

June 26, 2014

**Via E-Mail: [submissions@cftc.gov](mailto:submissions@cftc.gov)**

Melissa Jurgens  
 Office of the Secretariat  
 Commodity Futures Trading Commission  
 Three Lafayette Centre  
 1155 21st Street, N.W.  
 Washington, D.C. 20581

**RE: trueEX LLC Rule Amendment Self-Certification of Certain Rules, including Updated Table of Amendments/Revisions to Rulebook (trueEX LLC submission #2014-12S)**

Dear Ms. Jurgens:

Pursuant to Section 5c(c)(1) of the Commodity Exchange Act, as amended, (the “Act”) and Commission Regulation 40.6(a), trueEX LLC (the “Exchange”) hereby submits to the U.S. Commodity Futures Trading Commission (the “Commission”) certain amendments to the trueEX Rulebook summarized below.

**Summary of Amendments**

<b>trueEX Rule</b>	<b>Nature of Amendment</b>
<ul style="list-style-type: none"> <li>• <b>Updated Table of Amendments/Revisions to Rulebook</b> - reflecting changes below</li> </ul>	
<p>Amendment to the following Rules are of a purely non-substantive nature:</p> <ul style="list-style-type: none"> <li>• <b>Rule 506</b> – removal of redundant language</li> <li>• <b>Rule 524</b> – typographical correction</li> <li>• <b>Rule 525</b> – deleting identical language also found in Rule 524</li> <li>• <b>Rule 537</b> – drafting clarification</li> <li>• <b>Rule 541</b> – typographical correction</li> <li>• <b>Rule 802</b> – typographical correction</li> <li>• <b>Rule 1001</b> – typographical correction</li> <li>• <b>Rule 1002</b> – typographical correction; deleted duplicative language</li> </ul>	<p>Drafting clarifications, deletion of redundant or duplicative language or typographical correction, as noted.</p>
<ul style="list-style-type: none"> <li>• <b>Rule 101</b> –                             <ul style="list-style-type: none"> <li>○ Amendment to the definition of the terms “Block Trade”, “Interest Rate Swap”, “Required Transaction”;</li> <li>○ Added the following newly defined terms: “Real-Time Data”, “Reporting Party”, “Swap Data”; and</li> </ul> </li> </ul>	

<ul style="list-style-type: none"> <li>○ Relocated the defined terms “Iceberg Order”, “Limit Order” and “Immediate or Cancel”</li> </ul>	
<ul style="list-style-type: none"> <li>• <b>Rule 209</b> – drafting clarification &amp; addition of CCO obligation to deliver to the Board information in respect of the regulatory program</li> </ul>	SEF Core Principle 15 and CFTC Regulation 37.1501(c)(iii) and (iv)
<ul style="list-style-type: none"> <li>• <b>Rule 302</b> – amended to add ECP representation.</li> </ul>	SEF Core Principle 2 and 7 and CFTC Regulation 37.202(a)(2) and 37.702(a).  DCM Core Principle 11 and CFTC Regulations 38.602.
<ul style="list-style-type: none"> <li>• <b>Rule 403</b> – amended to provide for notice in advance of requests for information unless otherwise required by Applicable Law.</li> </ul>	SEF Core Principle 5 and CFTC Regulation 37.500.  DCM Core Principle 2 and CFTC Regulation 38.159.
<ul style="list-style-type: none"> <li>• <b>Rule 511</b> – inserted clarifying language stating that Swap Dealers and Major Swap Participants are responsible for ensuring compliance with execution mandate in respect of certain transactions</li> </ul>	SEF Core Principle 2 and CFTC Regulation 37.200(d)
<ul style="list-style-type: none"> <li>• <b>Rule 518</b> – clarifying revision regarding applicable time delay for crossing two orders on the DCM Trading System and SEF Trading System</li> </ul>	SEF Core Principle 2 and CFTC Regulation 37.9.  DCM Core Principle 2 and CFTC Regulation 38.152.
<ul style="list-style-type: none"> <li>• <b>Rule 520</b> – clarifying revisions regarding timeframe applicable to cross-trades on the SEF Trading System and DCM Trading System</li> </ul>	SEF Core Principle 2 and Core Principle 37.9.  DCM Core Principle 2 and CFTC Regulation 38.152.
<ul style="list-style-type: none"> <li>• <b>Rule 539</b> – relocated operative language from the definitions to Rule 539; revision conforming rule to existing operational functionality; inserted new subparagraph (c)</li> </ul>	CEA §2(h)(8) CFTC Regulation 37.9
<ul style="list-style-type: none"> <li>• <b>Rule 542</b> – distinguished rules applicable to Block Trade functionality of the SEF Trading System and rules applicable to Block Trade functionality of the DCM Trading System</li> </ul>	SEF Core Principle 2 CFTC Regulation 37.9 and 37.201. CFTC Regulation 43.4(f)(2) as to SEF and DCM
<ul style="list-style-type: none"> <li>• <b>Rule 545</b> – revised to more clearly describe obligations with respect to SDR reporting</li> </ul>	SEF Core Principle 10 and CFTC Regulation 37.1000. CFTC Regulation Part 45

	as to SEF and DCM.
<ul style="list-style-type: none"> <li>• <b>Rule 548</b> – added to comply with CFTC Regulation § 37.6</li> </ul>	SEF CFTC Regulation 37.6.  DCM CFTC Regulation 38.6
<ul style="list-style-type: none"> <li>• <b>Rule 615</b> – clarifying revision; revise cap on dollar amount of disciplinary fines lower</li> </ul>	SEF CFTC Regulation 37.206(e).  DCM CFTC Regulation 38.710.

Each rule amendment summarized above is detailed in Exhibit A attached to this letter.

trueEX certifies that these rules amendments comply with the Act and the Commission's regulations thereunder. trueEX's analysis of the operation, purpose and effect of the proposed rule changes and their compliance with the Act, core principles and Commission's regulations thereunder is included in the table above.

There are no substantive opposing views to these rule amendments expressed by the trueEX governing board or market participants. Furthermore, trueEX certifies that this certification has been concurrently posted on the Exchange's Web Site at <http://www.trueex.com/rules-and-notices>. These amendments will be effective on July 11, 2014.

If you have questions regarding this notice, please contact me at (646) 786-8527 or by email at [gloria.flinn@trueex.com](mailto:gloria.flinn@trueex.com).

Sincerely,

/s/ Gloria Flinn

Gloria J. Flinn  
Chief Legal Counsel

cc: [dmosubmissions@cftc.gov](mailto:dmosubmissions@cftc.gov)  
[submissions@cftc.gov](mailto:submissions@cftc.gov)  
 Fran Kenck, trueEX LLC

**EXHIBIT A**

**TRUEEX LLC**

**RULEBOOK**

Effective Date	Amendment(s) and/or Revision(s)
<p><u>July 11, 2014</u></p>	<ul style="list-style-type: none"> <li>• <u>Rule 101 - amended the definition of the terms “Block Trade”, “Interest Rate Swap”, “Required Transaction”; added the definitions “Real-Time Data”, “Reporting Party”, “Swap Data”; relocated the definition of “Iceberg Order”, “Limit Order” and “Immediate or Cancel”</u></li> <li>• <u>Rule 209 – drafting clarification &amp; addition of CCO obligation to deliver to the Board information in respect of the regulatory program</u></li> <li>• <u>Rule 302 – amended to add ECP representation.</u></li> <li>• <u>Rule 403 – amended to provide for notice in advance of requests for information</u></li> <li>• <u>Rule 506 – removal of redundant language</u></li> <li>• <u>Rule 511 – inserted clarifying language stating that Swap Dealers and Major Swap Participants are responsible for ensuring compliance with execution mandate in respect of certain transactions</u></li> <li>• <u>Rule 518 – clarifying revision regarding applicable time delay for crossing two orders on the DCM Trading System and SEF Trading System</u></li> <li>• <u>Rule 520 – clarifying revisions regarding timeframe applicable to cross-trades on the SEF Trading System and DCM Trading System</u></li> <li>• <u>Rule 524 – typographical correction</u></li> <li>• <u>Rule 525 – deleting identical language also found in Rule 524.</u></li> <li>• <u>Rule 537 – drafting clarification</u></li> <li>• <u>Rule 539 – relocated operative language from the definitions to Rule 539; revision conforming rule to existing operational functionality; inserted new sub-paragraph (c)</u></li> <li>• <u>Rule 541 – typographical correction</u></li> <li>• <u>Rule 542 – distinguished rules applicable to Block Trade functionality on the SEF Trading System and rules applicable to Block Trade functionality on the</u></li> </ul>

	<p><u>DCM Trading System</u></p> <ul style="list-style-type: none"> <li>• <u>Rule 545 – revised to more clearly describe obligations with respect to SDR reporting</u></li> <li>• <u>Rule 547 -- updating a rule reference; removing unclear language</u></li> <li>• <u>Rule 548 – added to comply with CFTC Regulation § 37.6</u></li> <li>• <u>Rule 615 – clarifying revision; revise cap on dollar amount of disciplinary fines lower</u></li> <li>• <u>Rule 802 – typographical correction</u></li> <li>• <u>Rule 1001 – typographical correction</u></li> <li>• <u>Rule 1002 – typographical correction; deleted duplicative language</u></li> </ul>
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**RULE 101. Definitions**

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“Block Trade” means a “publicly reportable swap transaction”, as that term is defined in CFTC Regulation 43.2, involving a Contract that is a swap which:

(1) is not executed on the Platform but is executed pursuant to the rules and procedures of the Exchange;

(2) has a notional or principal amount at or above the minimum threshold applicable to the swap Contract as set forth in Chapter 10; and

(3) is reported to the Exchange pursuant to Rule 542. ~~privately negotiated transaction in a Contract that meets (i) certain quantity thresholds and (ii) is permitted to be executed off the centralized market pursuant to Rule 542.~~

...

“Iceberg Order” means an Order that shall be divided into a displayed portion and a reserve portion in accordance with a fixed display size designated in such Order.

...

“Interest Rate Swap” means a Contract for an interest rate swap of the form provided for in Chapter 10 ~~Rule 1001~~.

...

“Limit Order” means an Order to purchase or sell a Contract at a specified price or better.

...

“Order” means either a bid or an offer for a Contract. ~~The following Order types are available on the DCM Trading System and may be amended from time to time:~~

~~(a) “Limit”, in reference to an Order, means an Order to purchase or sell a Contract at a specified price or better. A Limit Order will be executed when entered to the extent that there are resting contra Orders, with any balance of such Limit Order to remain~~

~~as a resting Order until such Limit Order is executed or is cancelled. Limit Orders must be entered with a user defined limit price. All Limit Orders shall be cancelled by the Platform at the conclusion of Trading Hours on each Business Day.~~

~~“Order Qualifiers” means the following Order qualifiers supported by the DCM Trading System, which may only be used during Trading Hours:~~

~~(a) “Iceberg”, in reference to an Order, means that such Order shall be divided into a displayed portion and a reserve portion. An Iceberg Order shall be divided between the displayed portion and the reserve portion in accordance with a fixed display size designated by the Iceberg Order. Only the displayed portion of an Iceberg Order shall be visible. When a displayed portion is fully matched, any remaining reserve portion shall be re-divided into a displayed portion and reserve portion. The reserve portion of an Iceberg Order shall not be displayed nor will any indicator be contained in the market data stream to expose its presence.~~

~~(b) “Immediate or Cancel”, in reference to an Order, means that such Order is executed against all resting contra Orders at the stated price or better, up to the volume designated by the Order. Any residual volume of the Order is cancelled by the Platform.~~

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~~“Real-Time Data” means that swap transaction and pricing data described in Part 43 of CFTC Regulation and Appendix A to Part 43.~~

...

~~“Reporting Party” has the meaning set forth in Rule 545.~~

...

~~“Required Transaction” means any transaction involving a swapContract that is subject to the trade execution requirement by of Section 2(h)(8) of the CEA to be executed on, or pursuant to the rules of, a SEF or a DCM and that is not a Block Trade or an End-User Transaction.~~

...

~~“Swap Data” means all of the terms of a swap matched and agreed by the counterparties to the swap on the Platform, or, in the case of swaps transacted away from but pursuant to the Rules of the Exchange, all of the terms of a swap verified by the counterparties to the swap on the Platform, including at a minimum, in any case, each of the terms included in the most recent Federal Register released by the CFTC listing minimum primary economic terms for swaps in the relevant swap asset class.~~

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## **RULE 209. Chief Compliance Officer**

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~~(b) The Chief Compliance Officer shall report to and shall be supervised by the Board. and the Board shall meet with t~~The Chief Compliance Officer shall meet with the Board

at least annually ~~and. The Chief Compliance Officer shall also meet~~ with the Regulatory Oversight Committee at least quarterly. The Chief Compliance Officer shall provide any information regarding the Exchange's regulatory program that is requested by the Board or the Regulatory Oversight Committee.

...

(d) The Chief Compliance Officer's duties shall include, ~~but are not limited to:~~

(i) In consultation with the Board or the senior officer of the Exchange, resolving any conflicts of interest that may arise, and

(ii) Preparing and filing the annual compliance report of the SEF Trading System. Such report shall: (i) describe written policies and procedures, including the code of ethics and conflict of interest policies for the SEF Trading System; (ii) review the applicable CFTC Regulations and core principles of section 5h of the CEA, and with respect to each, identify the policies and procedures that are designed to ensure compliance with such CFTC Regulations and core principles, assess the effectiveness of such policy and/or procedure, and discuss any areas of improvement; (iii) list any material changes to such policies and procedures since the last annual report; (iv) describe the financial, managerial, and operational resources set aside for compliance; and (v) describe any material non-compliance issues.

...

### **RULE 302. Participants**

(a) Each Participant shall have the right to access electronically the Platform, including the right to place Orders for each of its Proprietary Accounts and Customer accounts provided that (i) such Participant, or if such Participant accesses the Platform to place Orders on behalf of its Customers, such Participant and each such Customer, is, and continues to be, an Eligible Contract Participant for so long as access of such Participant to the Platform continues, and (ii) such Participant is eligible for and has applied for and received Trading Privileges. For purposes of this Rule, the foregoing sentence shall apply equally to a Sponsored Access Customer as though the term "Participant" were replaced with the term "Sponsored Access Customer". A Participant may serve as a Sponsoring Participant for one or more Sponsored Access Customer pursuant to Rule 316.

(b) The Exchange may deny an application by any Person to become a Participant or revoke or condition a Person's status as a Participant if such Person:

(i) lacks good reputation and business integrity;

(ii) fails to maintain adequate financial resources and credit;

(iii) is, or is expected to become, the subject of a petition for bankruptcy, liquidation, dissolution, winding up, conservatorship, receivership, trusteeship or a similar action;

- (iv) is prohibited from using the services of the Exchange for any reason whatsoever;
- (v) lacks any registrations required under Applicable Law, including any registration required of an Introducing Broker or Futures Commission Merchant;
- (vi) if a De-Registration Basis exists with respect to such Person; or
- (vii) fails to comply with the CEA and CFTC Regulations in connection with opening and maintaining customer accounts.
- (viii) fails to satisfy any other criteria that the Exchange may require from a Participant.
- (ix) ~~is not an~~ ceases to be an ECP when accessing the Platform.

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#### **RULE 403. Ability to Obtain Information**

(a) The Exchange, acting directly or through authorized representatives, shall have the right, as is necessary to detect and investigate an actual or alleged violation of any Rule or Obligation by a Participant or Person that is the subject of an investigation by the Exchange, with such prior reasonable advance notice as is practicable under the circumstances, unless otherwise required by Applicable Law, to:

- (i) inspect systems, equipment and software operated by such Participant in connection with Exchange Activity, wherever located;
- (ii) access the systems, equipment, software referenced in (i) above, and the premises on which such systems, equipment, and software are located, any data in connection with Exchange Activity stored in any of the systems or equipment, during the regular business hours and the Trading Hours of the Exchange, ~~without prior notice to such Participant;~~ and
- (iii) copy or reproduce any data to which the Exchange has access under this Rule.

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#### **RULE 506. Fictitious and, Wash, Non-Competitive Transactions Prohibited**

No Subject Person shall create “fictitious transactions”, ~~“wash transactions”,~~ or “non-competitive transactions”, as such terms are commonly understood in the trade or under Applicable Law, ~~except, in the case of “non-competitive transactions”, as otherwise authorized by the Rules,~~ or execute any such Order with knowledge of its nature as a “fictitious transaction”, ~~“wash transaction”,~~ or “non-competitive transaction,” except in the case of “non-competitive transactions” permitted by the Rules.



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#### **RULE 511. Adherence to Law**

No Subject Person shall engage in conduct in violation of any Applicable Law, Rules or applicable Clearing House Rules. Without limitation of the foregoing, all Participants that are FCMs or Clearing Firms shall comply with (a) capital requirements under CFTC Regulations and applicable Clearing House Rules, as in effect from time to time, and (b) Applicable Laws regarding the treatment of Customer funds and Customer Orders. Any Swap Dealer or Major Swap Participant that enters into or facilitates a Transaction that is subject to mandatory clearing shall be responsible for compliance with the mandatory trading requirements under Section 2(h)(8) of the CEA.

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#### **RULE 518. Handling of Customer Orders**

(a) General Prohibition -

(i) DCM Trading System - Except as otherwise permitted under the Rules or Applicable Law, no person in possession of a Customer Order shall knowingly take, directly or indirectly, the opposite side of such Order on the order book of the DCM Trading System for its own account, an account in which it has a direct or indirect financial interest, or an account over which it has discretionary trading authority.

(ii) SEF Trading System - Except as otherwise permitted under the Rules or Applicable Law, no Participant who is an FCM or Introducing Broker, and in possession of a Customer Order, may knowingly take, directly or indirectly, the opposite side of such Customer Order on the order book of the SEF Trading System for its own account, an account in which it has a direct or indirect financial interest, or an account over which it has discretionary trading authority, in each case, following some form of prior arrangement in respect of such Customer Order.

(b) Exceptions - The foregoing restriction shall not apply to the following:

(i) DCM Trading System. ~~On the Platform, a A~~ person may knowingly trade ~~against a Customer Order~~ execute an Order of its Customer against an Order for its own account, an account in which it has a direct or indirect financial interest, ~~or an account over which it has discretionary trading authority, or a Proprietary Account of its employer, only if the Customer Order has been entered immediately upon receipt and has first been exposed on the Platform for a minimum of 5 seconds, in any case, on the order book of the DCM Trading System; provided, that (A) such person has entered the relevant Order of the Customer into the order book of the DCM Trading System promptly upon receipt of the Order by such person, and (B) no fewer than 5 seconds has passed since entry of such Order in the order book of the DCM Trading System before such person enters the relevant off-setting Order into the order book of the DCM Trading System.~~

~~(i)~~(ii) SEF Trading System. A Participant who is an FCM or Introducing Broker may knowingly execute an Order of its Customer involving a Required Transaction against an Order for its own account, an account in which it has a direct or indirect financial interest, or an account over which it has discretionary trading authority, in any case, on the order book of the SEF Trading System; provided, that (A) such person has entered the relevant Order of the Customer into the order book of the SEF Trading System promptly upon its receipt and (B) no fewer than 15 seconds has passed since entry of such Order in the order book of the SEF Trading System before such person enters the relevant off-setting Order into the order book of the SEF Trading System.

~~(ii)~~(iii) Transactions where the Customer has consented in writing no more than 12 months prior to the transaction to waive the application of Rule 520 as long as the person has clearly notified the Customer that such person will take, directly or indirectly, the opposite side of such Order for its own account, an account in which it has a direct or indirect financial interest, or an account over which it has discretionary trading authority.

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**RULE 520. Simultaneous Buy And Sell Orders For Different Beneficial Owners**

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(b) DCM Trading System. No Person shall enter through the order book of the DCM Trading System Platform into a pre-arranged transaction prohibited under the Rules or knowingly assume on its own behalf or on behalf of a Customer account the opposite side of its own Order or its Customer's Order (a "Cross Trade"), except (i) in the case of transactions effected pursuant to Rule 542, (ii) where the Person is entering into both sides of a Customer Order on a non-discretionary basis, or (iii) the Person (A) has obtained prior written blanket or transaction specific consent ~~has been obtained~~ in respect of ~~the any~~ relevant Customer(s); and (B) waits for a reasonable period of time, which shall be presumed to be not less than 5 seconds, after the initial Order is submitted to the order book of the DCM Trading System before submitting the opposite side Order to the order book of the DCM Trading System.

(c) SEF Trading System. No Person shall enter through the order book of the SEF Trading System into a pre-arranged transaction in respect of a Required Transaction prohibited under the Rules or knowingly assume on its own behalf or on behalf of a Customer account the opposite side of its own Order or its Customer's Order (a "Cross Trade"), except (i) where the Person is entering into both sides of a Customer Order on a non-discretionary basis, or (ii) the Person (A) has obtained prior written blanket or transaction specific consent in respect of the relevant Customer(s); and (B) waits for a reasonable period of time, which shall be presumed to be not less than 15 seconds, after the initial Order is submitted to the order book of the SEF Trading System before submitting the opposite side Order to the order book of the SEF Trading System.

~~(e)~~(d) Notwithstanding the foregoing, a Participant shall not be in violation of this Rule 520 due to Cross Trades executed by two Participants trading for the same account, or for separate accounts of the same beneficial owner, where neither Participant has knowledge of the

other's Order and there is no coordination or prearrangement of the Cross Trade, provided that the relevant Participant shall be responsible, upon the request of the Exchange, to demonstrate to the reasonable satisfaction of the Exchange, that neither Participant had knowledge of the other's Order.

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**RULE 524. Pre-arranged, Pre-Execution Communications and Non-competitive Trades Prohibited**

(a) No Person shall pre-arrange any purchase or sale, or non-competitively execute, any transaction except in accordance with Rule 524(b) or Rule 524(c).

(b) The foregoing restriction shall not apply to Block Trades affected pursuant to Rule 542~~(a)~~.

(c) ~~Per~~*Pre-arranged Trades and Pre-Execution Communications*. A Participant may engage in pre-execution communications or arrange the purchase or sale of a Contract, subject to the following conditions.

(i) *Transactions on the DCM Trading System*. Parties may communicate, directly or indirectly, with regard to an Order for a Contract listed for trading on the DCM Trading System where one party (the first party) wishes to be assured that a contra party (the second party) will take the opposite side of the Order, and:

(A) the party for whose benefit the trade is being made has previously consented to permit such communications;

(B) parties to, and persons involved in, pre-execution communications do not disclose to a nonparty the details of such communications or enter an Order to take advantage of information conveyed during such communications except in accordance with this Rule 524(c); and

(C) the Order details are entered by one of the parties into the DCM Trading System and displayed in a manner that gives other Participants the opportunity to participate in the Order. The second party's Order will not be matched against the first party's Order on the DCM Trading System until a period of 5 seconds has elapsed from the time of entry of both party's Orders. After the 5 seconds have elapsed, any portion of the first party's Order that was unfilled during the public session will be matched by the second party's Order.

(ii) *Permitted Transactions on the SEF Trading System*. A Participant may arrange with another Participant for the execution of a Contract listed on the SEF Trading System, prior to submitting the details of such Contract to the SEF Trading System; provided that:

(A) one party to the arrangement enters into the SEF Trading System, the details of such Contract as required by the SEF Trading System, and the other party to the arrangement verifies such details in the SEF Trading System, in each

case, as soon as practicable, but in no event more than 15 minutes following the conclusion of such arrangement;

- (B) the relevant Contract is not a Block Trade;
- (C) the relevant Contract is a Permitted Transaction; and
- (D) both parties intend to clear such Contract at a Clearing House.

(iii) The Exchange shall generate and deliver to each Participant a written record of the details of the Contract that is executed subject to the Rule ~~542524~~(c)(ii) as soon as technologically practicable after Contract details are verified on the SEF Trading System by the Participant responsible for verifying such details. The written record generated and delivered to the each Participant according to this Rule shall legally supersede any previous agreement between the parties regarding any of the details contained in such written record and shall serve as a confirmation of such details.

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#### **RULE 525. Responsibility For Customer Orders**

(a) Standard of Responsibility.

(i) A Participant shall, at a minimum, exercise due diligence in the handling and execution of Customer Orders. In the case of a dispute as to whether a Participant has exercised due diligence, the appropriate arbitration or disciplinary committee is authorized to determine whether the Participant failed to exercise due diligence, and if so, whether an adjustment is due to the Customer.

(ii) A Participant is prohibited from directly or indirectly guaranteeing the execution of an Order or any of its terms such as the quantity or price. A Participant may only report an execution that has been effected through the Platform. This Rule 525 shall not be construed to prevent a Participant from assuming or sharing in the losses resulting from an error or the mishandling of an Order.

(b) Liability for Failure to Exercise Due Diligence. A Participant may not adjust the price at which an Order was executed or be held responsible for executing or failing to execute an Order unless such Participant failed to exercise due diligence or is settling a bona-fide dispute regarding failure to exercise due diligence. A Participant may not compel an adjustment from another Participant in the absence of a bona-fide dispute regarding failure to exercise due diligence. Participants shall document all adjustments. Participants shall make and retain a record which contains the date the adjustment was received, the name of the Participant making the adjustment, the account to which the adjustment was credited, the amount of the adjustment, the Order number and the reason for the adjustment. Such records must be provided to the Exchange Regulation Department upon request.

~~(d) Pre-Execution Communications Regarding Platform Trades. Parties may engage in pre-execution communications, directly or indirectly, with regard to transactions~~

~~executed on the Platform where one party (the first party) wishes to be assured that a contra party (the second party) will take the opposite side of the Order subject to the following restrictions:~~

~~(i) A person may not engage in pre-execution communications with other market participants on behalf of another party unless the party for whose benefit the trade is being made has previously consented to permit such communications.~~

~~(ii) Parties to, and persons involved in, a pre-execution communications shall not:~~

~~(A) disclose to a nonparty the details of such communications or~~

~~(B) enter an Order to take advantage of information conveyed during such communications except in accordance with this Rule.~~

~~(iii) The Order details will be entered by one of the parties into the Platform. The first party's Order will be displayed in a public session to give other Participants the opportunity to participate in the Order. The second party's Order will not be matched against the first party's Order until a period of 5 seconds has elapsed from the time of entry of both party's Orders. After the 5 seconds have elapsed, any portion of the first party's Order that was unfilled during the public session will be matched by the second party's Order.~~

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#### **RULE 537. Limitation of Liability, No Warranties**

THIS RULE 537 SHALL SET FORTH THE LIABILITY AND INDEMNIFICATION OBLIGATIONS OF THE EXCHANGE AND ANY TRUEEX PARTY (AS DEFINED IN RULE 537(a)) ~~TO AND~~ ANY PARTICIPANT, CUSTOMER, SUBJECT PERSON OR ANY OTHER PARTY ACCESSING THE PLATFORM, EXCHANGE SERVICES OR EXCHANGE, EXCEPT AS OTHERWISE PROVIDED IN THIS RULEBOOK OR IN ANY WRITTEN AGREEMENT IN EFFECT BETWEEN THE EXCHANGE AND ANY PARTICIPANT, CUSTOMER, SUBJECT PERSON OR OTHER PARTY ACCESSING THE PLATFORM, EXCHANGE SERVICES OR EXCHANGE IN WHICH THE PARTIES AGREE TO SUPERSEDE THE TERMS OF THIS RULE 537.

(a) SUBJECT TO CLAUSES (e) AND (f) OF THIS RULE 537, EXCEPT IN INSTANCES WHERE THE EXCHANGE OR A TRUEEX PARTY HAS BEEN FINALLY ADJUDICATED TO HAVE ENGAGED IN GROSS NEGLIGENCE OR WILLFUL MISCONDUCT (IN WHICH CASE THE EXCHANGE OR TRUEEX PARTY FOUND TO HAVE ENGAGED IN SUCH CONDUCT CANNOT AVAIL ITSELF OF THE PROTECTIONS IN THIS RULE 537(a)), NEITHER THE EXCHANGE, ITS SUBSIDIARIES AND AFFILIATES, NOR ANY TECHNOLOGY SERVICE PROVIDER OR CONTRACTOR PROVIDING SERVICES TO THE EXCHANGE, NOR ANY OF THEIR RESPECTIVE SUCCESSORS OR ASSIGNS, NOR ANY OF THEIR RESPECTIVE EMPLOYEES, OFFICERS, DIRECTORS, MEMBERS, PARTNERS, MANAGERS, AGENTS OR

SUPPLIERS PROVIDING SERVICES TO THE EXCHANGE (EACH, A “TRUEEX PARTY”) SHALL BE LIABLE TO ANY PERSON OR ENTITY FOR:

(iii) ANY LOSSES, DAMAGES, COSTS OR EXPENSES ~~(INCLUDING LOSS OF PROFITS, LOSS OF USE, BUSINESS INTERRUPTION, THE COST OF PROCUREMENT OF SUBSTITUTE GOODS, SERVICES OR TECHNOLOGY, CORRUPTION OR LOSS OF DATA)~~ ARISING FROM OR IN CONNECTION WITH, IN EACH CASE:

(A) ANY FAILURE, MALFUNCTION, FAULT IN DELIVERY, DELAY, OMISSION, SUSPENSION, INACCURACY, ERROR, TERMINATION, OR ANY OTHER CAUSE, IN CONNECTION WITH THE PROVISION, PERFORMANCE, MAINTENANCE, OR USE OF, THE PLATFORM, WEBSITE, ANY INFORMATION OR SERVICES PROVIDED BY THE EXCHANGE OR ANY TRUEEX PARTY OR ANY FACILITIES OR TECHNOLOGY USED TO SUPPORT THE PLATFORM, WEBSITE, EXCHANGE OR EXCHANGE SERVICES INCLUDING ANY FAILURE TO PROVIDE ALL OR ANY PART OF THE PLATFORM, OR ANY INABILITY OF ANY PERSON TO VIEW, ENTER, EXECUTE OR CANCEL ORDERS OR TRANSACTIONS IN WHOLE OR IN PART;

(B) ANY ERRORS OR INACCURACIES IN INFORMATION PROVIDED BY THE EXCHANGE, A TRUEEX PARTY, THE PLATFORM OR ANY PLATFORM SYSTEMS, SERVICES OR FACILITIES, ANY ELECTRONIC COMMUNICATION OF MARKET DATA OR INFORMATION, PRICE REPORTING SYSTEMS AND ANY AND ALL TERMINALS, COMMUNICATIONS NETWORKS, SERVERS, SOFTWARE, HARDWARE, AND FIRMWARE, WHETHER SUCH ERRORS OR INACCURACIES ARE A RESULT OF ANY ACTION OR INACTION OF THE EXCHANGE, A TRUEEX PARTY OR AN INDEPENDENT THIRD PARTY;

(C) THE CREDITWORTHINESS OF ANY PARTICIPANT OR CUSTOMER;

(D) ACTS OR OMISSIONS OF ANY SUBJECT PERSON, AUTHORIZED TRADER, AUTHORIZED REPRESENTATIVE, OR CUSTOMER THEREOF; OR

(E) ANY UNAUTHORIZED ACCESS TO OR UNAUTHORIZED USE OF ANY EXCHANGE SYSTEMS, SERVICES OR FACILITIES BY ANY PERSON.

THE FOREGOING LIMITATION OF LIABILITY SHALL APPLY REGARDLESS OF WHETHER A CLAIM ARISES IN CONTRACT, TORT, NEGLIGENCE, STRICT LIABILITY OR OTHERWISE AND REGARDLESS OF WHETHER THE EXCHANGE HAS

BEEN ADVISED OF, OR OTHERWISE MIGHT HAVE ANTICIPATED, THE POSSIBILITY OF SUCH LOSSES, DAMAGES, COSTS OR EXPENSES.

(b) ~~NEITHER~~ THE EXCHANGE ~~NOR ANY TRUEEX PARTY~~ SHALL ~~NOT~~ BE LIABLE TO ANY PARTY FOR ANY DAMAGES, COSTS, LOSSES OR EXPENSES AND THE PARTICIPANT, CUSTOMER OR CLEARING FIRM (AS THE CASE MAY BE) SHALL INDEMNIFY, PROTECT AND HOLD THE EXCHANGE AND ANY TRUEEX PARTY HARMLESS FROM AND AGAINST ANY AND ALL LOSSES, DAMAGES, COSTS OR EXPENSES BASED UPON, OR IN CONNECTION WITH ANY CLAIM BY A THIRD PARTY BASED UPON THE DELAY, OMISSION, SUSPENSION, INACCURACY, ERRORS OR TIMELINESS OR OTHER ACTS OR OMISSIONS OF SUCH PARTICIPANT, CUSTOMER OR CLEARING FIRM, OR ANY OF ITS OR THEIR SUPERVISED PERSONS (AS THE CASE MAY BE) IN RESPECT OF TRANSACTIONS OR ANY RELATED DATA, INCLUDING IN CONNECTION WITH QUOTES, BIDS, OFFERS OR OTHER PRICE INFORMATION PROVIDED IN CONNECTION WITH OR RELATING TO ANY TRANSACTION, ~~ANY REQUEST FOR QUOTE OR INDICATION OF INTEREST~~.

(c) NEITHER THE EXCHANGE NOR ANY TRUEEX PARTY ~~YES~~ ~~MAKES~~ ANY EXPRESS OR IMPLIED WARRANTIES OR REPRESENTATIONS RELATING TO THE EXCHANGE, THE PLATFORM OR ANY EXCHANGE SERVICES OR FACILITIES USED TO SUPPORT THE PLATFORM, INCLUDING ANY WARRANTIES OF MERCHANTABILITY OR WARRANTIES OF FITNESS FOR A PARTICULAR PURPOSE OR USE. THE EXCHANGE WILL PROVIDE ALL SERVICES ON AN “AS IS” AND “AS AVAILABLE” BASIS AT THE SOLE RISK OF THE PARTICIPANT, CUSTOMER, OR OTHER SUBJECT PERSON, AS THE CASE MAY BE. FURTHERMORE, ~~NEITHER~~ THE EXCHANGE ~~NOR ANY TRUEEX PARTY DOES NOT~~ ~~GUARANTEES~~ OR ~~MAKES~~ ANY REPRESENTATION OR WARRANTY, EITHER EXPRESS OR IMPLIED, AS TO THE VALIDITY, SEQUENCE, TIMELINESS, COMPLETENESS, ACCURACY OR CONTINUED AVAILABILITY OF ANY INFORMATION OR DATA MADE AVAILABLE ON OR THROUGH THE EXCHANGE. ~~NEITHER~~ THE EXCHANGE ~~NOR ANY TRUEEX PARTY~~ SHALL HAVE ~~A NO~~ DUTY OR OBLIGATION TO VERIFY ANY INFORMATION DISPLAYED ON THE PLATFORM SYSTEM OR OTHERWISE. EACH PARTICIPANT, CUSTOMER, OR OTHER SUBJECT PERSON ACKNOWLEDGES AND AGREES THAT NEITHER THE EXCHANGE NOR ANY TRUEEX PARTY SERVES OR SHALL SERVE AS THE PRIMARY BASIS FOR ANY DECISIONS MADE BY SUCH PARTICIPANT, CUSTOMER, OR OTHER SUBJECT PERSON, AS THE CASE MAY BE, NOR SHALL ~~THE EXCHANGE OR ANY TRUEEX PARTY ANY OF THEM~~ BE DEEMED TO ACT AS AN ADVISOR OR FIDUCIARY OF ANY PARTICIPANT, CUSTOMER, OR OTHER SUBJECT PERSON, AS THE CASE MAY BE.

(d) ANY DISPUTE ARISING OUT OF THE USE OF THE PLATFORM OR EXCHANGE SERVICES OR FACILITIES USED TO SUPPORT THE PLATFORM TO WHICH ~~THE EXCHANGE OR~~ ANY TRUEEX PARTY IS A PARTY SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK. ANY ACTIONS, ARBITRATIONS, SUITS OR PROCEEDINGS SHALL BE BROUGHT WITHIN TWO YEARS FROM THE TIME THEY FIRST ARISE. ANY SUCH ACTION, SUIT OR PROCEEDING MUST BE BROUGHT IN ANY FEDERAL OR STATE

COURTS LOCATED IN THE BOROUGH OF MANHATTAN, THE CITY OF NEW YORK. THIS PROVISION SHALL IN NO WAY CREATE A CAUSE OF ACTION AND SHALL NOT AUTHORIZE ANY ACTION THAT WOULD OTHERWISE BE PROHIBITED BY THE RULES OF THE EXCHANGE.

(e) UNDER NO CIRCUMSTANCES WILL THE EXCHANGE OR ANY TRUE EX PARTY BE LIABLE FOR ANY INDIRECT, INCIDENTAL, PUNITIVE, SPECIAL OR CONSEQUENTIAL DAMAGES, INCLUDING LOSS OF PROFITS, LOSS OF USE, BUSINESS INTERRUPTION, THE COST OF PROCUREMENT OF SUBSTITUTE GOODS, SERVICES OR TECHNOLOGY, OR CORRUPTION OR LOSS OF DATA.

(f) NOTWITHSTANDING ANY OF THE FOREGOING PROVISIONS, THIS RULE 537 SHALL IN NO WAY LIMIT THE LIABILITY OF ANY PERSON ARISING FROM ANY VIOLATION BY SUCH PERSON OF THE CEA OR CFTC REGULATIONS THEREUNDER.

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#### **RULE 539. Execution of Orders**

(a) Transactions on the DCM Trading System: This Rule 539(a) applies to the DCM Trading System.

(i) Orders to buy or sell any Contract are subject to the minimum trading requirements specified in the relevant Contract rules. For each trade matched on the DCM Trading System, the DCM Trading System Platform shall promptly notify each Participant party to such trade that the trade has been executed (provided that a trade that is executed for a commodity pool needs to be confirmed only to the operator of such pool).

Except as expressly provided for by the Rules, all Orders are matched with each other and executed electronically through the order book of the DCM Trading System ~~the Platform~~ in accordance with an algorithm that gives first priority to Orders at the best price and priority among Orders entered at the same price based on the length of time such Order has been resting. Without limiting the generality of the foregoing, the algorithm to match Orders entered in the order book of the DCM Trading System ~~the Platform~~ is based upon the following principles:

(ii) An Order at a better price will always have priority over Orders at inferior prices, except as provided in Rule 539(a)(~~iv~~ii).

(iii) A Limit Order will be executed when entered to the extent that there are resting contra-Orders, with any balance of such Limit Order to remain as a resting Order until such Limit Order is executed or is cancelled. Limit Orders must be entered with a user-defined limit price. All Limit Orders shall be cancelled by the DCM Trading System at the conclusion of Trading Hours on each Business Day.

(iv) “Immediate or Cancel”, in reference to an Order, means that such Order is executed against all resting contra-Orders at the stated price or better, up to the volume



designated by the Order. Any residual volume of the Order is cancelled by the DCM Trading System.

(v) Except as provided in Rule 539(a)(~~iv~~ii), as among resting Orders at the same price, the algorithm will identify the resting Order to be matched against by length of time such Order has been resting. For the first two years following the date of the Exchange's designation as a Designated Contract Market, any decrease or increase to the size of a resting Order will not affect the priority of such Order.

~~(iii)~~(vi) An Iceberg Order will not be treated as a resting Order eligible to be matched, except to the extent of its displayable portion. Only the displayed portion of an Iceberg Order shall be visible. When a displayed portion is fully matched, any remaining reserve portion shall be re-divided into a displayed portion and reserve portion. The reserve portion of an Iceberg Order shall not be displayed nor will any indicator be contained in the market data stream to expose its presence.

~~(iv)~~(vii) TRADEON Sessions: A TRADEON Session will start for a Contract if an Order and a contra-Order are matched for that Contract (a "Matched Session"). Each Matched Session shall, if any Order for the relevant Contract remains unmatched at the end of such session, be followed by a new session (a "Continuing Session" and together with a Matched Session, a "TRADEON Session"). Each TRADEON Session lasts for typically ten seconds. Orders in the Contract subject to a TRADEON Session will only be matched at the "Market Equilibrium Price", which is the price at which a trade was executed in the Matched Session. In the event that a trade executed in the Matched Session is a sweep of the order book in which a trade is executed at multiple prices, the Market Equilibrium Price shall be the worst price from the perspective of the aggressor.

(A) Initial Session: At the start of a Matched Session, a TRADEON window appears on the platform screen, indicating that a TRADEON session has begun. The initial session is a limited time window (typically 10 seconds) during which any participant on the DCM Trading System may submit an order to buy or sell specified sizes of the product at the indicated Market Equilibrium Price. Orders placed during this time window are not visible to the market. Users can submit their Orders beginning immediately at the start of a TRADEON Session and for the duration of the session, and any Orders submitted for a TRADEON Session will be queued in priority order. During an initial TRADEON Session, priorities are as follows:

(B) In a Matched Session, any unfilled portion of the original Orders that initiated the trade is moved into the TRADEON Session, and the original parties may add to their Orders during the session and retain top priority.

(C) Users with resting Orders in the DCM Trading System order book at the Market Equilibrium Price will automatically be moved into the TRADEON Session and have the same priority in the initial session as they do in the order book.

(D) For all other users, any Orders entered during the initial session are lower priority than any of the Orders described in paragraphs (B) and (C) of this Rule 539(a)(~~ivii~~). Such Orders are prioritized among themselves by the time of submission. For Iceberg Orders, the notional visibility (i.e., the displayed notional amount of an Iceberg Order) has priority over the reserve portion of an Iceberg Order.

(E) Orders in the initial TRADEON session are matched at the end of the session and based on the priority order set forth above. If both of the original parties to the trade (for trade-initiated TRADEON Session) enter an ~~e~~Order, the ~~e~~Orders will match immediately as they have the highest priority and are guaranteed to match.

~~(v)~~(viii) Continuing Session: If any Orders remain unmatched at the end of a TRADEON Session and a trade occurred during such TRADEON Session, a Continuing Session will begin. Additional Orders may be submitted at any time during the Continuing Session. During a Continuing Session, Orders are prioritized solely by notional visibility and time. All Orders are matched at the Market Equilibrium Price and are matched immediately if there is a contra ~~e~~Order in the Continuing Session. If, at the end of the Continuing Session, a trade has occurred, and there are unmatched TRADEON ~~e~~Orders remaining, another Continuing Session will begin.

~~(vi)~~(ix) Termination: At the conclusion of a TRADEON Session, if no Continuing Session will follow pursuant to Rule 539(a)(viii) above, the session shall terminate and any Orders that have not matched during such session shall be placed in the order book based on their price.

(b) Transactions on the SEF Trading System: This Rule 539(b) applies to the SEF Trading System.

(i) Request for Quote Functionality. The Request for Quote (“RFQ”) functionality of the SEF Trading System allows a Participant (the “Requesting Participant”) to send an RFQ to buy or sell a Contract to ~~certain~~ other Participants specifically selected by the Requesting Participant, or to all Participants that are eligible to receive an RFQ from Requesting Participant, to which all such Participants may respond. RFQ functionality will ~~be~~ operate in conjunction with an order book for Required Transactions.

(ii) ~~Execution of Orders-RFQ~~ for Required Transactions. An RFQ for a Contract that is a Required Transaction must be sent to no fewer than at least the Required Number of Recipient Participants.

“Recipient Participant” means, with respect to any Requesting Participant sending any RFQ via the Request for Quote functionality of the SEF Trading System, a Participant, other than the Requesting Participant, that (x) is not an Affiliate of or Controlled by the Requesting Participant, and (y) is not an Affiliate of or Controlled by any other Person that responds to the same RFQ of the Requesting Participant.

“Required Number” means (x) prior to October 2, 2014, two, and (y) on or after October 2, 2014, three.

(iii) ~~Execution of Orders RFQ~~ for Permitted Transactions. An RFQ for a Contract that is a Permitted Transaction must be sent to at least one other Participant.

(iv) Order Book. The ~~Exchange SEF Trading System~~ shall make an order book available as an execution method for all Required Transactions in accordance with the following.

(A) The Exchange will list for trading certain Required Transactions on the order book of the DCM Trading System as determined by the Exchange in its sole discretion. The order book of the DCM Trading System shall ~~operate pursuant to Rule 539 (a)(i) through (a)(vi), and~~ serve as the minimum trading functionality for the SEF Trading System pursuant to CFTC Regulation 37.3 with respect to those Required Transactions listed by the Exchange ~~exclusively~~ on DCM Trading System. Upon submission of an RFQ by a Requesting Participant, the SEF Trading System shall communicate to the Requesting Participant any bid or offer for the relevant Required Transaction which is resting on the order book of the DCM Trading System.

(B) The Exchange shall offer a customized order book on the SEF Trading System for Required Transactions that are not listed for trading on the order book of the DCM Trading System.

~~(B)(C) The Exchange shall communicate any bid or offer that is resting on the order book of the DCM Trading System to Requesting Participants at the same time that Requesting Participants receive the first responsive bid or offer, as applicable, in response to a RFQ on the SEF Trading System; provided, however that such RFQ is in respect of a Required Transaction that is offered for trading on the order book of the DCM Trading System. Requesting Participants may shall have the ability to execute against the bid or offer, as applicable, communicated to them from the order book of the DCM Trading System, the customized order book of the SEF Trading System, or any responsive quotes to the RFQ of Requesting Participants.~~

~~The Exchange shall offer a customized order book on the SEF Trading System for Required Transactions that are not listed for trading on the order book of the DCM Trading System.~~

(c) Execution on the Platform of a Required Transaction shall occur through one of the following methods:

(i) a RFQ on the SEF Trading System in accordance with Rule 539(b)(ii);

(ii) matching of an Order on the order book of the DCM Trading System or a customized order book on the SEF Trading System; or

(iii) as otherwise permitted by Applicable Law and adopted as an acceptable execution method by the Exchange.

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#### **RULE 541. Trade Cancellations and Price Adjustments**

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(d) Alternative Resolution by Agreement of Parties.

With the approval of the Board or a designee of the Board, parties to a trade that is price adjusted may instead mutually agree to cancel the trade.

(v) With the approval of the Board or a designee of the Board, parties to a trade that is busted may instead mutually agree to price adjust the trade to a price consistent with the adjustment provisions of Rule 541(c).

(vi) Subject to Rule 541(d)(i) and Rule 541(d)(ii), parties to a trade that is cancelled or price adjusted may mutually agree to a cash adjustment provided that such adjustments are reported to the Board or a designee of the Board and the parties maintain a record of the adjustment.

(vii) An executed trade may not be reversed via transfer except where such trade is determined by the Board or a designee of the Board to be outside of the No Bust Range but not reported timely, subject to agreement of the parties and approval of the Board or a designee of the Board. Any such transfer must occur at the original trade price and quantity; however, the parties may mutually agree to a cash adjustment.

...

(i) Voluntary Adjustment of Trade Price. When a trade outside of the No Bust Range is busted in accordance with this Rule 541~~0~~, the parties to the trade may agree voluntarily to reestablish the trade but to adjust its price and make a cash adjustment provided that all of the following conditions are met:

...

**RULE 542. Block Trades ~~on the DCM Trading System~~**

(a) The Exchange shall designate the Contracts that are eligible for treatment as a Block Trade and whether the details of a Block Trade may be submitted to the DCM Trading System or the SEF Trading System.~~products in which Block Trades shall be permitted on the DCM Trading System and determine the minimum quantity thresholds for such transactions.~~

~~(b) The following shall govern Block Trades on the DCM Trading System:~~

~~(i) A Block Trade must be for a quantity that is at or in excess of the applicable minimum threshold. Orders may not be aggregated in order to achieve the minimum transaction size; except by those entities described in sections (ix) and (x) below~~

~~(ii)~~ Each Person party to a Block Trade must be an Eligible Contract Participant.

~~(iii) A broker for a Person~~(c) A Participant shall not execute any order on behalf of its Customer by means of a Block Trade ~~for a Person~~ unless such ~~Person~~Participant has ~~specified~~ received written instruction or consent from its Customer to execute “block trades”, as that term is defined in Part 43 of CFTC Regulation, on behalf of that Customer. A Participant shall not ~~aggregate the orders of different Customers to satisfy the order be executed as a Block Trade on minimum threshold size unless such Participant is one of the DCM Trading System persons for which aggregation is permissible pursuant to CFTC Regulation 43.6(h).~~

~~(iv)~~ The price at which a Block Trade is executed must be fair and reasonable in light of (i) the size of the Block Trade, (ii) the prices and sizes of other transactions in the same contract at the relevant time, (iii) the prices and sizes of transactions in other relevant markets, including the related swap markets, at the relevant time, and (iv) the circumstances of the markets or the ~~Participants~~principal counterparties to the Block Trade.

~~(v) Block Trades shall not set off conditional orders (e.g., Limit Orders) or otherwise affect orders in the regular market.~~

~~(vi)~~ Block Trades may only be executed and reported on the same day to the DCM Trading System or the SEF Trading System during Trading Hours of the relevant Contract. Parties to a Block Trade must ensure that ~~each Block Trade is~~its details are reported to the ~~Exchange~~DCM Trading System or the SEF Trading System, as applicable, as soon as technologically practicable after execution. For the purposes of this rule, a Block Trade is reported to the Exchange ~~immediately following upon:~~ (1) the entry of the trade details of the Block Trade by one party into (x) the Block Trade reporting module of the Platform for the DCM Trading System ~~by one party,~~ or (y) the RFQ functionality of the SEF Trading System; and (2) ~~the acceptance by counterparty to the terms of the Block Trade~~an affirmation of the terms of the Block Trade by the other party through the Platform for the DCM Trading System or SEF Trading System, as applicable. The trade details reported to the ~~Exchange~~DCM Trading System or the SEF Trading System, as applicable, must include the execution time, which is the time at which the parties agreed to the terms of the Block Trade prior to entry of the trade details into the Block Trade reporting module of ~~the Platform for the DCM Trading System or the RFQ~~

functionality of the SEF Trading System. Block Trades will not set off conditional orders (e.g., Limit Orders) or otherwise affect orders on the DCM Trading System or SEF Trading System.

~~(vii) Block Trades must be reported to the Exchange in accordance with an approved reporting method.~~(f) The Platform will transmit Swap Data of all Block Trades reported to the Exchange ~~will be reported in accordance with this Rule 542~~ to the SDR as soon as technologically practicable ~~after their details are submitted to the DCM Trading System or SEF Trading System.~~ The SDR will ~~delay~~ be responsible for ~~delaying~~ the public dissemination of swap transaction and pricing data relating to the Block Trade in accordance with the timeframe set forth in Part 43 of CFTC Regulation and Applicable Law.

~~(viii) Clearing Firms and Participants~~(g) All Persons involved in the execution of Block Trades must maintain a record of the transaction as required by Applicable Law ~~in accordance with Rule 545.~~

~~(ix) A commodity trading advisor (“CTA”) registered or exempt from registration under the CEA, including any investment advisor registered or exempt from registration under the Investment Advisors Act of 1940, shall be the applicable entity for purposes of Rule 542(b)(i), (ii), (iii) and (iv), provided such advisors have total assets under management exceeding \$25 million and the Block Trade is suitable for the customers of such advisors.~~

~~(x) A foreign Person performing a similar role or function to a CTA or investment advisor as described in Rule 542(b)(ix), and subject as such to foreign regulation, shall be the applicable entity for purposes of Rule 542(b) (i), (ii), (iii) and (iv), provided such Persons have total assets under management exceeding \$25 million and the Block Trade is suitable for the customers of such Persons.~~

~~(xi) Parties to any Block Trade involving swaps shall comply with the requirements of Part 43 and Part 45 of the CFTC Regulations (including real time public reporting and recordkeeping requirements thereunder).~~

~~(e) Products designated for Block Trades. The following product(s) are designated for Block Trades on the DCM Trading System:~~

~~*INTEREST RATE SWAPS*~~

~~...~~

#### **RULE 545. SDR Reporting Party**

(a) Transmitting and Reporting Data. The Platform shall transmit Real-Time Data and report all Swap Data to an SDR, as soon as technologically practicable after execution of such swap on or subject to the rules of the Exchange. ~~For the purpose of reporting swaps data to the SDR required by Part 45 of the CFTC Regulations, the reporting party will be established pursuant to CFTC Regulation 45.8.~~

(b) *Non-Disclosure.* The Exchange shall not disclose Real-Time Data of any swap executed on or pursuant to the rules of the Platform prior to public dissemination of such Real-Time Data by an SDR in accordance with CFTC Regulations. If both Participants to a swap transaction are equal in the hierarchy (e.g. both are swap dealers), the reporting party for transactions executed on the Exchange shall be the Participant that is the buyer or payer (or equivalent) on the swap transaction. For switches, the reporting party shall be the party that is the buyer of the switch.

(c) *Correcting Real-Time Data.*

(i) If a Reporting Party becomes aware, whether through the initiative of the Reporting Party or through notice by the other party to the swap, of an error or omission in Real-Time Data that was transmitted by the Platform to an SDR, the Reporting Party shall promptly submit to the Exchange, Real-Time Data correcting such error or omission and notify the Exchange of the need to correct the original Real-Time Data transmitted to the relevant SDR.

(ii) If the Exchange becomes aware of an error or omission in Real-Time Data transmitted by it to an SDR, or receives notification from the Reporting Party pursuant to sub-paragraph (i), the Exchange shall promptly transmit Real-Time Data correcting such error or omission to the same SDR to which incorrect Real-Time Data was transmitted.

(d) *Correcting Swap Data.* The Exchange shall report corrections to any errors and omissions in Swap Data that were transmitted by the Exchange to the SDR. Corrections of errors or omissions in Swap Data shall be reported to the relevant SDR as soon as technologically practicable after discovery of any such errors or omissions.

(e) *Improper Cancellation or Correction.* The Exchange shall not transmit or agree to transmit to an SDR a cancellation or correction to Real-Time Data with knowledge that the purpose of re-reporting such Real-Time Data is to gain or extend a delay in public dissemination of accurate Real-Time Data or to otherwise evade the reporting requirements in this part.

(f) *Reporting Party Determination.* For purposes of these rules, the term “Reporting Party” means, in respect of a swap executed on or pursuant to the Rules of the Exchange, the Participant that is the “reporting counterparty” after application of CFTC Regulation 45.8. If both principal counterparties to a swap executed on or pursuant to the rules of the Exchange are Swap Dealers; or both are Major Swap Participants; or neither are Swap Dealers nor Major Swap Participants but both are financial entities as defined in CEA § 2(h)(7)(C); or neither are a financial entity as defined in CEA § 2(h)(7)(C), the Reporting Party shall be the Participant that is the fixed rate payer on the swap, and in respect of switches, the Reporting Party shall be the party that is the purchaser of the switch.

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**RULE 547. Orders Eligible for Post-Execution Allocation**

(a) No Participant shall enter a Bunched Order on the Platform unless at the time of entering such Bunched Order, such Participant:

(i) ~~(A)~~ is within at least one of the categories of entities enumerated in CFTC Regulation 1.35(b)(5)(i); and

(ii) ~~(B)~~ has been granted written investment discretion with regard to the Customer accounts to which Participant will allocate the Transaction that results from such Bunched Order;

~~(ii) has an agreement in place with the Clearing Firm or Clearing Firms of such Customers on whose behalf the Bunched Order is being placed requiring Participant to screen the orders of its Customers for compliance with the risk limits established by the relevant Clearing Firm of each such Customer pursuant to CFTC Regulation 1.73; and~~

~~(iii) has clearing arrangements in place with a Clearing Firm establishing an account for the clearing of Transactions resulting from Bunched Orders after it is executed but before it is allocated to the relevant Customer accounts.~~

(b) All Bunched Orders and Transactions resulting from Bunched Orders must be allocated and recorded in accordance with CFTC Regulation 1.35 and consistent with the principles of NFA's Interpretative Notice 9029 related to Compliance Rule 2-10 as amended from time to time, and as if its terms applied to swaps.

~~(c) Participants that are eligible to execute Bunched Orders pursuant to subsection (a) of this Rule 547 shall identify the account established pursuant to paragraph (a)(iii) of this Rule 547 as the account through which the resulting Transactions are intended to be cleared.~~

~~(d) Participants shall provide allocation instructions to the Clearing Firm that has agreed to accept the Bunched Order for clearing, and Clearing Firm shall affirm such allocation instructions as soon as practicable after the Bunched Order is filled, but in any event no later than 30 minutes prior to the relevant Clearing House's trade submission deadline for the business day the Bunched Order is executed.~~

~~(e)~~ The provisions of (a)~~(ii) and (iii)~~, and (b), ~~(c) and (d)~~ above shall also apply to Block Trades in which orders have been aggregated pursuant to Rule 542 to meet the minimum transaction size as allowed by trueEX Rule 542(b)(i), ~~(ix) and (x)~~.

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#### **RULE 548. Legal Certainty of Transactions**

- (a) A Transaction entered into on or pursuant to the Exchange Rules shall not be void, voidable, subject to rescission, otherwise invalidated, or rendered unenforceable as a result of:
- (i) a violation by the Exchange of the provisions of section 5h of the CEA or CFTC Regulations;
  - (ii) any CFTC proceeding to alter or supplement a Rule, term or condition under section 8a(7) of the CEA or to declare an emergency under section 8a(9) of the CEA; or
  - (iii) any other proceeding the effect of which is to:
    - (A) alter or supplement a specific term or condition or trading rule or procedure; or
    - (B) require the Exchange to adopt a specific term or condition, trading rule or procedure, or to take or refrain from taking a specific action.

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#### **RULE 615. Sanctions**

(a) After notice and opportunity ~~for hearing to be heard~~ in accordance with the Rules, the Exchange shall impose sanctions on a ~~Subject Person~~ Participant or an Supervised Person of a Participant if ~~such Subject Person or other Person using any Firm ID or User ID assigned to such Subject Person—it~~ is found to have violated or to have attempted to violate any ~~of the Obligations~~ Rule or provisions of Applicable Law ~~such Subject Person is subject to~~ for which the Exchange possesses disciplinary jurisdiction. All sanctions must take into account the respondent's disciplinary history and shall be commensurate with the violations committed. In the event of demonstrated customer harm, any sanction must also include full customer restitution, ~~except where the amount of restitution, or to whom restitution should be provided, harm to a customer and the customer's identity cannot~~ be reasonably determined.

The Exchange may impose one or more of the following sanctions or remedies:

- (i) a warning letter, provided that no more than one warning letter may be issued to the same person found to have committed the same rule violation within a rolling twelve month period;
- (ii) censure;
- (iii) termination, suspension or restriction of Trading Privileges, ability to otherwise access the Platform, or the imposition of other limitations on Exchange Activity;
- (iv) subject to Rule 615(b), a fine;

- (v) restitution;
- (vi) disgorgement; or
- (vii) any other sanction or remedy deemed to be appropriate.

(b) The Exchange may impose a fine of up to \$~~1,000~~25,000 for each Rule violation ~~of an Obligation or provision of Applicable Law~~. If a fine or other amount is not paid within 30 days of the date that it becomes payable, then interest will accrue on the sum from the date that it became payable at the quoted prime rate plus three percent. The Exchange has sole discretion to select the bank on whose quotations to base the prime rate. ~~A Subject Person shall be responsible for paying any fine or other amount imposed on, but not paid by, any of its Supervised Persons, or any other Person using a Firm ID or User ID of such Subject Person.~~

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#### **RULE 802. Clearing House Rules**

(a) The clearing services provided by a Clearing House with respect to any Contract, and the rights and obligations of purchasers and sellers under cleared Contracts (including rights and obligations in respect of clearing and settlement, variation payments and performance at maturity), shall be governed by the Clearing House Rules of such Clearing House.

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#### **RULE 1001. Fixed for Floating Interest Rate Swap Contracts**

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(g) Trade Start Type

(i) Spot Starting. A swap ~~whose with an~~ Effective Date that follows market convention per each Currency, ranging from T+0 to T+2. For example USD is 2 business days from the Trade Date (T+2).

(ii) Forward Starting. A swap whose Effective Date is anything after than the Effective Date for a Spot Starting swap.

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(o) Contract Size.

(i) On-the-Run. Minimum notional size of \$1 million USD or multiple thereof and increments of \$1 million USD depending on Tenor.

(ii) Off-the-~~Run~~-Run. Minimum notional size of \$1 million USD and increments of \$1,000 USD.

(iii) Block Trades. Minimum notional size as indicated in Rule 1001(t) and increments of \$1,000 USD.

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**RULE 1002. Standard Coupon & Standard Maturity (SCSM<sup>TM</sup>) Interest Rate Swap Contracts**

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(d) Listing/Trading Conventions. The terms of a SCSM<sup>TM</sup> Swap are based on the criteria below.

(i) Series. The Exchange will list four SCSM<sup>TM</sup> Swap Series each year on a quarterly cycle, in connection with quarterly International Monetary Market (IMM) dates, in March, June, September and December.

(A) On-the-Run. The two most current Series will be listed concurrently for trading at any one time.

(B) Off-the-Run. After the Last Trading Day of an On-the-Run SCSM<sup>TM</sup> Swap Series, the Series will be listed as Off-the-Run for one year after its Last Trading Day as an On-the-Run Swap. Transactions in Other Tenors, (with the exception of Block Trades) are executed through the System's Off-the-Run trading functionality. All such trades will be subject to the requirements of Exchange Rule 524(c).

(ii) Tenor. The duration of time from the Effective Date of the SCSM<sup>TM</sup> Swap to the Maturity Date. The Exchange may list Tenors of 1, 2, 3, 5, 7, 10, 15, 20 and 30 years for each Series.

(iii) Holiday Calendar. New York and London

(iv) Business Day Convention. Modified Following with adjustment to period end dates. Business days in this convention must be valid business days on both the New York and London calendar. If not, it will be the next day that is a business day on both the New York and London calendar.

(v) First Trading Day.

(A) On-the-Run. Six months and two business days prior to the IMM date for the Series. IMM dates are the third Wednesday in March, June, September and December. For example, the first trading day for the September Series will be two business days prior to the March IMM date.

(B) Off-the-Run. One business day after the Last Trading Day as an On-the-Run SCSM<sup>TM</sup> Swap.

(vi) Last Trading Day

(A) On-the-Run. Three business days prior to the IMM date for the Series.

(B) Off-the-Run. One year after the Last Trading Day as an On-the-Run SCSM™ Swap.

(vii) Standard Coupon Fixed Rate. By 4 p.m. Eastern time one business day prior to the First Trading Day for an On-the-Run SCSM™ Swap, the Exchange will announce the Standard Coupon Fixed Rate for each Tenor of the new Series.

(A) Methodology. The Exchange will set the Standard Coupon Fixed Rate for each Tenor of a Series as the at-the-money forward rounded up or down to the nearest 25 basis points on the date the Standard Coupon Fixed Rate is announced.

(B) Adjustments. The Exchange reserves the right to adjust Standard Coupon Fixed Rates in the event forward rates move more than 50 basis points from the Standard Coupon Rate for any Tenor in a Series. The Exchange will list the adjusted Series (referred to as Version) on the first business day following the rate adjustment. The original Series and any subsequent Versions will be available On-the-Run until the Last Trading Day for the Series.

(viii) Trade Types. The Platform may support the following trade types:

(A) Outrights.

(B) Switches.

(1) Calendar Switches. Calendar switches are simultaneous trades of two different Series of the same Tenor (for example, June 5 year vs. September 5 year) Calendar Switch prices will be quoted as the difference between the later start date and the earlier start date.

(2) Tenor Switches. Tenor switches are simultaneous trades of two Tenors in the same Series (e.g. June 5 year vs. June 10 year). Tenor Switch prices will be quoted as the difference between the longer Tenor and the shorter Tenor.

(C) Block Trades has the meaning as defined in Chapter 1 of this Rulebook.

(ix) Contract size

(A) On-the-Run and Off-the-Run. Minimum notional size of \$1 Million USD and increments of \$1 Million USD.

(B) Block Trades. Minimum notional size as indicated in Rule 1002(e) and increments of \$1 Million USD.

~~(x) Trade Types. The Platform may support the following trade types. See Schedule 1002 for Trade Types available to trade on the Platform:~~

~~(A) Outrights.~~

~~(B) Switches.~~

~~(1) Calendar Switches. Calendar switches are simultaneous trades of two different Series of the same Tenor (for example, June 5 year vs. September 5 year). Calendar Switch prices will be quoted as the difference between the later start date and the earlier start date.~~

~~(2) Tenor Switches. Tenor switches are simultaneous trades of two Tenors in the same Series (e.g. June 5 year vs. June 10 year). Tenor Switch prices will be quoted as the difference between the longer Tenor and the shorter Tenor.~~

~~(C) Block Trades has the meaning as defined in Chapter 1 of this Rulebook.~~

~~(xi)(x) Quoting convention.~~

(A) Outrights. An SCSM<sup>TM</sup> Swap will be quoted based on price, not yield, where 100 points equals par.

(B) Switches.

(1) Calendar Switch prices will be quoted as the difference between the later start date and the earlier start date.

(2) Tenor Switches. Tenor Switch prices will be quoted as the difference between the longer Tenor and the shorter Tenor.

(C) Minimum Price Increments.

Tenor	Minimum Price Increment (Outrights)
1 year	.001 of a point
2 year	.002 of a point
3 year	.002 of a point
5 year	.005 of a point
7 year	.005 of a point
10 year	.01 of a point
15 year	.01 of a point
20 year	.02 of a point
30 year	.02 of a point

Minimum price increments for Switches will be the Outright minimum price increment of the shorter tenor of the Switch as indicated in the table above.

(~~xii~~)(xi) Upfront Payment. An upfront payment will be exchanged between the payer and the receiver of an SCSM<sup>TM</sup> Swap. The direction and amount of the payment is dependent on the price at which the SCSM<sup>TM</sup> Swap was transacted on.

(A) Payment Direction.

(1) If Price < 100, the Fixed Rate Payer makes payment to the Fixed Rate Receiver.

(2) If Price > 100, the Fixed Rate Payer receives payment from the Fixed Rate Receiver.

(B) Payment Calculation. Upfront Payment is calculated using the following formula:

$$\text{Notional Amount} * (100 - \text{Price}) / 100$$

(C) Final Settlement Date and Price. Settlement of the upfront payment will occur on T+2 and is calculated as described in (B) above.