

# SUBMISSION COVER SHEET

Registered Entity Identifier Code (optional) 2013-17

Date: December 20, 2013

**IMPORTANT: CHECK BOX IF CONFIDENTIAL TREATMENT IS REQUESTED.**

**ORGANIZATION**

trueEX LLC

**FILING AS A:**

**DCM**

**SEF**

**DCO**

**SDR**

**ECM/SPDC**

**TYPE OF FILING**

**TYPE OF FILING**

- **Rules and Rule Amendments**

Certification under § 40.6 (a) or § 41.24 (a)

“Non-Material Agricultural Rule Change” under § 40.4 (b)(5)

Notification under § 40.6 (d)

Request for Approval under § 40.4 (a) or § 40.5 (a)

Advance Notice of SIDCO Rule Change under § 40.10 (a)

- **Products**

Certification under § 39.5(b), § 40.2 (a), or § 41.23 (a)

Swap Class Certification under § 40.2 (d)

Request for Approval under § 40.3 (a)

Novel Derivative Product Notification under § 40.12 (a)

**RULE NUMBERS**

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Please see attached letter.

**DESCRIPTION**

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Please see attached letter.



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[www.trueex.com](http://www.trueex.com)

December 20, 2013

**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 #2013-17)**

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 (“trueEX” or 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>	
<ul style="list-style-type: none"><li>• <b>Rule 101</b> –<ul style="list-style-type: none"><li>○ amended definition of the term “Emergency”;</li><li>○ clarifying amendment to the terms “DCM Trading System”, “Emergency Action” and “Emergency Rule”.</li></ul></li></ul>	<ul style="list-style-type: none"><li>○ DCM Core Principle 6, SEF Core Principle 8, and CFTC 40.1 (Emergency);</li><li>○ Drafting Clarification and Rule Reference Correction;</li></ul>
<ul style="list-style-type: none"><li>• <b>Rule 201</b> – amendment to correct typographical error.</li></ul>	Drafting Clarification
<ul style="list-style-type: none"><li>• <b>Rule 214</b> – amendment to remove redundant language.</li></ul>	Drafting Clarification to correct referencing error
<ul style="list-style-type: none"><li>• <b>Rule 304(a)</b> – amendment to remove redundant language.</li></ul>	Drafting Clarification. Clarified language is in

	Rule 801
<ul style="list-style-type: none"> <li>• <b>Rule 306(e)(iv)</b> – amendment to conform to previously revised clearing acceptance language.</li> </ul>	Edit related to previous amendment of Rule 809 for consistency
<ul style="list-style-type: none"> <li>• <b>Rule 401</b> – amendment to remove redundant language.</li> </ul>	Drafting Clarification
<ul style="list-style-type: none"> <li>• <b>Rule 403</b> – amendment to clarify which materials of Participant are subject to Exchange inspection.</li> </ul>	Drafting Clarification
<ul style="list-style-type: none"> <li>• <b>Rule 410</b> – amendment to clarify which Participants and Clearing Firms are subject to this rule.</li> </ul>	Drafting Clarification
<ul style="list-style-type: none"> <li>• <b>Rule 507</b> – amendment to clarify the duties this rule requires.</li> </ul>	Drafting Clarification
<ul style="list-style-type: none"> <li>• <b>Rule 510</b> – amendment deleting the text of this rule.</li> </ul>	Deleting Rule, incorporated into Rule 513
<ul style="list-style-type: none"> <li>• <b>Rule 513</b> – amendment to clarify the duties this rule requires.</li> </ul>	Drafting Clarification
<ul style="list-style-type: none"> <li>• <b>Rule 524</b> – amendment to clarify the party responsible for order entry.</li> </ul>	Drafting Clarification
<ul style="list-style-type: none"> <li>• <b>Rule 525</b> – amendment to clarify the standard that applies to entry of Orders for Customers; clarifying amendment.</li> </ul>	Amendment to standard of care; clarifying amendment.
<ul style="list-style-type: none"> <li>• <b>Rule 537</b> – typographical correction; clarifying amendment.</li> </ul>	Typographical Correction; Drafting Clarification
<ul style="list-style-type: none"> <li>• <b>Rule 539</b> – consolidation of rules addressing execution of Required Transactions and Permitted Transactions.</li> </ul>	Drafting Clarification
<ul style="list-style-type: none"> <li>• <b>Rule 540</b> – rule deleted and incorporated into rule 539; subsequent rules renumbered.</li> </ul>	Drafting Clarification
<ul style="list-style-type: none"> <li>• <b>Rule 601</b> – amendment clarifying liability for Supervised Persons.</li> </ul>	Drafting Clarification
<ul style="list-style-type: none"> <li>• <b>Rule 809(b) &amp; (d)</b> – typographical correction; removal of language regarding clearing acceptance with respect to trades given up to another party.</li> </ul>	Typographical Correction; Deleting Rule
<ul style="list-style-type: none"> <li>• <b>Rule 903</b> – amendment to clarify the subject of prohibition on gifts and gratuities.</li> </ul>	Drafting Clarification to make consistent with Company Code of Conduct
<ul style="list-style-type: none"> <li>• <b>Rule 904</b> – Insertion of sub-paragraph reference.</li> </ul>	Typographical Correction.

Each rule amendment summarized above is detailed in Exhibit 1 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 that were not incorporated into these rule amendments. Furthermore, trueEX certifies that this certification has been concurrently posted on the Exchange's Web site at <http://www.trueex.com/rules-and-notice>. These Amendments will be effective on January 7, 2014

If you have questions regarding this submission, please contact me at (312) 320-8934 or by email at [fran@trueex.com](mailto:fran@trueex.com).

Sincerely,



Fran Kenck

Chief Regulatory Officer/Chief Compliance Officer

## Exhibit 1

### Amendments/Revisions to Rulebook

Effective Date	Amendment(s) and/or Revision(s)
September 7, 2012	Rulebook approved by the CFTC as part of trueEX DCM application
March 11, 2013	Added Chapter 10, Rule 1001 as self certification of Fixed for Floating Interest Rate Swaps
April 8, 2013	<ul style="list-style-type: none"> <li>• Amended Rule 404(a) re: Minimum Financial Requirements</li> <li>• Added Rule 410 re: Customer Funds and Securities</li> <li>• Removed date on cover of Rulebook</li> <li>• Added Table of Amendments/Revisions to Rulebook (after Table of Contents)</li> <li>• Amended Rule 541(a)(1) re: trade cancellations</li> </ul>
May 1, 2013	<ul style="list-style-type: none"> <li>• Added Rule 1002. Standard Coupon &amp; Standard Maturity (SCSM™) interest rate swaps</li> </ul>
July 9, 2013	<ul style="list-style-type: none"> <li>• Definitions – Deleted Customer Account, Added Designated Self Regulatory Organization, Amended Eligible Contract Participant, Amended footnote 1 relating to Public Participant</li> <li>• Amended Rule 209(d) Chief Regulatory Office (added language)</li> <li>• Amended Rule 306(e) – added (iv) and renumber subsequent subparagraphs.</li> <li>• Amended Rule 309 – deleted language</li> <li>• Amended 402(a) – deleted language, 402(a)(iv)-deleted language, 402(v)-added language</li> <li>• Rule 403(a)(ii) – added language</li> <li>• Rule 406 – added language</li> <li>• Rule 523(c)-corrected transposition error</li> <li>• Rule 529 – deleted language and footnote 2 from 529(b)(i). Deleted sections re: aggregation.</li> <li>• Rule 533 – deleted language</li> <li>• Rule 534 – amended language</li> <li>• Rule 537 – amended language</li> <li>• Rule 539(c) – amended language</li> <li>• Rule 541(b)(iii) – deleted language</li> <li>• Rule 545(a) – amended language</li> <li>• Rule 801– amended language</li> <li>• Rule 802– amended language</li> <li>• Rule 804– amended language</li> <li>• Rule 805 – deleted rule</li> <li>• Rule 806 – added Rule 806(a)(iii)</li> <li>• Rule 809 – added Rule 809(a), (b) and (c)</li> <li>• Rule 902 – amended language</li> <li>• Rule 904 – inserted new section (b) and</li> </ul>

	<ul style="list-style-type: none"> <li>renumbered</li> <li>• Rule 1002(d)(iii) – added 3 year tenor</li> <li>• Rule 1002(d)(ix)(C) – updated table</li> <li>• Schedule 1002 – added 3 year tenor</li> </ul>
August 1, 2013	<ul style="list-style-type: none"> <li>• Rule 101 – amended language</li> <li>• Rule 313 – amended language</li> <li>• Rule 402(a)(i) – amended language, Rule 402(a)(ii) – amended language</li> <li>• Rule 403 – amended language</li> <li>• Rule 529 – amended language</li> <li>• Rule 530 – amended language</li> <li>• Rule 531 – Deleted and reserved</li> <li>• Rule 532 – Deleted and reserved</li> <li>• Rule 805 – delete language</li> <li>• Rule 1001(o)(iii) – revise section reference, Rule 1001(t) – amended table</li> </ul>
August 15, 2013	<ul style="list-style-type: none"> <li>• Rule 1001(b) – revised Trading Hours</li> <li>• Rule 1002(b) – revised Trading Hours</li> </ul>
September 13, 2013	<ul style="list-style-type: none"> <li>• Rule 101 – amended definitions of Authorized Representative, CTI, and User ID, revised regulation citation of Major Swap Participant</li> <li>• Rule 302 – removed reference to “account” as a defined term</li> <li>• Rule 304(e) – added language re: risk limits for direct access customers</li> <li>• Rule 306(c)(v) – amended to add jurisdiction requirement for customers</li> <li>• Rule 306(d) - removed guarantee language</li> <li>• Rule 306(e) – amended language in (e)(iv), deleted (d)(x) and (d)(xi)</li> <li>• Rule 507 – removed language re exchange for related positions</li> <li>• Rule 520 – removed reference to “account” as a defined term</li> <li>• Rule 528 – amended language (typo) and removed reference to “account” as a defined term</li> <li>• Rule 534 – amended language to reference clearing arrangements of Clearing Firms</li> <li>• Rule 538 – clarification regarding who can contact Control Desk</li> <li>• Rule 541 – amended (e) and added (k) vii</li> <li>• Rule 542 – updated language re: SDR reporting of block trades</li> <li>• Rule 619 – removed reference to “account” as a defined term</li> <li>• Rule 809 – amended language regarding clearing acceptance</li> <li>• Rule 1002(d)(xi)(C) – amended tick size</li> </ul>
September 20, 2013	<ul style="list-style-type: none"> <li>• Rule 101 – revised rule citation of various defined</li> </ul>

	<p>terms; made distinction between DCM and SEF in certain defined terms; deleted definition of Contract Market, Trading System; added definition of Chief Compliance Officer, DCM Trading System, Designated Contract Market, End-User Clearing Exception, End-User Transaction, Permitted Transaction, Platform, Required Transaction, SEF Trading System</p> <ul style="list-style-type: none"> <li>• Use of defined term Platform, DCM Trading System and SEF Trading System clarified throughout rulebook</li> <li>• Rule references updated throughout as a result of renumbering</li> <li>• Rule 203 – Amended to include reference to Chief Compliance Officer</li> <li>• Rule 209 – added rule regarding Chief Compliance Officer</li> <li>• Remainder of chapter 2 renumbered</li> <li>• Rule 214 – added references to Rule 214 to include Chief Compliance Officer</li> <li>• Rule 401 – Added ECP requirement to trade on SEF Trading System</li> <li>• Rule 529 – Amended language</li> <li>• Rule 530 – Amended language</li> <li>• Rule 531 – deleted rule</li> <li>• Rule 532 – deleted rule</li> <li>• Remainder of Chapter 5 renumbered</li> <li>• Rule 537 (formerly 539) – language amended to include Required Transactions. SEF Trading System functionality (RFQ)</li> <li>• Rule 538 – added Rule regarding Permitted Transactions</li> <li>• Rule 545 – added Rule regarding Confirmations</li> <li>• Rule 603 thru 607, 609, 610, 616, 617, 618, – added reference to Chief Compliance Officer</li> <li>• Rule 703 – added reference to DCM only</li> <li>• Rule 801 – amended rule to reference required clearing.</li> </ul>
September 25, 2013	<ul style="list-style-type: none"> <li>• Rule 101 – amended definition</li> <li>• Rule 306(c) &amp; (e) – amended language</li> <li>• Rule 525 – amended language</li> <li>• Rule 539(b) – amended language</li> <li>• Rule 541 – amended language</li> <li>• Rule 802 – rule deleted</li> <li>• Rule 808 – rule deleted</li> <li>• Rule 809(b) – amended language</li> </ul>
November 1, 2013	<ul style="list-style-type: none"> <li>• Rule 304(d) – clarifying revisions</li> <li>• Rule 304(e) – rule added</li> </ul>
November 4, 2013	<ul style="list-style-type: none"> <li>• Rule 1001 – Included additional currencies and</li> </ul>

	<p>related attributes for each currency.</p> <ul style="list-style-type: none"> <li>• Schedules 1001 (a), (b) and (c) and Schedule 1002 moved from Rulebook to trueEX website</li> </ul>
<p><u>January 7, 2014</u></p>	<ul style="list-style-type: none"> <li>• <u>Rule 101 – amended definitions of “Emergency” and “DCM Trading System”</u></li> <li>• <u>Rule 201 – typographical correction</u></li> <li>• <u>Rule 214 – amendment to remove redundant language</u></li> <li>• <u>Rule 304 – conforming amendment to account for the possibility of uncleared Transactions</u></li> <li>• <u>Rule 306(e)(iv) – amendment to confirm to previously revised rule 809 (See September 13, 2013 amendments)</u></li> <li>• <u>Rule 401 – amendment to remove redundant language</u></li> <li>• <u>Rule 403 – amendment clarifying what information is subject to inspection by the Exchange</u></li> <li>• <u>Rule 410 – clarifying amendment</u></li> <li>• <u>Rule 507 – clarifying amendment</u></li> <li>• <u>Rule 510 – rule deleted</u></li> <li>• <u>Rule 513 – clarifying amendment</u></li> <li>• <u>Rule 524 - clarifying amendment regarding crossing orders</u></li> <li>• <u>Rule 525 – amending standard of care for handling of Customer Orders; clarifying amendment</u></li> <li>• <u>Rule 537 – typographical correction; clarifying amendment</u></li> <li>• <u>Rule 539 – consolidation of rule addressing order execution</u></li> <li>• <u>Rule 540 – rule deleted and incorporated into rule 539; subsequent rules renumbered</u></li> <li>• <u>Rule 601 – amendment clarifying liability for Supervised Persons</u></li> <li>• <u>Rule 809(b) &amp; (d) – typographical correction; removing rule addressing clearing acceptance for give-ups</u></li> <li>• <u>Rule 903 – clarifying amendment</u></li> <li>• <u>Rule 904 – typographical correction</u></li> </ul>



## RULE 101. Definitions

...

“DCM Trading System” means the electronic trading system of the DCM established and operated by the Exchange for the purpose of entering into certain Required Transactions and certain Permitted Transactions.

...

“Emergency” means ~~the any~~ occurrences or circumstances which, in the opinion of the Board, or a designee duly authorized by the Board to issue such an opinion, requires immediate action, and which threatens, or may threaten, such things as the fair and orderly trading in, or the settlement-liquidation of or integrity-delivery pursuant toof, any Contract, or the timely collection and payment of funds in connection with clearing and settlement by a Clearing House, including without limitation: whether the need for intervention arises exclusively from the DCM’s market or as part of a coordinated, cross-market intervention, including the following:

- (i) any circumstance that may materially affect the performance of any Contract or Contracts, including without limitation any failure of the Platform-payment system or the bankruptcy or insolvency of any Participant or Clearing Firm~~the clearing system of a Clearing House~~;
- (ii) any action taken by any governmental body (whether national, state or municipal), including without limitation the United States or foreign regulatory, self-regulatory, judicial, arbitral, or ~~governmental (whether national, state or municipal)~~ ~~or~~ quasi-governmental authority, or any agency, department, instrumentality, or sub-division thereof; or other Person exercising, or entitled to exercise any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power; or any other ~~Designated Contract Market, Clearing House~~entity registered with the CFTC, board of trade, market or facility ~~other exchange or trade association (foreign or domestic) that~~which may have a direct impact on trading on the Exchange or clearing and~~the~~ settlement ~~legality or enforceability~~ of any Contract;
- (iii) any actual, attempted or threatened corner, squeeze, congestion, ~~manipulative activity~~ or undue concentration of positions in any Contract or Contracts;
- (iv) any other circumstance that may have a severe, adverse effect upon the functions and facilities~~functioning~~ of the Exchange, ~~including, but not limited to, acts of God, fire, flood, earthquake, hurricane or other natural disasters, bomb threats, acts of terrorism or war, severely inclement weather, or failure or malfunction of all or a portion of the Platform, or other system breakdowns or interruptions such as power, computer, communication or transportation systems or the Internet; or~~
- ~~(v) the bankruptcy or insolvency of any Participant or Clearing Firm or the imposition of any injunction or other restraint by any government agency, Clearing House, court or arbitrator upon a Participant which may affect the ability of a Participant to trade in or perform on a Contract;~~
- (vi) any manipulative or attempted manipulative activity~~any circumstance in which it appears to the Board, or a designee duly authorized by the Board to issue such an opinion, that a Clearing Firm or any other Person:~~

- ~~(A) has failed to perform on a Contract;~~
- ~~(B) is insolvent; or~~
- ~~(C) is in a financial or operational condition or is conducting business such that the Clearing Firm or Person cannot be permitted to continue in business without jeopardizing the safety of Customer funds, Participants, other Clearing Firms, the Exchange or a Clearing House; or~~
- ~~(vii) any other unusual, unforeseeable or adverse circumstance as determined by the Exchange.~~

“Emergency Action” has the meaning set forth in Rule 21~~4~~3(a).

“Emergency Rules” has the meaning set forth in Rule 21~~4~~3(a).

...

#### **RULE 201. Ownership**

The Exchange is a Delaware limited liability company. The management and operation of the Exchange is governed by the Operating Agreement. All of the equity interests of the Exchange are owned by trueEX Group LLC.

...

#### **RULE 214. Emergency Rules**

(a) During an Emergency, the Exchange may implement temporary emergency procedures and rules (“Emergency Rules”) pursuant to Rule 214(b), subject to the applicable provisions of the CEA and CFTC Regulations.

Emergency Rules may require or authorize the Exchange, the Board, any committee of the Board, ~~the Chief Executive Officer~~, or any ~~other~~ Officer to take actions necessary or appropriate to respond to the Emergency (each such action, an “Emergency Action”), directly or through third party providers of clearing or regulatory services, including, but not limited to, the following actions:

...

#### **RULE 304. Clearing Firms**

(a) ~~All Contracts traded on the Exchange must be cleared through a Clearing House by a Clearing Firm.~~ In order to operate as a Clearing Firm, an applicant must demonstrate to the satisfaction of the Exchange that it:

(i) meets the requirements of, and is approved for, clearing membership at one or more Clearing House and is authorized pursuant to the applicable Clearing House Rules to clear trades in any or all of the Contracts; and

...

#### **RULE 306. Applications**

...

(e) Applications for Clearing Firms: Any applicant desiring to become a Clearing Firm shall:

(i) submit to the Exchange a complete application form in the manner prescribed by the Exchange;

(ii) enter into a user license agreement with each relevant Clearing House, if applicable;

(iii) agree in writing to abide by the Rules of the Exchange and Applicable Law;

(iv) agree in writing that it shall fulfill its ~~guaranty and~~ clearing obligations in accordance with Rule 809;

...

#### **RULE 401. Duties and Responsibilities of Participants**

Each Participant shall ~~(and shall cause all of its Supervised Persons to)~~:

...

#### **RULE 403. Inspections by the Exchange**

...

(c) The Exchange Regulation Department may require a Participant to furnish (periodically or on a particular occasion) information to the Exchange or the Regulatory Service Provider relating to the Exchange Activity of such Participant or any of its Customers ~~to the Exchange or the Regulatory Service Provider. For each Participant or any of its Customers, such information includes~~including without limitation, its or any of its Customers open trading positions and information regarding Contracts to which such Participant or Customer, as applicable, is a party, open trading positions related to such Contractsto which it is a party, as well as all trading activity of Participant or Customer, as applicable, in the commodity underlying any such Contracts and related derivatives markets, as well as all books and records, files, documents and other materials relating to any of the foregoing.

...

#### **RULE 410. Treatment of Customer Funds and Securities**

Each Participant and Clearing Firm that is registered with any Government Agency or Self-Regulatory Organization as an FCM shall comply with the provisions of CFTC Regulations, applicable Clearing House Rules and other Applicable Law related to the protection of customer funds, including the segregation of customer and proprietary funds, the custody of customer funds, the investment standards for customer funds, intermediary default procedures and related recordkeeping. ~~This includ~~inges, but is not limited to CFTC Regulations 1.20(a) and 1.25. Any violation of the aforementioned CFTC Regulations, Clearing House Rules or other Applicable Law by Participant or Clearing Firm ~~that violates any of the aforementioned CFTC Regulations,~~

~~Clearing House Rules and other Applicable Law~~ shall be ~~deemed to have a~~ violated violation of this Rule 410.

...

**RULE 507. Market Disruption Prohibited**

No Subject Person shall engage in any trading, practice, or conduct that violates bids or offers, or demonstrates intentional or reckless disregard for the orderly execution of transactions during the closing period, or is, is of the character of, or is commonly known to the trade as, “spoofing” (bidding or offering with the intent to cancel the bid or offer before execution), as described in Section 4c of the CEA. Disruptive trading practices shall include any Exchange Activity that (a) demonstrates intentional or reckless disregard for the orderly execution of transactions during the closing period, (b) consists of placing one or more Order with an intent to cancel such Order(s) prior to execution, (c) submitting or cancelling Orders with an intent to overload the Platform, (d) submitting or cancelling bids or offers with an intent to delay another person’s execution of trades, or (e) submitting or cancelling multiple bids or offers to create an appearance of false market depth; provided, however, that these clauses (a) through (e) shall not apply to Block Trades.

~~Orders entered into the Platform for the purpose of upsetting the equilibrium of the market in any Contract or creating a condition in which prices do not or will not reflect fair market values are prohibited, and any~~ No Subject Person ~~who shall makes enter, or~~ assists in entering or carry out any plan or scheme for entering any such Order into the Platform with the knowledge that the purpose of such Order is to upset the equilibrium of the market in any Contract or create a condition in which prices do not or will not reflect fair market values. ~~with knowledge of the purpose thereof or who, with such knowledge, in any way assists in carrying out any plan or scheme for the entering of any such Order, will be deemed to have engaged in an act detrimental to the Exchange.~~

...

**RULE 510. [RESERVED] Acts Detrimental to Welfare of Exchange Prohibited**

~~No Subject Person shall engage in any act that is detrimental to the Exchange.~~

...

**RULE 513. Misuse of the Platform**

Misuse of the Platform is strictly prohibited. It shall be ~~deemed an act detrimental to the Exchange~~ a violation of these Rules to permit unauthorized use of the Platform, to assist any Person in obtaining unauthorized access to the Platform, to trade on the Platform without an agreement and an established account with a Clearing Firm, to alter the equipment associated with the Platform (except with the Exchange’s consent), to interfere with the operation of the Platform, to intercept or interfere with information provided thereby, or in any way to use the Platform in a manner contrary to the Rules.

...

## **RULE 524. Prearranged, Pre-Negotiated and Noncompetitive Trades Prohibited**

...

(c) *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 ~~both one of the~~ parties ~~and accepted~~ 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.

...

## **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. ~~Failure to act with due diligence shall constitute negligence.~~—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 ~~was negligent~~ 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 ~~Negligence~~ 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 ~~was negligent~~ failed to exercise due diligence or is settling a bona-fide dispute regarding ~~negligence~~ failure to exercise due

diligence. A Participant may not compel an adjustment from another Participant in the absence of a bona-fide dispute regarding ~~negligence~~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.

(c) *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 ~~both one of the~~ parties ~~and accepted~~ 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.

...

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

(a) EXCEPT AS OTHERWISE PROVIDED:

(1) IN THIS RULEBOOK; OR

(2) IN ANY WRITTEN AGREEMENT IN EFFECT BETWEEN THE EXCHANGE AND ANY PARTICIPANT, CUSTOMER, SUBJECT PERSON OR OTHER PARTY ACCESSING THE TRADING SYSTEM, EXCHANGE SERVICES OR EXCHANGE IN WHICH THE PARTIES AGREE TO SUPERSEDE THE TERMS OF THIS RULE 537,

SUBJECT TO CLAUSES (e) AND (f) OF THIS RULE 537, EXCEPT IN INSTANCES WHERE A PARTY HAS BEEN FINALLY ADJUDICATED TO HAVE ENGAGED IN GROSS NEGLIGENCE OR WILLFUL MISCONDUCT (IN WHICH

CASE THE 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:

(i) ANY LOSSES, DAMAGES, COSTS OR EXPENSES (INCLUDING, WITHOUT LIMITATION, 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 TRADING SYSTEM, WEBSITE, ANY INFORMATION OR SERVICES PROVIDED BY THE EXCHANGE OR ANY FACILITIES OR TECHNOLOGY USED TO SUPPORT THE TRADING SYSTEM, WEBSITE, EXCHANGE OR EXCHANGE SERVICES INCLUDING, WITHOUT LIMITATION, ANY FAILURE TO PROVIDE ALL OR ANY PART OF THE TRADING SYSTEM, 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, THE TRADING SYSTEM OR ANY EXCHANGE 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 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 BROKER, 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 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) NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS RULE 537, THE EXCHANGE SHALL NOT BE LIABLE TO ANY PARTY FOR ANY DAMAGES, COSTS, LOSSES OR EXPENSES AND THE PARTICIPANT, CUSTOMER OR ~~CLEARING FIRMS~~ ~~SUBJECT PERSON~~ (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 PARTICIPANT'S, CUSTOMER'S OR SUBJECT PERSON'S DELAY, OMISSION, SUSPENSION, INACCURACY, ERRORS OR TIMELINESS OR OTHER ACTS OR OMISSIONS IN RESPECT OF TRANSACTIONS OR ANY RELATED DATA, INCLUDING, WITHOUT LIMITATION, IN CONNECTION WITH QUOTES, BIDS, OFFERS OR OTHER PRICE INFORMATION PROVIDED IN CONNECTION WITH OR RELATING TO ANY TRANSACTION.

(c) NEITHER THE EXCHANGE NOR ANY TRUEEX PARTIES MAKE ANY EXPRESS OR IMPLIED WARRANTIES OR REPRESENTATIONS RELATING TO THE EXCHANGE, THE TRADING SYSTEM OR ANY EXCHANGE SERVICES OR FACILITIES USED TO SUPPORT THE TRADING SYSTEM, INCLUDING, WITHOUT LIMITATION 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, THE EXCHANGE DOES NOT GUARANTEE OR MAKE 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. THE EXCHANGE SHALL HAVE NO DUTY OR OBLIGATION TO VERIFY ANY INFORMATION DISPLAYED ON THE TRADING 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 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 TRADING SYSTEM OR EXCHANGE SERVICES OR FACILITIES USED TO SUPPORT THE TRADING SYSTEM 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 ANY TRUEEX PARTY BE LIABLE FOR ANY INDIRECT, INCIDENTAL, PUNITIVE, SPECIAL OR CONSEQUENTIAL DAMAGES.

(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 ~~for Required Transactions~~**

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(e) *Transactions on 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 ~~the Required Number of Recipient certain other~~ Participants, to which all such ~~Recipient~~ Participants may respond. RFQ functionality will be operate in conjunction with an order book for Required Transactions.

(A) *Execution of Orders for Required Transactions.* An RFQ for a ~~specific~~ Contract that is a Required Transaction must be sent to 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 Recipient Participant receiving the same RFQ of the Requesting Participant.

~~“Required Number” means (x) prior to the date one year after the compliance date of Part 37 of CFTC Regulations October 2, 2014, no less than two Recipient Participants and (y) thereafter on or after October 2, 2014, no less than three Recipient Participants.~~

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

~~(ii) *Order Book.* The Exchange shall make an order book available as an execution method for all Required Transactions.~~

~~(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) through (d), and serve as the minimum trading functionality for the SEF Trading Facility pursuant to CFTC Regulation 37.3 with respect to those Required Transactions listed by the Exchange exclusively on DCM Trading System.~~

~~(B) 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, on the SEF Trading Facility; 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 Facility. Requesting Participants shall have the ability to execute against the bid or offer, as applicable, communicated to them from the order book of the DCM Trading Facility or any responsive quotes to the RFQ of Requesting Participants.~~

~~(C) The Exchange will offer a customized order book on the SEF Trading Facility for Required Transactions that are not listed for trading on the Order Book of the DCM Trading System. The Order Book functionality of the SEF Trading System allows a Participant to send an RFQ to buy or sell a Contract to all Participants on the SEF Trading System, to which all such Participants may respond.~~

#### **~~RULE 540. Execution of Orders for Permitted Transactions~~**

~~The SEF Trading System will provide various execution methods for Permitted Transactions. The Exchange will notify Participants of such execution methods from time to time. A Permitted Transaction will be deemed executed on the SEF Trading System operated by the Exchange upon the Exchange providing a written record of the terms of executed Transaction to each counterparty as provided in Rule 546.~~

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#### **RULE 601. General**

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(e) ~~Joint and Controlling Person Liability for Supervised Persons.~~

~~(i) The Exchange may hold a Subject Person Participant or Clearing Firm liable for, and impose sanctions against such Subject Person Participant or Clearing Firm, for any of the following:~~

~~(A) Subject Person's own the acts and omissions of such Participant or such Clearing Firm that constitutes a violation of the Rules of the Exchange or any provision of Applicable Law; as well as for~~

~~(B) the acts and omissions that constitute a violation by (A) of any Supervised Person of such Participant or such Clearing Firm Subject Person if such Subject Person is a Participant that constitutes a violation of the Rules of the Exchange or any provision of Applicable Law; or, and (B)~~

~~(C) any Person's use of using a Firm ID of such Subject Person or a User ID that has been assigned to a Supervised Person of such Participant or such Clearing Firm, and that constitutes a violation of Rule 536. assigned to a Supervised Person of such Subject Person; or (C) any employee, agent or representative of such Subject Person, in each case (A), (B) and (C), as if such violation were that of the Subject Person.~~

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## **RULE 809 Clearing Acceptance**

(a) Each Participant that desires to enter into Transactions for itself or on behalf of its Customers, or each Customer of Participant that desires to enter into Transactions for itself through such Participant, as the case may be, must have clearing arrangements in place with a Clearing Firm that apply to such Transactions.

(b) Until such time as Clearing Firm or Exchange suspends or terminates the ability of Participant or Customer, as applicable, to enter into Transactions on the Platform as described in paragraph (c) below, each Clearing Firm that has been designated by a Participant or Customer, as applicable, on the Platform as the Clearing Firm through which a Transaction is intended to be cleared shall accept for clearing all Transactions that satisfy the risk controls set by the Clearing Firm pursuant to the clearing arrangements between Clearing Firm and such Participant or Customer, as applicable, as of the time such Transaction was executed.

(c) A Clearing Firm or the Exchange may at any time modify Participant's or Customer's risk controls set on the Platform by utilizing the Platform interface to change the applicable settings within the Platform. Such modification will be effective upon receipt by the Exchange's server of the electronic message generated by such change and the Exchange will send an electronic message to Clearing Firm, confirming that such suspension or modification is effective, as soon as technologically practicable.

~~(d) — With respect to Transactions given up to other Clearing Firms, the Clearing Firm who has been designated by a Participant or Customer as the Clearing Firm through which such Transaction is intended to be cleared shall accept such Transaction for clearing, subject to the risk controls established for such Participant or Customer, until such time that the Clearing Firm to whom such Transaction is being given up accepts the Transaction for clearing. If the Clearing Firm to whom such Transaction is being given up does not accept the Transaction for clearing, the clearing obligations for the Transaction will remain with the Participant's or Customer's Clearing Firm, as applicable, that initially accepted such the Transaction for clearing.~~

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#### **RULE 903. Gifts and Gratuities**

Except as permitted in writing by the Chief ~~Executive Officer~~Compliance Officer or the Chief Regulatory Officer, no Subject Person shall, directly or indirectly, give or permit to be given anything of value, including gifts and gratuities, in excess of one hundred dollars (\$100) per individual per year to a person publicly known, or known by such Subject Person, to be an Exchange Official.

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#### **RULE 904. Market Data**

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(e) Notwithstanding Rule 904(c) and Rule 904(d), and pursuant to Part 43 and Part 45 of the CFTC Regulations, the Exchange will report certain of the data described in Rule 904(a) to the SDR, which shall publicly report such data in a manner that does not disclose the business transactions or market positions of any Participant. Data that is publicly disseminated by the SDR shall be available from an internet website in a format that is freely available and readily accessible to the public.

(f) Notwithstanding Rule 904(c) and Rule 904(d), and pursuant to Part 43 and Part 45 of the CFTC Regulations, the CFTC will have access to the data described in Rule 904(a).