for compensation, as the Panel may direct to remedy the situation including, without limitation, making an order for restitution to any affected person when the Member (or person concerned) has profited (or avoided a loss) from an act of misconduct at that person's expense (Rule E.4.11(i));
- (i) any combination of the foregoing (Rule E.4.11(k)).

Appeal

A Member proceeded against under Rule E.7.0 (a), may appeal to a Disciplinary Panel against a summary determination of the Authorisation, Rules and Conduct Committee. Notice of appeal will be lodged with the Exchange within 7 days of notification of the Authorisation, Rules and Conduct Committee's determination. Rule E.4.8 will apply to the proceedings of the Disciplinary Panel. The determination of the Disciplinary Panel on appeal from the Authorisation, Rules and Conduct Committee will be final and binding (Rule E.7.1).

A Member may appeal a summary disciplinary decision made under Trading Procedure 10.1 (Trading Procedure 10.3). The Member's right of appeal is as follows:

- (a) an appeal will lie against any finding of fact and against any sanction imposed;
- (b) a Member desiring to appeal will lodge a notice setting out the grounds of its appeal:
 - (i) in the case of a breach of Rule E.8 (market offences) within one Business Day of the notification referred to in paragraph (a) above;
 - (ii) in the case of any other breach within Rule E.7.1 within five Business Days of the said notification.
- (c) An appeal will be heard by the Authorisation, Rules and Conduct Committee and will be by way of re-hearing. On an appeal the Authorisation, Rules and Conduct Committee will make such finding as will be appropriate and may confirm, vary or quash any sanction imposed, and may confirm, decrease or increase any fine. The decision of the Authorisation, Rules and Conduct Committee on an appeal will be final;

- (d) On an appeal (including an appeal which is frivolous or without merit) the Authorisation, Rules and Conduct Committee may order the Member to pay the whole or some part of the costs thereof;
- (e) No appeal will be withdrawn except by notice in writing and with leave of the Authorisation, Rules and Conduct Committee, and when giving or refusing leave the Authorisation, Rules and Conduct Committee may make such order for costs as will be appropriate.

A Member or the Exchange may appeal the decision of a Disciplinary Panel under Rule E.4.14 to an Appeals Panel which shall consist of a Chairman (who shall be a lawyer) sitting alone or together with one or two other persons. Both may appeal to the Appeals Panel by lodging with the Exchange a notice of appeal setting out the grounds of the appeal which may be one or more of the following:

- (a) The Disciplinary Panel misdirected itself; or
- (b) The Disciplinary Panel's decision was:
 - i. One which no reasonable Disciplinary Panel could have reached;
 - ii. Unsupported by the evidence or was against the weight of the evidence; or
 - iii. Based on an error of law, or a misinterpretation of the Exchange Regulations; or
- (c) The sanction imposed by the Disciplinary Panel was excessive or, in the case of an appeal by the Exchange, was insufficient or inappropriate; or
- (d) New evidence is available and that, had it been made available, the Disciplinary Panel could reasonably have come to a different decision. This will not apply if the evidence could have been adduced before the Disciplinary Panel by the exercise of reasonable diligence.

(5) Whether and how the foreign board of trade articulates its rationale for disciplinary decisions.

The Exchange publishes decisions to the Market by Circular which are posted on the website. See Exhibit G-2(8) for more details.

(6) The sanctions for particular violations and a discussion of the adequacy of sanctions with respect to the violations committed and their effectiveness as a deterrent to future violations.

See Exhibit G-3(2) and G-3(3) for details and the role of the Authorisation, Rules and Conduct Committee in determining appropriate sanctions.

Exhibit G-4

A description of the market surveillance program (and any related rules), addressing the following –

The dedicated market surveillance department or the delegation or outsourcing of that function, including a general description of the staff; the data collected on traders' market activity; data collected to determine whether prices are responding to supply and demand; data on the size and ownership of deliverable supplies; a description of the manner in which the foreign board of trade detects and deters market manipulation; for cash-settled contracts, methods of monitoring the settlement price or value; and any foreign board of trade position limit, position management, large trader or other position reporting system.

Overview

The Exchange's market surveillance program covers all aspects of trading on the market, from initial fitness to participate, carried out by the Membership Department with assistance from the compliance department, through to complex post-trade analysis and detection of possible market abuse or malpractice, undertaken by Market Supervision and the Compliance department.





Staff

The Exchange's primary market surveillance resources are divided between two separate but closely-cooperating departments:

Market Supervision

Responsible for real time supervision of the market, including ensuring the orderliness of trading with regards to price movements and trading patterns. Other duties include administration and monitoring of settlement price determination.

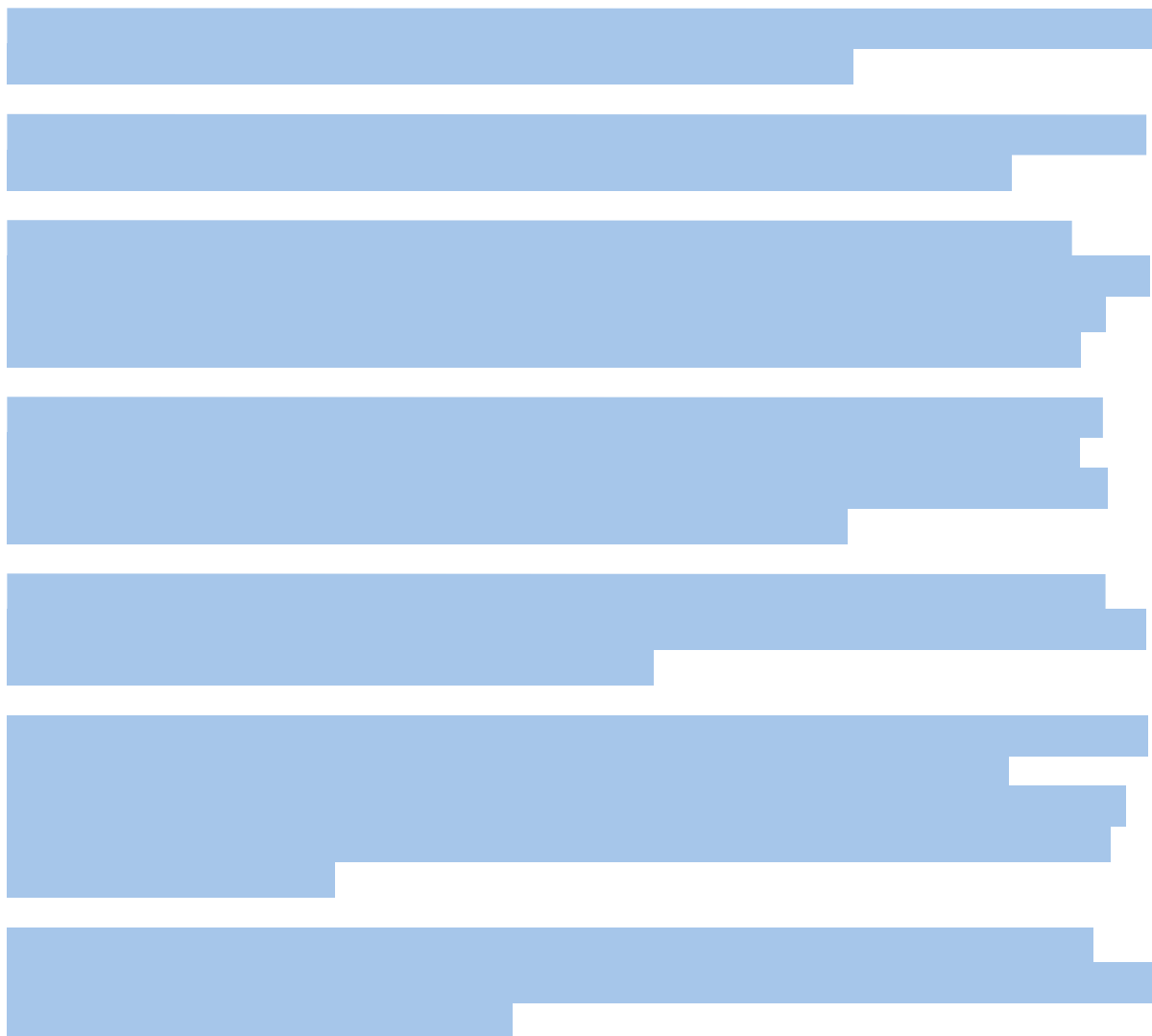
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ICE Futures Europe compliance department

The Exchange's compliance department is primarily responsible for post-trade and periodic (audit-style) monitoring of activity on the Exchange. Its key functions include:

- Trade monitoring – cumulative volume, timing, potentially abusive behavior, periodic off-screen trade audits;
- Position monitoring – see below;
- Investigations and disciplinary matters;
- Exchange Member visits and assessments.

Trade and Position Monitoring

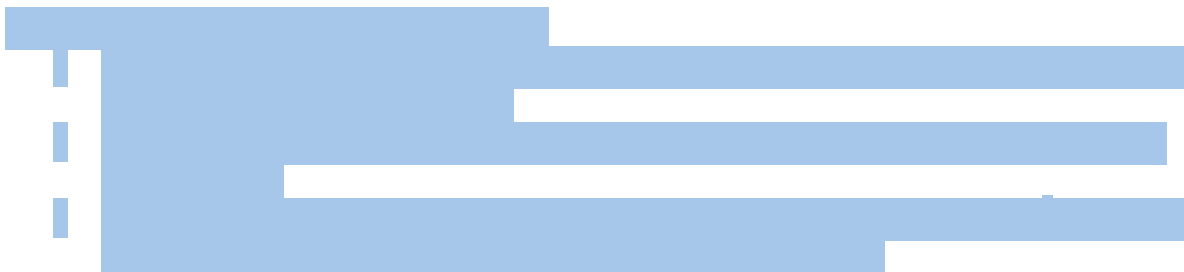
The compliance department monitors trades and positions against a number of both formal and less formally-structured parameters.

The formal parameters include:

Position Management

A full overview of the Exchange's Position Management regime is given in Annex G-4(11)).

In summary, all positions held on the Exchange are reportable through its electronic Position Reporting System, and then loaded into a proprietary and proven Market Surveillance Application which collates and stores the data and ensures that positions for the same beneficial owners are correctly aggregated irrespective of the ‘route to market’ i.e. if positions are held by the same owner at different clearing entities.



Position / expiry limits

The Exchange monitors market participants’ adherence to position limits on those contracts that are subject to them (currently the ‘linked’ contracts), but also pro-actively engages with entities in the run up to the position limit period; a firm which holds a position either over or close to the applicable limit in the two to three days prior to the limit period will be contacted by the Exchange compliance department and advised of the need to reduce the position in time to be in adherence to the limit. The Rules which govern position limits and position limit enforcement are under Section P of the Exchange Regulations.

ICE Futures Europe’s Brent futures contract is settled by reference to “cash” transactions in the BFOE crude oil market, which is not in itself an Exchange product. The Exchange therefore monitors activity in this market. Any trader’s positions that cause concern when taken together with their futures activity are discussed with the FCA and / or escalated via a Suspicious Transaction Report.

In addition, in June 2012 the Exchange introduced expiry limits on ICE Brent futures. These work in a broadly similar way to previous position limits, except that they apply from 5 rather than 3 days prior to expiry. An explicit condition of receiving an exemption from the Brent limit is that applicants must agree to disclose their underlying positions in all Brent-related instruments. This includes positions in cash and cargo Brent, equity entitlements, and in OTC swaps, whose value may affect or be affected by the price at which expired Brent futures positions are cash-settled.

Historically the Exchange obtained this information by requesting it via the trader’s clearing Member, or by monitoring market reports of such activity, and this continues to be the approach in most cases. Where a trader wishes to hold a relatively large position close to the expiry, however, they can now do so only after first making a direct undertaking to the Exchange to disclose the whole of their Brent interests.

The number of companies who have been granted such an exemption has increased in the last year to 22. Eleven companies have actually used their exemption, as per the the Exchange

² Contracts traded on the Exchange which use daily settlement prices determined by a US Designated Contract Market, under the terms of the CFTC amendment to ICE Futures Europe No-Action relief of June 2008.

Rules and procedures, the companies were contacted for further information and in some cases requested full disclosure of Brent interests. All requests were complied with promptly and fully.

Exchange Compliance compiles a Brent Expiry Report each month (Annex G-4 (10)) which is shared with the FCA. This captures in a single document the information used to monitor the orderliness of the expiry.

For Gasoil, the main concern around expiry is that traders may take to delivery a position they cannot manage operationally. Accordingly the Exchange closely monitors positions as expiry approaches. Measures include contacting the Member or trader directly and requiring that they demonstrate firm and practicable plans to lift or receive the oil.

The Exchange compliance department also considers squeeze risk for Gasoil, inasmuch as a trader could in theory use futures to buy more than the available physical supply. The Exchange monitors both physical storage capacity (which is around 6 million tonnes), physical stocks in ARA (usually between 3 and 4 million tonnes), and barge lifting capacity (about 600 to 700 vessels of 3-4,000 tonnes are thought to operate in ARA). Since all three of these volumes are far higher than traders ever attempt to take to delivery, and given the very large deliveries the underlying infrastructure can support, Exchange Compliance considers the risk of a delivery squeeze to be small.

The less structured monitoring parameters include:

Position Reviews

The compliance department conducts these weekly or more often, and they are used to review position sizes, changes, and directions of companies across all products and maturities. Based on these, the compliance department may make inquiries as to the purpose of a position. The whole curve in each Contract reviewed is considered and staff will consider whether a position is reasonable for the participant and being managed in an orderly fashion.



The compliance department reviews market participants' positions against both the above general expectations and their own previous behavior, and reacts to anomalies by making inquiries as to the purpose of the position.

Commitments of Traders

This analysis is published weekly for ICE Brent and ICE Gasoil and is essentially a less granular view of the type of participant based analysis discussed immediately above. Its value to the Exchange is the summary view it offers of trends in market participation, in particular the distribution of open interest among commercial versus other types of trader.

3V reports

A 3V (Volume / Value / Volatility) report looks at market events in general rather than at individual participation. They are created *ad hoc* in response to unusual events under the headings given, which may be either one-day events or more protracted, such as 2011's long decline in carbon prices. 3V reports are shared with the FCA.

Data

All data on all trades executed on the ICE Platform is captured and archived to a data warehouse (see also Exhibit D-2 (3)(ii)), in addition to being routed to the SMARTS monitoring tool for analysis and alert generation. (See below.)

