

# SUBMISSION COVER SHEET

Registered Entity Identifier Code (optional) 2014-07DR Date: April 9, 2014

**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**

**RULE NUMBERS**

Please see attached letter.

**DESCRIPTION**

**DESCRIPTION**

Please see attached letter. This is a revised submission of Submission # 2014-07D due to minor typographical errors.



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April 9, 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 #2014-07DR)**

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><br/>- reflecting changes below</li></ul>   |  |
| <ul style="list-style-type: none"><li>• <b>Rule 101</b> –<ul style="list-style-type: none"><li>○ Amendment to the definition of the term “Emergency”;</li><li>○ Amendment to the definition of the term “Supervised Person”</li></ul></li></ul> | <ul style="list-style-type: none"><li>○ Drafting Clarification</li><li>○ Drafting Clarification</li></ul>                    |
| <ul style="list-style-type: none"><li>• <b>Rule 103</b> – Amendment to the rule amendment process and clarification that rules amendments are effective prospectively</li></ul>   | Drafting Clarification   |
| <ul style="list-style-type: none"><li>• <b>Rule 214</b> – Amendment to require coordination with the relevant Derivative Clearing Organization</li></ul>  | Drafting Clarification   |
| <ul style="list-style-type: none"><li>• <b>Rule 303</b> – Amendment regarding termination of Authorized Trader access.</li></ul>  | Setting forth a timeframe within which the Exchange will terminate access of an Authorized Trader upon Participant’s request |

|   |   |
|---|---|
| <ul style="list-style-type: none"> <li>• <b>Rule 304</b> – Amendment clarifying which Transactions must be cleared.</li> </ul>  | DCM Core Principle 11 and CFTC Regulation 38.601, SEF Core Principle 7 and CFTC Regulation 37.701 |
| <ul style="list-style-type: none"> <li>• <b>Rule 304</b> – Deleted duplicative requirement</li> </ul>   | Drafting Clarification  |
| <ul style="list-style-type: none"> <li>• <b>Rule 305</b> – Deleted superfluous language.</li> </ul>   | Drafting Clarification  |
| <ul style="list-style-type: none"> <li>• <b>Rule 306</b> – Amendment clarifying documentation requirement</li> </ul>  | Amendment to clarify the scope of registration material required from Clearing Firms              |
| <ul style="list-style-type: none"> <li>• <b>Rule 307</b> – Amendment regarding revocation of application</li> </ul>   | Amendment deleting subjective standard for application revocation                                 |
| <ul style="list-style-type: none"> <li>• <b>Rule 308</b> – Amendment clarifying scope of required documentation</li> </ul>  | Drafting Clarification  |
| <ul style="list-style-type: none"> <li>• <b>Rule 311</b> – Amendment narrowing the scope of recorded communications</li> </ul>  | Drafting Clarification  |
| <ul style="list-style-type: none"> <li>• <b>Rule 313</b> – Amendment clarifying delivery of notices</li> </ul>  | Drafting Clarification  |
| <ul style="list-style-type: none"> <li>• <b>Rule 314</b> – Deleted and reserved</li> </ul>  | Deleted ambiguous rule  |
| <ul style="list-style-type: none"> <li>• <b>Rule 315</b> – Amendment clarifying withdrawal of Participant</li> </ul>  | Amendment providing the timeframe for terminating access for a Participant that has withdrawn     |
| <ul style="list-style-type: none"> <li>• <b>Rule 401</b> – Amendment to clarify standards of Participant conduct on the Exchange</li> </ul>   | Deletion of subjective standards of conduct   |
| <ul style="list-style-type: none"> <li>• <b>Rule 402</b> – Clarifying amendment regarding the types of events that Participants are required to disclose to the Exchange</li> </ul> | DCM Core Principle 15 and CFTC Regulation 38.800.   |
| <ul style="list-style-type: none"> <li>• <b>Rule 404</b> – Delete redundant language</li> </ul>   | Drafting Clarification  |
| <ul style="list-style-type: none"> <li>• <b>Rule 409</b> – Clarifying amendment addressing use of non-public information</li> </ul>   | Revision clarifying use or disclosure of information from the Exchange                            |
| <ul style="list-style-type: none"> <li>• <b>Rule 502</b> – Amendment regarding discretion over suspended or expelled Participants</li> </ul>  | Drafting Clarification  |
| <ul style="list-style-type: none"> <li>• <b>Rule 502(b)</b> – deleted reference to posting amendments</li> </ul>  | Deleted redundant requirement   |
| <ul style="list-style-type: none"> <li>• <b>Rule 503</b> – Amendment clarifying determination of Business Day and Trading Hours</li> </ul>  | Drafting Clarification  |
| <ul style="list-style-type: none"> <li>• <b>Rule 504</b> – Deleted and Reserved</li> </ul>  | Deleting redundant rule   |
| <ul style="list-style-type: none"> <li>• <b>Rule 506</b> – Amendment clarifying certain prohibited activities</li> </ul>  | DCM Core Principle 2 and CFTC Regulation 38.152; SEF Core Principle 2 and CFTC Regulation 37.203  |

|  |  |
|--|--|
| <ul style="list-style-type: none"> <li>• <b>Rule 507</b> – Amendment to clarify prohibited market disruption</li> </ul>          | DCM Core Principle 2 and CFTC Regulation 38.152; SEF Core Principle 2 and CFTC Regulation 37.203 |
| <ul style="list-style-type: none"> <li>• <b>Rule 508</b> – Amendment to standard applicable to market manipulation</li> </ul>    | DCM Core Principle 2 and CFTC Regulation 38.152; SEF Core Principle 2 and CFTC Regulation 37.203 |
| <ul style="list-style-type: none"> <li>• <b>Rule 513</b> – Amendment to standard applicable to misuse of Platform</li> </ul>     | Amendment inserting “willful” standard.  |
| <ul style="list-style-type: none"> <li>• <b>Rule 514</b> – Amendment to errors and omissions in handling Orders</li> </ul>       | Amendment clarifying treatment of an error in the execution of a Customer Order                  |
| <ul style="list-style-type: none"> <li>• <b>Rule 517</b> – Amendment to priority of Customer Orders</li> </ul>                   | CFTC Regulation 155.2  |
| <ul style="list-style-type: none"> <li>• <b>Rule 518</b> – Amendment to handling of Customer Orders</li> </ul>                   | CFTC Regulation 155.2  |
| <ul style="list-style-type: none"> <li>• <b>Rule 520</b> – Amendment to crossing Customer Orders</li> </ul>                      | Drafting Clarification   |
| <ul style="list-style-type: none"> <li>• <b>Rule 524</b> – Amendment regarding pre-arranged trading</li> </ul>                   | Drafting Clarification   |
| <ul style="list-style-type: none"> <li>• <b>Rule 537</b> – Correct typographical errors</li> </ul>                               | Correct typographical errors   |
| <ul style="list-style-type: none"> <li>• <b>Rule 541</b> – Amendment regarding trade cancellations</li> </ul>                    | DCM Core Principle 2 and CFTC Regulation 38.157; SEF Core Principle 2 and CFTC Regulation 37.203 |
| <ul style="list-style-type: none"> <li>• <b>Rule 542</b> – Amendment clarifying Block Trades</li> </ul>                          | Drafting Clarification   |
| <ul style="list-style-type: none"> <li>• <b>Rule 601</b> – Amendment regarding initiation of disciplinary proceedings</li> </ul> | Drafting Clarification   |
| <ul style="list-style-type: none"> <li>• <b>Rule 806</b> – Amendment clarifying transfer trades</li> </ul>                       | DCM Core Principle 9   |
| <ul style="list-style-type: none"> <li>• <b>Rule 904</b> – Amendment to rights in market data</li> </ul>                         | CFTC Regulations 38.7 and 37.7   |

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. 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 April 25, 2014.

If you have questions regarding this notice, please contact me at (347) 292-6078 or by email at [gloria.flinn@trueex.com](mailto:gloria.flinn@trueex.com).

Sincerely,

/s/ Gloria Flinn

Gloria J. Flinn  
Acting Chief Legal Officer

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

**Exhibit 1**

**TRUEEX LLC**

**RULEBOOK**

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## 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> </ul> |

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|                    | <ul style="list-style-type: none"> <li>• Rule 904 – inserted new section (b) and 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> </ul> |

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|--------------------|--|
|                    | <ul style="list-style-type: none"> <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 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</li> <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> </ul>   |

|                  |  |
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|                  | <ul style="list-style-type: none"> <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 related attributes for each currency.</li> <li>• Schedules 1001 (a), (b) and (c) and Schedule 1002 moved from Rulebook to trueEX website</li> </ul>  |
| January 8, 2014  | <ul style="list-style-type: none"> <li>• Rule 101 – amended definitions of “Emergency” and “DCM Trading System”; added definition of “Bunched Order”</li> <li>• Rule 201 – typographical correction</li> <li>• Rule 214 – amendment to remove redundant language</li> <li>• Rule 304 – conforming amendment to account for the possibility of uncleared Transactions</li> <li>• Rule 306(e)(iv) – amendment to confirm to previously revised rule 809 (See September 13, 2013 amendments)</li> <li>• Rule 401 – amendment to remove redundant language</li> <li>• Rule 403 – amendment clarifying what information is subject to inspection by the Exchange</li> <li>• Rule 410 – clarifying amendment</li> <li>• Rule 507 – clarifying amendment</li> <li>• Rule 510 – rule deleted</li> <li>• Rule 513 – clarifying amendment</li> <li>• Rule 524 - clarifying amendment regarding crossing orders</li> <li>• Rule 525 – amending standard of care for handling of Customer Orders; clarifying amendment</li> <li>• Rule 537 – typographical correction; clarifying amendment</li> <li>• Rule 539 – consolidation of rule addressing order execution</li> <li>• Rule 540 – rule deleted and incorporated into rule 539; subsequent rules renumbered</li> <li>• Rule 547 – rule added regarding Orders Eligible for Post-Execution Allocation</li> <li>• Rule 601 – amendment clarifying liability for Supervised Persons</li> <li>• Rule 809(b) &amp; (d) – typographical correction; removing rule addressing clearing acceptance for give-ups</li> </ul> |

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|                   | <ul style="list-style-type: none"> <li>• Rule 903 – clarifying amendment</li> <li>• Rule 904 – typographical correction</li> </ul>  |
| February 19, 2014 | <ul style="list-style-type: none"> <li>• Rule 101 – Amended the following definitions: “Affected Person”, “Authorized Representative”, “Authorized Trader”, “Firm ID”, “Iceberg”, “Participant”, “Participant Documentation”, “Subject Person”, “Supervised Person”; inserted the following new definitions: “Participant Agreement”, “Sponsored Access Customer”, “Sponsored Designation”, “Sponsoring Participant”, “Trading Access”.</li> <li>• Rule 102(h) - Added Rule to define the rules of construction in relevant chapters that pertain to the terms Participant and Sponsored Access Customer, and Trading Privileges and Trading Access.</li> <li>• Rule 207, 210, 218 - insertion of reference to Sponsored Access Customer</li> <li>• Rule 301 – Amendment to jurisdiction language</li> <li>• Rule 302(a) - insertion of reference to Sponsoring Participant</li> <li>• Rule 303(d) - insertion of reference to Trading Access, Sponsored</li> <li>• Rule 303(e) - deleted</li> <li>• Rule 306(c) - correction of typos and deletion of redundant jurisdiction requirement</li> <li>• Rule 309, 310, 314 - insertion of reference to Sponsored Access Customer</li> <li>• Rule 316 - Amended rule to describe the requirements of Sponsored Access.</li> <li>• Rule 809 – amended rule to clarify applicability to trades executed by an intermediary</li> <li>• Rule 1001(u) – drafting clarification</li> <li>• Rule 1002(f) – drafting clarification</li> </ul> |
| February 25, 2014 | <ul style="list-style-type: none"> <li>• Rule 547 – rule amended to add reference to Block Trades eligible for Post-Execution Allocation</li> </ul>   |
| February 26, 2014 | <ul style="list-style-type: none"> <li>• Rule 304(e) – rule amended to address clarify the requirement for Clearing Firms to use Exchange provided risk controls to certain Persons with direct access to the trueEX DCM Trading System.</li> </ul>   |
| March 3, 2014     | <ul style="list-style-type: none"> <li>• Rule 101 – Removed the term “Authorized Broker”; revised the term “Supervised Person”, added the term “trueEX Party”; and corrected typographical errors</li> <li>• Rules revised to correct typographical errors: 216; 302; 304; 310; 520; 529; 537; 541; 542; 544; 547; 704; 806; and 906</li> </ul>   |

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|-----------------------|--|
|                       | <ul style="list-style-type: none"> <li>• Rules that underwent drafting revisions to add clarity: 203; 316; 403; 407; 523; 524; and 538</li> <li>• Rules revised to remove reference to “Authorized Broker”: 303; 305; 306; 307; 308; 518; 219; 522; 527; 536; and 619</li> <li>• Rule 1001 – Minimum notional amount and minimum notional increment both decreased from 5 million USD to 1 million USD</li> </ul>  |
| March 14, 2014        | <ul style="list-style-type: none"> <li>• Rule 101 – Revised the definition of “Trading Hours”</li> <li>• Rule 316 – Typographical correction</li> <li>• Rule 539 – Renumbered</li> <li>• Rule 1001 – Revised to extend Trading Hours applicable to Contracts on the SEF Trading System</li> <li>• Rule 1002 – Clarifying revision</li> </ul>   |
| March 21, 2014        | <ul style="list-style-type: none"> <li>• Rule 101 – Typographical correction in the definition of “Clearing House”, “Derivatives Contract Organization” and “Trading Hours”</li> <li>• Rule 304 – Typographical correction</li> <li>• Rule 537 – Clarifying revision and renumbering</li> <li>• Rule 539 – Typographical correction</li> </ul>   |
| <u>April 25, 2014</u> | <ul style="list-style-type: none"> <li>• <u>Rule 101 – Revised the definition of “Emergency” and “Supervised Person”</u></li> <li>• <u>Rule 103 – Revised rule amendment process and specified the date of effectiveness</u></li> <li>• <u>Rule 214 – Added obligation to notify and coordinate with Derivatives Clearing Organization</u></li> <li>• <u>Rule 303 – Clarified processes for revoking access of an Authorized Trader</u></li> <li>• <u>Rule 304 – Clarified which Transactions are require by the Exchange to be cleared</u></li> <li>• <u>Rule 305 – Removed redundant language</u></li> <li>• <u>Rule 306 – Clarifying revision</u></li> <li>• <u>Rule 307 – Removed ambiguous standards</u></li> <li>• <u>Rule 308 – Clarifying revision regarding documentation required by the Exchange</u></li> <li>• <u>Rule 311 – Clarifying revision regarding which communications may be recorded by Exchange</u></li> <li>• <u>Rule 313 – Clarifying revision regarding delivery of notices</u></li> <li>• <u>Rule 314 – Deleted and reserved</u></li> <li>• <u>Rule 315 – Clarifying revision regarding timeline for terminating Participant access upon withdrawal</u></li> <li>• <u>Rule 401 – Revised standard applicable to Participant conduct on the Exchange</u></li> </ul> |



- Rule 402 – Clarification of events that require disclosure to the Exchange
- Rule 404 – Deleted redundant language
- Rule 409 – Clarifying the scope of information the Exchange may request from Participants and policy regarding use of material non-public information
- Rule 502 – Revised procedures applicable to suspended or expelled Participants
- Rule 503 – Clarification regarding Business Days and Trading Hours
- Rule 504 – Deleted and reserved
- Rule 506 – Revision to clarify prohibited activities on the Platform
- Rule 507 - Revision to clarify events that constitute market disruption
- Rule 508 – Revised the standard applicable to market manipulation
- Rule 513 – Clarifying revision
- Rule 514 – Revision to clarify the procedure applicable to errors in the execution of Customer Orders
- Rule 517 – Revised to clarify the applicability of this rule
- Rule 518 - Revised to clarify the applicability of this rule
- Rule 520 – Revision regarding crossing Customer Orders
- Rule 524 - Revision regarding pre-arranged transactions
- Rule 537 – Correct typographical errors
- Rule 541 – Revision regarding Exchange discretion to break trades
- Rule 542 – Revised to clarify that DCM rules govern Block Trades
- Rule 601 – Deleted ambiguous language
- Rule 806 – Clarification that transfer trades may be conducted pursuant to Derivatives Clearing Organization rules
- Rule 904 – Narrowed the Exchange’s rights in data

## CHAPTER 1 DEFINITIONS

### **RULE 101. Definitions**

When used in this Rulebook the following terms shall have the respective meanings as follows:

“Affected Person” means a Person whose Trading Privileges or Trading Access, as applicable, or status as a Participant or Sponsored Access Customer, Authorized Trader, or Clearing Firm is denied, revoked or conditioned by the Exchange.

“Affiliate” means, with respect to any juridical entity, any Person that directly or indirectly through one or more intermediaries, controls such entity, is controlled by such entity, or is under common control with such entity.

“Appeal Panel” means a panel comprised of a chair and two individuals appointed by the Board to consider appeals under Chapter 6.

“Applicable Law” means, with respect to any Person, any statute, law, regulation, rule or ordinance of any governmental or self-regulatory authority applicable to such Person, including the CEA and CFTC Regulations.

“APS” shall have the meaning set forth in Rule 528.

“Authorized Contact” has the meaning set forth in Rule 538(a)(ii).

“Authorized Representative” means any natural person who is an employee of a Participant, Clearing Firm or Sponsored Access Customer, as applicable, authorized to represent such Participant, Clearing Firm or Sponsored Access Customer, respectively, in Exchange matters pursuant to Rule 310.

“Authorized Trader” means person who is either employee of or is an agent of a Participant or Sponsored Access Customer, as applicable, and who is authorized to utilize the Exchange to place Orders and execute Transactions on behalf of such Participant or such Sponsored Access Customer.

“Block Trade” means a 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.

“Board” means the board of managers of the Exchange, which manages the Exchange and is constituted from time to time in accordance with the Operating Agreement.

“Bunched Order” is a single Order entered on the Platform on behalf of multiple Customers.

“Business Day” means a day on which the Exchange is open for trading as shall be established, and may be revised from time to time, by the Exchange pursuant to Rule 503.

“CFTC” or “Commission” means the U.S. Commodity Futures Trading Commission.

“CFTC Regulations” means the rules and regulations promulgated by the CFTC, as amended.

“Chief Compliance Officer” means the individual appointed by the Board as the Exchange’s chief compliance officer for the SEF Trading System.

“Chief Executive Officer” means the individual appointed by the Board as the Exchange’s chief executive officer.

“Chief Regulatory Officer” means the individual appointed by the Board as the Exchange’s chief regulatory officer for the DCM Trading System.

“Clearing Firm” means a person that is a member of a Clearing House that has been approved by such Clearing House to clear trades in any or all of the Contracts and has been admitted as a Clearing Firm by the Exchange.

“Clearing House” means a Derivatives Clearing Organization that is registered with the Commission as such, and has an agreement with the Exchange to provide clearing services with respect to any or all Contracts.

“Clearing House Rules” means the certificate of incorporation or equivalent constitutive document, the by-laws and any rule, interpretation, stated policy, or instrument corresponding to any of the foregoing, in each case as adopted or amended from time to time by a Clearing House.

“CME” means the Chicago Mercantile Exchange, Inc., or its successor.

“Commodity Exchange Act” or “CEA” means the Commodity Exchange Act, as amended from time to time.

“Contract” means any contract, agreement, or transaction approved for trading on the Exchange and pursuant to the Rules.

“Contract Market” has the meaning set forth in CFTC Regulation § 1.3(h).

“Contract Specifications” means, with respect to any Contract, the rules or other trading protocols containing specifications for such Contract, as adopted, amended, supplemented or otherwise modified from time to time by the Exchange.

“Control” means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of securities, by contract, or otherwise. The terms “controlling” or “controlled” shall have meanings correlative to the foregoing.

“Control Desk” shall have the meaning set forth in Rule 538.

“Continuing Session” has the meaning set forth in Rule 539.

“Cross Trade” shall have the meaning set forth in Rule 520.

“CTP” means customer type indicator and has the meaning set forth in Rule 522(d).

“Customer” means a person that has a current trading relationship and/or clearing relationship for Contracts with a Participant and/or Clearing Firm, as applicable

“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.

“De-Registration Basis” means, with respect to a Person, any basis upon which the CFTC could, subject to applicable procedural requirements, refuse to register, register conditionally, or suspend or place restrictions upon the registration of such Person under Section 8a(2) of the CEA.

“Derivatives Clearing Organization” has the meaning attributed to such term by section 1a(15) of the CEA.

“Designated Contract Market” or “DCM” has the meaning set forth in CFTC Regulation § 1.3(h).

“Designated Self-Regulatory Organization” shall, unless otherwise provided, have the meaning attributed to such term in CFTC Regulation § 1.3(ff)

“Director” means any member of the Board.

“Disciplinary Action” has the meaning set forth in Rule 601(c).

“Disciplinary Offense” has the meaning set forth in CFTC Regulation § 1.63(a)(6).

“Disciplinary Panel” means a Review Panel or a Hearing Panel appointed by the Board at the recommendation of the Chief Compliance Officer or the Chief Regulatory Officer to act in an adjudicative role and fulfill various adjudicative responsibilities and duties described in Chapter 6.

“Disclaiming Party” has the meaning set forth in Rule 537.

“DOJ” means the United States Department of Justice.

“Electronic Audit Trail” has the meaning set forth in Rule 522(b)(i).

“Eligible Contract Participant” or “ECP” has the meaning set forth in Section 1a(18) of the CEA and CFTC Regulation 1.3(m).

“Emergency” means any occurrence or circumstance 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 liquidation of or delivery pursuant to, any Contract, or the timely collection and payment of funds in connection with clearing and settlement by a Clearing House, including:

- (i) any circumstance that may materially affect the performance of any Contract or Contracts, including failure of the payment system or the bankruptcy or insolvency of any Participant or Clearing Firm;
- (ii) any action taken by any governmental body (whether national, state or municipal), including the United States or foreign regulatory, self-regulatory, judicial, arbitral, 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 entity registered with the CFTC~~, board of trade, market or facility which, in any such case, may have a direct impact on trading on the Exchange or clearing and settlement of any Contract;
- (iii) any actual, attempted or threatened corner, squeeze, congestion, or undue concentration of positions in any Contract or Contracts;
- (iv) any other circumstance that may have a severe, adverse effect upon the functioning of the Exchange; or
- (v) any manipulative or attempted manipulative activity in connection with a Contract.

“Emergency Action” has the meaning set forth in Rule 214(a).

“Emergency Rules” has the meaning set forth in Rule 214(a).

“Emergency Disciplinary Action” has the meaning set forth in Rule 618(a).

“End-User Clearing Exception” means the exemption from the clearing requirement set forth in Section 2(h)(7) of the CEA.

“End-User Transaction” shall mean a Transaction exempt from the clearing requirement of Section 2(h)(1) of the CEA because one of the counterparty to the Transaction is entitled to and has elected to use the End-User Clearing Exception.

“Exchange” means trueEX LLC.

“Exchange Access Committee” means the committee of the Board constituted in accordance with Rule 207.

“Exchange Activity” means business of a Participant or a Supervised Person of such Participant that is subject to the Rules, that is purportedly conducted subject to the Rules, or which should have been conducted subject to the Rules, including any use by such Person of the Platform.

“Exchange Official” means any Director or Officer of, or individual employed directly by, the Exchange, the Regulatory Services Provider or any individual rendering similar services to the Exchange under an administrative or similar agreement.

“Exchange Panel” has the meaning set forth in Rule 211(b).

“Exchange Proceeding” has the meaning set forth in Rule 214(a).

“Exchange Regulation Department” means all Exchange Officials or agents of the Exchange (including the Regulatory Services Provider) that assist the Exchange in the implementation, surveillance and enforcement of Obligations and Applicable Law.

“Executive Committee” shall have the meaning set forth in CFTC Regulation § 1.3(bbb).

“Final Decision” has the meaning set forth in CFTC Regulation § 1.63(a)(5).

“Firm ID” means a unique ID assigned to a Participant or to a Sponsored Access Customer, which is used in accessing the Platform by such Participant or such Sponsored Access Customer.

“Futures Commission Merchant” or “FCM” has the meaning set forth in Section 1a(28) of the CEA.

“Hearing Panel” means a panel selected in accordance with Rule 610 that is authorized to perform such roles and subject to such obligations as Chapter 6 contemplates.

“Government Agency” means any governmental entity, body or agency of any government (including the United States, a State, or a foreign government).

“Immediate Relation” means, with respect to a natural person, a spouse, parent, child, or sibling of such natural person, in each case, whether by blood, marriage, or adoption, or any person residing in the home of such natural person or an Immediate Relation of such natural person.

“Interested Person” has the meaning attributed to such term in Rule 214(a).

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

“Introducing Broker” or “IB” has the meaning set forth in Section 1a(31) of the CEA.

“Investigation” means an investigation conducted by the Exchange Regulation Department pursuant to Chapter 6.

“Investigative Report” shall have the meaning set forth in Rule 603(b).

“ISV” means independent software vendor.

“LCH” means LCH.Clearnet Limited.

“Liquidity Provider” means a Participant that has entered into a Liquidity Provider Agreement, which provides Participant with certain incentives as a liquidity provider.

“Major Swap Participant” shall have the meaning assigned in Section 1.3(qqq) of the CFTC’s Regulations.

“Market Equilibrium Price” has the meaning set forth in Rule 539.

“Market Notice” means a communication sent by or on behalf of the Exchange to all Subject Persons as described in Rule 312.

“Market Price” shall have the meaning set forth in Rule 541(c)(ii).

“Matched Session” has the meaning set forth in Rule 539.

“Material Relationship”, with respect to a Director, has the meaning set forth in CFTC Regulation § 1.3(ccc).

“NFA” means the National Futures Association.

“NFA Arbitration Program” shall have the meaning set forth in Rule 701.

“No Bust Range” means the price range specified with respect to each Contract traded on the Platform, as such range is published by the Exchange from time to time, within which trades that are reviewed pursuant to Rule 540 will not be busted or adjusted, except as set forth in the Rules.

“Nominating Committee” means the committee of the Board constituted in accordance with Rule 206.

“Non-Public Information” means any information that the Exchange owns or otherwise deems confidential, such as intellectual property belonging to: (i) the Exchange; or (ii) a third party, which property the Exchange receives on a confidential basis.

“Notice of Charges” shall have the meaning set forth in Rule 606(a).

“Obligation” means any Rule, order or procedure issued by the Exchange, including Market Notice, other requirement implemented by the Exchange under the Rules (including each term of a Contract), as well as any contractual obligations between, on the one hand, a Subject Person, and on the other hand, the Exchange.

“Officer” has the meaning attributed to such term in Rule 203.

“Operating Agreement” means the Limited Liability Company Agreement of trueEX LLC as the same may be amended from time to time.

“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.

“Participant” means a person with Trading Privileges that is authorized by the Exchange under a Participant Agreement to access or utilize the Platform. A reference to a Participant includes any natural person who is either employed by or is an agent of such Participant, or any person who is authorized to access or utilize the Platform pursuant to authority granted by a Participant. Subject to applicable law, a Participant may trade for its own proprietary account or on behalf of a Customer.

“Participant Agreement” means the agreement (together with any applicable schedules, exhibits or appendices thereto required by the Exchange) in form and substance acceptable to the Exchange by and between the Exchange and any Person establishing the terms upon which the Exchange will provide Trading Privileges and access to, and use of, the Platform and Services and any other product or service that may be offered by Exchange.

“Participant Documentation” means the agreements (together with any applicable schedules, exhibits or appendices thereto required by the Exchange) in form and substance acceptable to the Exchange, that are required to be executed and delivered to the Exchange before a Person may access the Platform, including, but not limited to applicable Participant Agreement, Clearing Firm agreement and Firm ID Request Form, as applicable.

“Permitted Transaction” means any transaction involving a Contract that is not a Required Transaction.

“Person” or “person” has the meaning ascribed to it by Section 1a(38) of the CEA.

“Platform” means the Exchange electronic trade execution system that is used for trading Contracts on the DCM Trading System and/or the SEF Trading System, including any licensed software that is a part thereof from time to time, and any successor electronic trading system thereto.

“Proprietary Account” has the meaning ascribed to it by CFTC Regulation § 1.3(y).

“Public Director” means a Director who has been found by the Board, on the record, to have no Material Relationships with the Exchange in accordance with Rule 202(e).

“Public Participant” [means a person who would not be disqualified from serving as a Public Director by CFTC Regulations § 1.3(ccc)(1)(i)–(vi) or CFTC Regulation § 40.9(c)(2)][has the meaning set forth in CFTC Regulation § 40.9(c)(3)].<sup>1</sup>

“Regulatory Oversight Committee” means the committee of the Board constituted in accordance with Rule 208.

“Regulatory Services Agreement” means the agreement(s) between the Exchange and the Regulatory Services Provider whereby certain functions mandated under the CEA, such as market monitoring and trade practice surveillance, are delegated to the Regulatory Services Provider.

“Regulatory Services Provider” means the organization, if any, which provides self-regulatory services to the Exchange.

“Requested Session” has the meaning set forth in Rule 539.

“Required Transaction” means any transaction involving a Contract that is subject to the trade execution requirement of Section 2(h)(8) of the CEA and that is not a Block Trade or an End-User Transaction.

“Review Panel” means a panel selected in accordance with Rule 610 that is authorized to perform such roles and subject to such obligations as Chapter 6 contemplates.

“Risk Disclosure Statement” means a disclosure statement provided by a Clearing Firm to a Customer in satisfaction of CFTC Regulation § 1.55 in such form as may be prescribed, and from time to time amended, by the Exchange.

“Rule” means any of the Participant Documentation, Rulebook, interpretations, orders, resolutions, advisories, notices, statements of policy, decisions, manuals and directives of the Exchange in part or in whole.

“Rulebook” means this trueEX LLC Rulebook.

“SEC” means the U.S. Securities and Exchange Commission.

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

“Self-Regulatory Action” has the meaning set forth in Rule 215(a).

“Self-Regulatory Organization” shall, unless otherwise provided, have the meaning attributed to such term in CFTC Regulation § 1.3(ee) and, in addition, shall include a Derivatives Clearing Organization.

“Settlement Agreement” has the meaning set forth in CFTC Regulation § 1.63(a)(7).

“Settlement Price” means the official daily closing price for a Contract calculated each Business Day, as determined by the relevant Clearing Houses in accordance with Rule 804, and used for all open positions at the close of the daily settlement cycle.

“Serious Disciplinary Offense” means, with respect to a natural person, that such person committed any serious disciplinary offense, such as: (1) was found within the prior three years by a Final Decision of a Self-Regulatory Organization, an administrative law judge, a court of competent jurisdiction, or the CFTC to have committed a Disciplinary Offense; (2) entered into a

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<sup>1</sup> [NTD: Pending final version of Conflicts of Interest Notice of Proposed Rulemaking.]



Settlement Agreement within the prior three years in which any of the findings, or in the absence of such findings, any of the acts charged, included a Disciplinary Offense; (3) currently is suspended from trading on any Designated Contract Market, is suspended or expelled from membership with any Self-Regulatory Organization, is serving any sentence or probation or owes any portion of a fine imposed pursuant to either: (a) a finding by a Final Decision of a Self-Regulatory Organization, an administrative law judge, a court of competent jurisdiction or the CFTC that such person committed a Disciplinary Offense, or (b) a Settlement Agreement in which any of the findings or, in the absence a Settlement Agreement in which any of the findings, or in the absence of such findings, any of the acts charged, included a Disciplinary Offense; (4) currently is subject to an agreement with the CFTC or any Self-Regulatory Organization not to apply for registration with the CFTC or membership in any Self-Regulatory Organization; (5) currently is subject to or has had imposed on him within the prior three years a CFTC registration revocation or suspension in any capacity for any reason, or has been convicted within the prior three years of any of the felonies listed in section 8a(2)(D)(ii) through (iv) of the CEA; or (6) currently is subject to a denial, suspension or disqualification from serving on the disciplinary committee, arbitration panel or governing board of any “self-regulatory organization” as that term is defined in section 3(a)(26) of the Securities Exchange Act of 1934.

“Sponsored Access Customer” means a Person (other than a natural person or an ISV) in respect of which Sponsored Designation has occurred and is continuing.

“Sponsored Designation” has the meaning set forth in Rule 316.

“Sponsoring Participant” means a Participant that is an FCM and in respect of which Sponsored Designation has occurred and is continuing.

“Subject Person” means any Clearing Firm, Participant, Sponsored Access Customer or Supervised Person.

“Supervised Person” means with respect to a: (a) Participant, any Person that accesses the Platform for, or on behalf of, such Participant, ~~Clearing Firm or Sponsored Access Customer, as applicable,~~ and any Person responsible for directly overseeing such access of such Person, (b) Clearing Firm, any Person that accesses the Platform for, or on behalf of, such Clearing Firm and any Person directly responsible for overseeing such access of such Person, and (c) Sponsored Access Customer, any Person that accesses the Platform for, or on behalf of, such Sponsored Access Customer and any Person directly responsible for overseeing such access of such Person.

“Swap Data Repository” or “SDR” has the meaning set forth in Section 1a(48) of the CEA.

“Swap Dealer” shall have the meaning assigned in Section 1.3(ppp) of the CFTC’s Regulations.

“Swap Execution Facility” or “SEF” has the meaning assigned in Section 1.3(rrrr) of the CFTC’s Regulations.

“Technology Services Agreement” means the agreement(s) between the Exchange and the Technology Services Provider whereby technology services are provided to the Exchange.

“Technology Services Provider” means the organization, if any, which provides technology services to the Exchange.

“TRADEON Session” has the meaning set forth in Rule 539.

“Trading Access” shall mean the ability of a Sponsored Access Customer to access the Platform directly by means of the Trading Privileges of a Sponsoring Participant, including the ability to place Orders and execute Transactions or request quotes where such Orders or requests are not routed to the Platform through the trading system of a Sponsoring Participant.

“Trading Hours” means, for any Business Day, (a) with respect to the DCM Trading System, the hours during which Orders may be placed on the DCM Trading System, and (b) with respect to the SEF Trading System, the hours during which requests for quotes to enter into a Contract may be made, or Orders may be placed, on the SEF Trading System, in each case, as shall be established, and may be revised from time to time, by the Exchange pursuant to Rule 503.

“Trading Privilege” means any right granted to a Participant to transmit Orders for a Contract through the Platform.

“Trading Protocol Committee” means the committee of the Board constituted in accordance with Rule 211.

“Transaction” means any purchase or sale of any Contract made on the Exchange.

“Transfer Trade” has the meaning set forth in Rule 541(h).

“trueEX Group” means trueEX Group LLC.

“trueEX Party” has the meaning set forth in Rule 537(a).

“User ID” means the unique identifier included on each Order which enables the Exchange to identify the individual entering such Orders.

“Web Site” means either the trueEX homepage or a web site to which the trueEX homepage has a link.

**RULE 102. Rules of Construction** The following rules of construction shall apply to the Rules:

(a) References to any juridical person or Government Agency include any successor to such juridical person or Government Agency.

(b) References to any agreement, policy, statute or regulation refer to such agreement, policy, statute or regulation as amended, modified, supplemented or replaced from time to time (and, in the case of statutes, include any rules and regulations promulgated under the statute) and references to any section of any agreement, policy, statute or regulation include any successor to such section.

(c) Words denoting a singular number include the plural number where the context permits and vice versa.

(d) References to any gender include each other gender.

(e) All references to time are to local time in New York, New York except where expressly provided otherwise.

(f) The headings are for convenience only and do not affect the construction of the Rules.

(g) Wherever the word “include”, “includes”, or “including” is used, it shall be deemed to be followed by the words “without limitation”.

(h) For purposes of constructing the rules in Chapters 4, 5, 6 and 9 of the Rulebook, references to the term "Participant" refer to both of the terms, "Participant" and "Sponsored Access Customer", and references to the term "Trading Privileges", if any, refer to both of the terms, "Trading Privileges" and "Trading Access".

### **RULE 103. Amendment of Rules**

New Rules of the Exchange may be adopted, and existing Rules of the Exchange may be amended or repealed, by in each instance in the Board Exchange's discretion, and at any time. All such new Rules of the Exchange, amendments or repeals will be published on the Website in a Market Notice and shall become effective on such and from the date ~~(after any required filing with, or approval thereof by, the CFTC) as may be determined by the Exchanges~~ specified in the relevant Market Notice.

## CHAPTER 2 EXCHANGE OWNERSHIP AND GOVERNANCE

### **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 202. Board**

(a) The Board shall manage the day to day business operations of the Exchange. The Board has the power and authority to call for review, and to affirm, modify, suspend or overrule, any and all decisions and actions of standing committees or special committees of the Board or any panel of the Officers related to the day to day business operations of the Exchange.

(b) The Board may act only by the decision of an absolute majority in number of the Directors by vote at a meeting, by unanimous written consent without a meeting, or as otherwise set forth in the Operating Agreement.

(c) At all times, at least 35% of the Directors shall be Public Directors. Each Director (including Public Directors) shall be appointed in accordance with the Operating Agreement, and shall serve until his or her successor is duly appointed, or until his or her earlier resignation or removal, with or without cause.

(d) Each Director is entitled to indemnification pursuant to the Operating Agreement with respect to matters relating to the Exchange.

(e) To qualify as a Public Director, an individual must be found, by action of the Board, to have no Material Relationship with the Exchange. The Board must make such finding upon the nomination or appointment of the Public Director and as often as necessary in light of all circumstances relevant to such Public Director, but in no case less than annually.

(f) The members of the Board, including the Public Directors, shall be of good repute and, where applicable, have sufficient expertise in financial services and risk management.

(g) Each Director shall satisfy all fitness standards and otherwise meet all the requirements to serving as a director of a designated contract market under the CEA and CFTC Regulations.

(h) The compensation of the Public Directors and other non-executive members of the Board shall not be linked to the business performance of the Exchange.

(i) The Board shall review its performance and that of its individual members annually and shall consider periodically using external facilitators for such review.

(j) The Board shall have procedures, as may be further set forth in policies that the Exchange may adopt, to remove a member from the Board where the conduct of such member is likely to be prejudicial to the sound and prudent management of the Exchange.

## **RULE 203. Officers**

(a) The Board shall appoint a Chief Compliance Officer, a Chief Executive Officer, a Chief Regulatory Officer, and such other officers of the Exchange (each, an “Officer”) as it may deem necessary or appropriate from time to time, in accordance with the Operating Agreement.

(i) The Board shall approve the compensation of the Chief Compliance Officer and the vote of the majority of the Board is required to remove the Chief Compliance Officer.

(ii) The Exchange shall notify the CFTC of the appointment or removal of the Chief Compliance Officer within two Business Days of such appointment or removal.

(b) Any Officer may also be a director, officer, partner or employee of the Exchange or any of its Affiliates.

(c) The Officers shall have such powers and duties in the management of the Exchange as the Board may prescribe from time to time, subject to the terms of the Operating Agreement.

(d) Each Officer is entitled to indemnification pursuant to the Operating Agreement with respect to matters relating to the Exchange.

## **RULE 204. Qualifications of Directors, Disciplinary Panel Members, Appeal Panel Members, Committee Members, Owners and Officers**

(a) A Director or Officer must meet the qualifications set forth in the Operating Agreement.

(b) An individual may not serve as a Director, or serve on a committee established by the Board, a Disciplinary Panel or an Appeal Panel, if the individual has committed any Serious Disciplinary Offense in the preceding three years.

(c) An individual may not serve as a Director or an Officer, or serve on a committee established by the Board, a Disciplinary Panel or an Appeal Panel, or, directly or indirectly, own greater than 10% of any one class of equity interest in the Exchange if a De-Registration Basis exists with respect to such individual.

(d) Any Director, Officer, member of a committee established by the Board, any member of a Disciplinary Panel, or Appeal Panel, any individual nominated to serve in any such role, any individual who, directly or indirectly, owns greater than 10% of any one class of equity interest in the Exchange and any individual authorized by the Exchange Regulation Department to take summary action shall immediately notify the Chief Executive Officer if such individual meets one or more applicable criteria in Rule 204(b) or Rule 204(c).

## **RULE 205. Standing Committees**

(a) The Board shall initially have four standing committees: the “Nominating Committee”, the “Exchange Access Committee”, the “Regulatory Oversight Committee” and the “Trading Protocol Committee”. The Board may from time to time constitute and appoint in accordance with the Operating Agreement, such additional standing committees of the Board as it may from time to time deem necessary or advisable.

(b) Each member of such standing committees must be a Director. Each standing committee shall have a chairperson who shall be designated by the Board.

(c) Each standing committee may supervise, manage or control the affairs of the Exchange to the extent it is duly authorized to do so by the Board.

(d) Subject to the authority of the Board, each standing committee shall determine the manner and form in which its proceedings shall be conducted. Each standing committee may act only by the decision of an absolute majority in number of the members of such committee, by vote at a meeting or by unanimous written consent without a meeting. The Board has the authority to overrule the decisions of any standing committee.

#### **RULE 206. Nominating Committee**

(a) The Nominating Committee of the Board shall consist of three Directors appointed from time to time by the Board, two of which shall be Public Directors. The Nominating Committee shall be chaired by a Public Director.

(b) The Nominating Committee shall have authority and responsibility to:

(i) Identify individuals qualified to serve on the Board, consistent with the criteria that the Board requires and any composition requirement that the Commission promulgates; and

(ii) Administer a process for the nomination of individuals to the Board.

(c) The Nominating Committee shall report to the Board.

#### **RULE 207. Exchange Access Committee**

(a) The Exchange Access Committee of the Board shall consist of three Directors appointed from time to time by the Board, two of which shall be Public Directors.

(b) The Exchange Access Committee shall have authority and responsibility to:

(i) Determine the standards and requirements for initial and continuing Participant, Sponsored Access Customer and Clearing Firm eligibility;

(ii) Review appeals of staff denials of applications pursuant to Rule 307; and

(iii) Approve rules that would result in different categories or classes of Participants receiving disparate access to the Exchange.

(c) In reviewing appeals of staff denials of Participant applications, the Exchange Access Committee shall not uphold any staff denial if the relevant application meets the standards and requirements that such committee sets forth.

(d) The Exchange Access Committee shall not, and shall not permit the Exchange to, restrict access or impose burdens on access in a discriminatory manner, within each category or class of Participants or between similarly-situated categories or classes of Participants.

(e) The Exchange Access Committee reports to the Board. In the event that the Board rejects a recommendation or supersedes an action of the Exchange Access Committee, the Exchange shall submit a written report to the CFTC detailing: (1) the recommendation or action of the Exchange Access Committee; (2) the rationale for such recommendation or action; (3) the rationale of the Board for rejecting such recommendation or superseding such action; and (4) the course of action that the Board decided to take contrary to such recommendation or action.

#### **RULE 208. Regulatory Oversight Committee**

(a) The Regulatory Oversight Committee of the Board shall consist of at least two Public Directors appointed from time to time by the Board.

(b) Each member of the Regulatory Oversight Committee shall serve for a term of two calendar years from the date of her appointment or for the remainder of her term as a Public Director, and until the due appointment of her successor, or until her earlier resignation or removal, with or without cause, as a member of the Regulatory Oversight Committee or as a Public Director. A member of the Regulatory Oversight Committee may serve for multiple terms.

(c) The Regulatory Oversight Committee shall oversee the Exchange's regulatory program on behalf of the Board. The Board shall delegate sufficient authority, dedicate sufficient resources, and allow sufficient time for the Regulatory Oversight Committee to fulfill its mandate. It shall make such recommendations to the Board as will, in its judgment, best promote the interests of the Exchange. The Regulatory Oversight Committee shall also have such other powers and perform such other duties as set forth in the Rules and as the Board may delegate to it from time to time or as required under CFTC rules.

(d) Without limiting the generality of the foregoing, the Regulatory Oversight Committee shall have authority and responsibility to:

(i) Monitor the regulatory program of the Exchange for sufficiency, effectiveness, and independence;

(ii) Oversee all facets of the regulatory program, including:

(A) Trade practice and market surveillance; audits, examinations, and other regulatory responsibilities with respect to Subject Persons (including ensuring compliance with, if applicable, financial integrity, financial reporting, sales practice, recordkeeping, and other requirements); and the conduct of Investigations;

(B) Reviewing the size and allocation of the regulatory budget and resources, and the number, hiring, termination, and compensation of regulatory personnel;

(C) Supervising the Chief Regulatory Officer of the Exchange, who will report directly to the Regulatory Oversight Committee;

(D) Recommending changes that would ensure fair, vigorous, and effective regulation; and

(E) Reviewing all regulatory proposals prior to implementation and advising the Board as to whether and how such changes may impact regulation.

(iii) Prepare an annual report assessing, for the Board and CFTC, the regulatory program of the DCM Trading System. Such report shall: (1) describe the self-regulatory program; (2) set forth the expenses of the regulatory program; (3) describe the staffing and structure of the same; (4) catalogue Investigations and disciplinary actions taken during the year; and (5) review the performance of disciplinary committees and panels.

(e) The Regulatory Oversight Committee reports to the Board. In the event that the Board rejects a recommendation or supersedes an action of the Regulatory Oversight Committee, the Exchange shall submit a written report to the CFTC detailing: (1) the recommendation or action of the Regulatory Oversight Committee; (2) the rationale for such recommendation or action; (3) the rationale of the Board for rejecting such recommendation or superseding such action; and (4) the course of action that the Board decided to take contrary to such recommendation or action.

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

(a) The Chief Compliance Officer shall have the background and skills appropriate for fulfilling the responsibilities of the position. No individual disqualified from registration pursuant to Sections 8a(2) or 8a(3) of the CEA may serve as a Chief Compliance Officer.

(b) The Chief Compliance Officer shall report to and shall be supervised by the Board and the Board shall meet with the Chief Compliance Officer at least annually. The Chief Compliance Officer shall also meet with the Regulatory Oversight Committee at least quarterly.

(c) The Chief Compliance Officer shall have the authority and resources to develop and enforce policies and procedures necessary to fulfill the duties set forth for Chief Compliance Officers under the applicable CFTC Regulations. The Chief Compliance Officer shall have supervisory authority over all staff acting in furtherance of the Chief Compliance Officer's obligations.

(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 210. Chief Regulatory Officer**

(a) It shall be the duty of the Chief Regulatory Officer to enforce the Rules.



(b) The Chief Regulatory Officer shall have available to it at all times the resources of the Exchange Regulation Department and such other Exchange resources as may be necessary to conduct Investigations of alleged rule violations and market conditions.

(c) The Chief Regulatory Officer shall report to, and shall be supervised by, the Regulatory Oversight Committee.

(d) The Chief Regulatory Officer shall have the authority to inspect the books and records of all Participants and Sponsored Access Customers in connection with their Exchange Activity and the authority to require any such entity to appear before him or her and produce its books and records and answer questions regarding alleged violations of Rules, at the time, place and in the manner it designates. The Chief Regulatory Officer may also delegate such authority to staff of the Exchange Regulation Department.

(e) The Chief Regulatory Officer shall, in consultation with the Regulatory Oversight Committee or a senior compliance officer, resolve any conflict of interest pursuant to Rule 215.

#### **RULE 211. Trading Protocol Committee**

(a) The Trading Protocol Committee of the Board shall consist of three Directors appointed from time to time by the Board, two of which shall be Public Directors.

(b) The Trading Protocol Committee shall have authority and responsibility to:

(i) Establish and modify from time to time Contract specifications and trading protocols and conventions for the Exchange;

(ii) establish and modify position limits; and

(iii) designate and modify from time to time products eligible for listing on the Exchange.

(c) The Trading Protocol Committee shall have such other powers and perform such other duties as set forth in the Rules and as the Board may delegate to it from time to time.

#### **RULE 212. Additional Board Committees and Exchange Panels**

(a) In addition to the standing committees, subject to the Operating Agreement, the Board may from time to time constitute and appoint, special committees of the Board and designate their composition, responsibilities and powers. If any standing committee constituted by the Board shall exercise the functions of an Executive Committee then at least 35% and no fewer than two of such committee's members shall be Public Directors.

(b) The Exchange may create panels of the Exchange, for such purposes as may from time to time be necessary or advisable (each, an "Exchange Panel"). Members of each such panel may be Directors, natural persons who are Supervised Persons of a Participant and such other natural persons as may be qualified to serve on such panel.

(c) Except as otherwise specifically provided in the Rules or the Operating Agreement, the members of any special committee or panel shall be appointed as determined by the Board. Each special committee and panel shall have a chairperson who shall be designated by the Board.

(d) Each additional committee established pursuant to Rule 212(a) or panel established pursuant to Rule 212(b) may supervise, manage or control the affairs of the Exchange to the extent it is duly authorized to do so by the Board.

(e) Subject to the authority of the Board, each additional committee or panel shall determine the manner and form in which its proceedings shall be conducted. Each additional committee or panel may act only by the decision of an absolute majority in number of the members of such committee or panel, either by vote at a meeting or by unanimous written consent without a meeting.

### **RULE 213. Regulatory Changes to the Composition Requirements**

Should any of the Applicable Laws establishing minimum thresholds relating to the number or percentage of Public Directors that must serve on the Board or any committee pursuant to Rule 202(c), Rule 205(a), Rule 206(a), Rule 207(a) and Rule 208(a) be amended, the Rule imposing the relevant threshold or composition requirement shall be deemed amended to comply with such Applicable Laws without any further action of the Exchange to the extent permissible by law. Notice of such amendment shall be promptly made in accordance with Rule 312.

### **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 or any 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:

- (i) suspend or curtail trading or limit trading to liquidation for any Contract;
- (ii) extend or shorten the last trading date for Contracts;
- (iii) provide alternative settlement mechanisms for any Contract (including by altering the settlement terms or conditions or fixing the settlement price);
- (iv) order the transfer or liquidation of open positions in any Contracts; provided that if a Contract is traded on a platform in addition to the Exchange, the liquidation or transfer open interests in such Contracts will be ordered only as directed or agreed to by CFTC staff or the CFTC;
- (v) extend, shorten or change the Trading Hours or the expiration date of any Contract;
- (vi) temporarily modify or suspend any provision of the Obligations;
- (vii) require Participants to meet special margin or performance bonds requirements;
- (viii) order the transfer of customer contracts and the associated margin; or

(ix) impose or modify position limits, price limits, and intraday market restrictions.

Before taking an Emergency Action, (A) the effects of such Emergency Action on markets underlying the Contract(s) affected by such Emergency Action, on markets that are linked or referenced to such Contracts and similar markets on other trading venues shall be considered and documented as required under Rule 214(e); and (B) the Exchange shall notify and coordinate with any applicable Derivatives Clearing Organization.

(b) Before any Emergency Rule may be adopted and enforced, a required vote of the Regulatory Oversight Committee must approve the enforcement of such Emergency Rule at a duly convened meeting. Directors may attend such a meeting by teleconference. If the Chief Compliance Officer or the Chief Regulatory Officer determines that Emergency Rules must be implemented with respect to an Emergency before a meeting of the Regulatory Oversight Committee can reasonably be convened, then the Chief Compliance Officer or the Chief Regulatory Officer shall have the authority, without Board or committee action, to implement any Emergency Rules with respect to such Emergency that he or she deems necessary or appropriate to respond to such Emergency. In such circumstances, the Chief Compliance Officer or the Chief Regulatory Officer must convene a meeting as soon as practicable. Whenever the Regulatory Oversight Committee, the Chief Compliance Officer or the Chief Regulatory Officer takes an Emergency Action, a duly authorized representative of the Exchange, where possible, will post an announcement in a Market Notice.

(c) Either the Regulatory Oversight Committee, the Chief Compliance Officer or the Chief Regulatory Officer may determine that an Emergency has been reduced sufficiently to allow the Exchange to resume normal functioning, in which case any Emergency Actions responding to such Emergency will be terminated and a duly authorized representative of the Exchange will post an announcement in a Market Notice.

(d) The Exchange will use reasonable efforts to notify the CFTC prior to implementing, modifying or terminating an Emergency Rule. If such prior notification is not possible or practicable, the Exchange will notify the CFTC as soon as possible or reasonably practicable, but in any event no longer than 24 hours after implementing, modifying or terminating such rule.

(e) Upon taking any Emergency Action, the Exchange will document the decision-making process related to such Emergency Action, including the process for minimizing conflicts of interest, the process for notifying and coordinating with any applicable Derivatives Clearing Organization, the extent to which the Exchange considered the effect of its Emergency Action on the underlying markets and on markets that are linked or referenced to the contract market and similar markets on other trading venues, and reasons for using emergency authority under this Rule 214. Such documentation will be maintained in accordance with Rule 217.

#### **RULE 215. Conflicts of Interest**

(a) A Director, Officer, Disciplinary Panel member or other Person authorized to exercise the Exchange's authority concerning any inquiry, investigation, disciplinary proceeding (including any summary proceeding or Emergency Disciplinary Action) or appeal from any of the foregoing (any such action, an "Exchange Proceeding"), or Emergency Action taken pursuant to Rule 214 (each such Exchange Proceeding or Emergency Action, a "Self-Regulatory Action") who knowingly has a "material conflict of interest" between his or her position as a Director, Officer,

panel member or exercise of authority concerning a Self-Regulatory Action and his or her personal interests (each, an “Interested Person”) may not participate in any deliberations or vote of the Board Committee, panel or exercise any authority with respect to such Self-Regulatory Action involving his or her personal interest, except as described in Rule 215(d).

(b) For purposes of Rule 215(a), a Director, Officer, Disciplinary Panel member or other Person has a “material conflict of interest” with respect to a Self-Regulatory Action if such Person:

(i) is named as a respondent or potential respondent in such Self-Regulatory Action;

(ii) is an employer, employee or fellow employee of (x) a respondent or potential respondent in such Self-Regulatory Action, or (y) an Affiliate of a respondent or a potential respondent in such Self-Regulatory Action;

(iii) has any significant, ongoing business relationship with (x) a respondent or potential respondent in such Self-Regulatory Action, or (y) an Affiliate of a respondent or a potential respondent in such Self-Regulatory Action;

(iv) has a family relationship with a respondent or potential respondent in such Self-Regulatory Action (including as the respondent’s or potential respondent’s spouse, co-habitant, former spouse, parent, step-parent, child, step-child, sibling, step-sibling, grandparent, grandchild, uncle, aunt, nephew, niece, parent-in-law, or sibling-in-law);

(v) has a direct and substantial financial interest in the result of the deliberations or vote based upon either exchange or non-exchange positions (as referenced in CFTC Regulation § 1.69), other than a direct or indirect equity or other interest in trueEX Group, that could reasonably be expected to be affected by such Self-Regulatory Action. A direct and substantial financial interest includes positions in Contracts in accounts of, controlled by, or affiliated with the Interested Person or in any other types of direct and substantial financial positions of the Interested Person that are reasonably expected to be affected by the deliberations or vote; or

(vi) otherwise has personal interests that may be prejudiced by a fair and impartial exercise of such Person’s authority with respect to such Self-Regulatory Action.

(c) Before considering any Self-Regulatory Action, an Interested Person must disclose in writing to the Board the material facts concerning his or her relationship or interest in the matter.

(d) Any Interested Person who would be required otherwise to abstain from deliberations and voting pursuant to Rule 215(a) as a result of having a direct and substantial financial interest in the result of the deliberations and vote may participate in deliberations, prior to a vote on the matter, if:

(i) the material facts about the Interested Person’s financial interest in the matter are disclosed or known to the Board, Committee or Disciplinary Panel;

(ii) the Board, Committee or Disciplinary Panel determines that the participation by the Interested Person would be consistent with the public interest; and

(iii) a majority of the Directors (excluding any Interested Persons) vote to allow the Interested Person to participate in deliberations on the matter.

(e) If a determination is made pursuant to Rule 215(d) that an Interested Person may participate in deliberations prior to a vote, then the minutes of the meeting of the Board or committee thereof will reflect the determination and the reasons for the determination.

(f) If a determination is made that all Directors are Interested Persons with respect to a matter subject to a vote by the Board, the Chief Executive Officer will appoint a panel of individuals who are not Interested Persons with respect to such matter, which will have the same authority and powers over such matter that the Board would have if the Directors were not Interested Persons with respect to such matter.

#### **RULE 216. Material, Non-Public Information**

(a) Absent prior written consent from the Exchange, a direct or indirect owner of the Exchange, a Director, Officer, member of any committee or panel established by the Board (including any Disciplinary Panel and Appeal Panel), member of the Exchange Regulation Department, or other employee of the Exchange shall not during his or her association with the Exchange or thereafter:

(i) trade, directly or indirectly, any Contracts traded on the Exchange;

(ii) trade, directly or indirectly, a contract, which is related to any Contract;

(iii) trade, directly or indirectly, in a contract, which is related to any Contract, traded on or cleared by contract markets, swap execution facilities, or clearing organizations other than the Exchange if the employee has access to material, non-public information concerning such contract;

(iv) trade, directly or indirectly, in a commodity interest traded on or cleared by a linked exchange if the employee has access to material, non-public information concerning such commodity interest; or

(v) disclose for any purpose (other than exercise of such person's ownership rights or performance of such person's official duties for the Exchange, as applicable) any non-public information obtained as a result of the individual's ownership interest or performance of official duties for the Exchange

The written consent from the Exchange shall specify the scope of information that may be disclosed, whom such information may be disclosed to, and the conditions, if any, that the recipient of such information must agree to prior to receiving such information.

(b) With prior written consent from the Exchange, a direct or indirect owner of the Exchange, and each Director, Officer, member of any committee or panel established by the Board (including any Disciplinary Panel and Appeal Panel), member of the Exchange Regulation Department, and other employee of the Exchange may participate in a pooled investment vehicle or other investment vehicle whose investments are directed by a third-party advisor if the individual has no direct or indirect control over transactions executed by the investment vehicles.

(c) Each direct or indirect owner of the Exchange, and each Director, Officer, member of any committee or panel established by the Board (including any Disciplinary Panel and Appeal Panel), member of the Exchange Regulation Department, and other employee of the Exchange shall take all appropriate steps to safeguard all non-public information obtained as a result of the individual's ownership interest or performance of official duties for the Exchange, as applicable, and to protect such information against disclosure, misuse, espionage, loss and theft.

(d) Each employee of the Exchange shall be required to adhere to the policies and guidelines of the Exchange as in effect from time-to-time and shall, when and as requested, execute an acknowledgement of the Exchange's conflict of interest policy in the form provided by the Exchange.

(e) Any employee that trades in a commodity interest, under the limited circumstances as permitted by this Rule 216, shall provide to the Exchange an annual certification that the employee has not traded in any Exchange Contracts or in any related commodity interest or other commodity interest covered by this Rule 216, and shall provide records of the commodity interest trades conducted by the employee in the past year.

(f) Notwithstanding anything to the contrary in this Rule 216, any direct or indirect owner of the Exchange, and any Director, Officer, member of any committee or panel established by the Board (including any Disciplinary Panel and Appeal Panel), member of the Exchange Regulation Department, and other employee of the Exchange may disclose any non-public information to any (i) Director, Officer, member of any committee or panel established by the Board (including any Disciplinary Panel and Appeal Panel), member of the Exchange Regulation Department, or any other employee of the Exchange to the extent necessary or useful for such person to perform his or her official duties for the Exchange, (ii) any outside advisor to the Exchange to the extent necessary or useful for such outside advisor to perform his or her official duties for the Exchange provided that such outside advisor is subject to confidentiality obligations substantively the same as those imposed on employees of the Exchange by this Rule 216 if required by the CFTC or another government agency or Self-Regulatory Organization, or (iv) if compelled to do so by valid legal process, provided that the individual or entity making such disclosure notifies the Exchange.

(g) For the purposes of Rule 216, the terms "material information," "non-public information," "linked exchange," "commodity interest" and "pooled investment vehicle" shall each have the meaning set forth in CFTC Regulation § 1.59(a).

#### **RULE 217. Maintenance of Books and Records by the Exchange**

(a) The Exchange shall keep, or cause to be kept, complete and accurate books and records, including all books and records required to be maintained pursuant to the CEA, and the CFTC Regulations.

(b) The Exchange shall retain all such books and records for at least five (5) years, and shall make such books and records readily accessible for inspection by the CFTC, the DOJ, the SEC, or by any representative of a prudential regulator as authorized by the CFTC during the first two (2) years of such five-year period; provided, however, that all records required to be kept relating to swap transactions must be retained with respect to each swap throughout the life of the swap and for a period of at least five years following the final termination of the swap; provided further that each record related to a swap transaction shall be (i) readily accessible via real time

electronic access throughout the life of the swap and for the two years following the final termination of the swap, and (ii) for the remaining three years of the five year period following the final termination of the swap, such record shall be retrievable within three business days.

**RULE 218. Information-Sharing Agreements**

(a) The Exchange may enter into information-sharing agreements or other arrangements or procedures to coordinate surveillance with other markets on which financial instruments related to the Contracts trade. As part of any information-sharing agreements or other arrangements or procedures adopted pursuant to this Rule, the Exchange may:

- (i) provide market surveillance reports to other markets;
- (ii) share information and documents concerning current and former Participants or Sponsored Access Customers with other markets;
- (iii) share information and documents concerning ongoing and completed Investigations with other markets; or
- (iv) require its current or former Participants or Sponsored Access Customers to provide information and documents to the Exchange at the request of other markets with which the Exchange has an information-sharing agreement or other arrangements or procedures.

(b) The Exchange may enter into any arrangement with any Person or body (including the CFTC, the NFA, any Self-Regulatory Organization, any exchange, market, or clearing organization, or foreign regulatory authority) if the Exchange considers such arrangement to be in furtherance of the Exchange's purpose or duties under the Rules or any law or regulation.

(c) The Exchange may disclose to any Person or entity information concerning or associated with a Participant, Sponsored Access Customer or other Person that the Exchange believes is necessary and appropriate in exercising a legal or regulatory function, whether or not a formal arrangement governing the disclosure exists or a request for information was made and notwithstanding anything to the contrary in Rule 216.

**RULE 219. Services Agreement with a Regulatory Services Provider**

(a) The Exchange may contract with a Regulatory Services Provider to provide certain regulatory services to the Exchange pursuant to a Regulatory Services Agreement. In accordance with the relevant Regulatory Services Agreement, a Regulatory Services Provider may perform certain surveillance, investigative, and regulatory functions under the Rules and the Exchange may provide information to such Regulatory Services Provider in connection with the performance by such Regulatory Services Provider of those functions.

(b) Any of the powers or functions of the Exchange under the Rules may be delegated to a Regulatory Services Provider pursuant to the relevant Regulatory Services Agreement in such manner and on such terms as the Exchange and such Regulatory Services Provider may mutually agree; provided, however, that the Exchange shall retain ultimate decision-making authority with respect to any powers or functions that are delegated to such Regulatory Services Provider.

**RULE 220. Services Agreement with a Technology Services Provider**

(a) The Exchange may contract with one or more Technology Services Providers to provide certain technology services to the Exchange pursuant to a Technology Services Agreement. In accordance with a Technology Services Agreement, a Technology Services Provider may perform certain functions under the Rules and the Exchange may provide information to the Technology Services Provider in connection with the performance by the Technology Services Provider of those functions.

(b) The Exchange shall retain ultimate decision-making authority with respect to any functions that are contracted to a Technology Services Provider.



**CHAPTER 3**  
**ACCESS TO THE TRADING PLATFORM**

**RULE 301. Jurisdiction; Applicability of Rules**

ANY PERSON INITIATING OR EXECUTING A TRANSACTION ON OR SUBJECT TO THE RULES OF THE EXCHANGE DIRECTLY OR THROUGH AN INTERMEDIARY, AND ANY PERSON FOR WHOSE BENEFIT SUCH A TRANSACTION HAS BEEN INITIATED OR EXECUTED, EXPRESSLY CONSENTS TO THE JURISDICTION OF THE EXCHANGE AND AGREES TO BE BOUND BY AND COMPLY WITH ALL APPLICABLE RULES OF THE EXCHANGE, INCLUDING WITHOUT LIMITATION THOSE APPLIED PURSUANT TO APPLICABLE LAW.

**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 such Participant is eligible for and has applied and received Trading Privileges. 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 ECP.

(c) In the event that an applicant to become a Participant or a Participant becomes aware that one of the conditions for denying, revoking or conditioning an application to become a Participant or a Person's status as a Participant enumerated under Rule 302(b) is reasonably likely

to exist, such applicant or Participant, as the case may be, shall promptly notify the Exchange of the relevant facts and circumstances.

### **RULE 303. Authorized Traders**

(a) Authorized Traders. Each Participant may from time to time appoint one or more natural persons to act as an Authorized Trader, and any such Authorized Trader shall be entitled to exercise Trading Privileges on behalf of such Participant, subject to the terms and conditions of these Rules. Any Participant wishing to appoint an Authorized Trader shall notify the Exchange and each such Authorized Trader will consent, in a form satisfactory to the Exchange, to abide by the Rules of the Exchange and Applicable Law prior to accessing the Platform. Each Authorized Trader must satisfy such requirements as may be prescribed by the Exchange from time to time and shall be subject to the disciplinary authority of the Exchange and possible fine or restriction or revocation of Trading Privileges.

(b) Revocation by Participant. Each Participant may at any time revoke an authorization granted by it to any Authorized Trader by providing written notice of such revocation to the Exchange. The Exchange shall ~~specify~~terminate the ~~effective date of the revocation.~~ ~~The Exchange may, in its sole discretion, refuse to accept a request to revoke the registration~~access of an Authorized Trader, ~~or may postpone~~ to the Platform as soon as practicable following receipt by the Exchange of a notice of revocation in respect of such Authorized Trader, but in any event no later than: (i) the effective date~~end~~ of the termination of registration if calendar day on which notice of revocation is received by the Exchange considers it necessary for, if such revocation is received during Trading Hours; or (ii) the protection of commencement of Trading Hours on the best interests of Business Day following the relevant Participant or calendar day on which revocation was received by the Exchange. ~~Based on the information provided to, and other information gathered by, the Exchange regarding the request to revoke the registration of an Authorized Trader the Exchange will determine whether to:~~ if such notice of revocation is not received during Trading Hours.

~~(i) accept the request to revoke the designation;~~

~~(ii) postpone the effective date of revocation of the designation; or~~

~~(iii) impose any terms or conditions before or after the effective date of revocation of the designation.~~

~~The Participant shall take immediate measures appropriate to ensure that, after the effective date of any such revocation, (i) the affected Authorized Trader shall not have access to the Platform and (ii) the affected Authorized Trader shall not utilize its Firm ID or User ID, as applicable. The Exchange shall act promptly, but in any event within one Business Day of the effective date of such revocation, to disallow Order entry by the affected Authorized Trader.~~

(c) Responsibility of Participants: All Obligations of Participants shall also apply to each of their Supervised Persons, and each Participant shall be responsible for the actions and omissions, including but not limited to violations of Applicable Law or these Rules, of each of its Supervised Persons. Each Participant will ensure on an ongoing basis that none of its Supervised Persons is subject to a disqualification pursuant to any Applicable Law (unless an appropriate exemption has been obtained with respect thereto) and that each of its Supervised Persons will, as applicable, be technically proficient in the use of the Platform. Each Participant shall have

procedures for performing day-to-day monitoring of its Supervised Persons to ensure that each will conduct its business in ~~a fair and equitable manner and in~~ accordance with the Rules. Each Participant shall be responsible to the Exchange for any failures by any of ~~such Participant's, its~~ Supervised Persons to comply with any Obligation or Applicable Law.

(d) References to Trading Privileges, Participant, Orders, and Knowledge: For purposes of this Rule 303, any reference to the Trading Privileges of a Participant shall also be deemed to refer to Trading Access of a Sponsored Access Customer and apply to the exercise of Trading Privileges or Trading Access by any of the applicable Supervised Persons, and a Participant submitting or receiving Orders, bids, offers or message traffic into or from the Platform or engaging in transactions in Contracts on the Platform, shall be deemed to also refer and apply to any such actions engaged in by any of such Participant's Supervised Persons ~~and; the knowledge of, or matters known to, any Participant shall be deemed to also refer to and include the knowledge of, or matters known to, its Supervised Persons.~~

(e) List of Authorized Traders: The Exchange will maintain a list of all designated Authorized Traders.

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

(a) 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

(ii) satisfies the provisions set forth in Rule 306(e).

~~(b) — A Clearing Firm that seeks to effect transactions on the Platform for its own account or the account of any Customer must be a Participant, in addition to satisfying the criteria set forth in Rule 304(a).~~

(b) All Transactions effected on or pursuant to the Rules of the DCM Trading System shall be cleared, and all Transactions effected on or pursuant to the Rules of the SEF Trading System for which a determination has been made by the CFTC pursuant to Section 2(h) of the CEA that the clearing requirement applies to such Transaction and for which no clearing exemption may be claimed shall be cleared. Any other Transactions effected on or pursuant to the Rules of the SEF Trading System may be cleared at the discretion of the parties to such Transaction. Transaction that are required to be cleared or voluntarily cleared by the parties shall be cleared through a Clearing House in accordance with applicable Clearing House Rules and in conformity with the Rules specifically provided in this Chapter 8.

(c) The Exchange may share information with any Clearing House that would assist such Clearing House in evaluating and monitoring a Clearing Firm's compliance with these criteria. By becoming a Clearing Firm, a Clearing Firm and its Supervised Persons, agents and employees agree to cooperate with the Exchange and each relevant Clearing House in any such monitoring.

(d) Clearing Firms shall have the right to clear Contracts in accordance with all applicable Rules and Clearing House Rules.

(e) A Clearing Firm that is an FCM and has agreed to accept for clearing Transactions that are executed by a Participant or Sponsored Access Customer trading on the DCM Trading System for its own account or on behalf of Customers must use the risk controls provided by the Exchange to set risk limits for each such Participant, Sponsored Access Customer or Customer, as applicable. A Clearing Firm shall not be required to use the risk controls provided by the Exchange to set risk limits on the DCM Trading System if Orders are screened on a pre-trade basis provided by the FCM or through a credit limit screening service that provides pre-trade credit checks for the FCM.

(f) A Clearing Firm that has agreed to accept for clearing Transactions that are executed on the SEF Trading System by a Participant or a Customer of Participant, as applicable, shall establish risk-based limits for the account(s) of such Participant or Customer of Participant, and use automated means to screen Orders of such Participant or Customer of Participant using such risk-based limits in accordance with Applicable Law. The Exchange shall provide Clearing Firm means to facilitate such screening.

### **RULE 305. Eligibility to obtain Trading Privileges**

(a) Each applicant for Trading Privileges must: (i) be a juridical entity, (ii) be validly organized, (iii) be in good standing, (iv) have the legal authority and be duly authorized and empowered to become a Participant and to effect transactions on the Exchange and satisfy its Obligations and (v) satisfy such other requirements or criteria as may from time to time be adopted by the Exchange.

(b) The Exchange may deny Trading Privileges to any Person:

(i) if such Person is unable satisfactorily to demonstrate a capacity to adhere to all applicable Rules, Clearing House Rules and Applicable Law, including, to the extent applicable, those concerning registration, record-keeping, reporting, finance and trading procedures;

(ii) if such Person would bring the Exchange into disrepute, as determined by the Exchange in its sole discretion; or

(iii) for such other cause as the Exchange reasonably may decide.

(c) The Exchange may determine not to permit any Person to keep its Trading Privileges, or may condition such Trading Privileges if such Person:

(i) fails to meet any of the qualification requirements for Trading Privileges after such Trading Privileges have been approved;

(ii) fails to meet any condition placed by the Exchange on such Trading Privileges or association;

(iii) violates any agreement with the Exchange, a Clearing Firm or any Clearing House;

(iv) is a Participant through which a Customer trades and, in any such case, any such Customer maintains a position in any Contract that, when considered in light of the other positions maintained by the Participant through which such Customer trades and any

~~other factors that the Exchange reasonably deems relevant, including, as applicable, (A) the positions maintained by such Participant, such Participant's Authorized Traders and such Participant's other Customers, (B) the required financial information provided by such Participant and (C) the level of margin maintained by such Participant at such Participant's Clearing Firm, the Exchange reasonably believes could jeopardize the financial safety of such Participant or any of such Participant's other Customers; or~~

For the avoidance of doubt, any limitation, suspension or revocation of Trading Privileges pursuant to Rule 305(c)(iv) may, in the sole discretion of the Exchange, (1) take the form of (x) a full suspension or revocation of Trading Privileges (y) a requirement that the positions at issue be immediately liquidated in full or reduced to a reasonable level to be set by the Exchange as a condition to the Trading Privileges remaining in effect or (z) a prohibition on the use of such Trading Privileges in respect of the trades of any Customer identified by the Exchange and (2) be applied to the Trading Privileges of the Participant at issue and Authorized Traders of such Participant, in each case, as deemed reasonably necessary by the Exchange for the protection of such Persons and other Participants of the Exchange.

(d) In the case of any suspension, revocation or limitation of the Trading Privileges of any Participant pursuant to this Rule 305 or Rule 307, the Exchange, in its sole discretion, may also suspend, revoke or limit the Trading Privileges of such Participant's Authorized Trader as the Exchange deems necessary to protect its other Participants, Customers of Participants and the integrity of the Platform.

~~(e) In the case of any suspension, revocation or limitation of the Trading Privileges of any Authorized Trader of any Participant pursuant to this Rule 305 or Rule 307, the Exchange, in its sole discretion, may also suspend, revoke or limit the Trading Privileges of such Participant or such Participant's Authorized Traders as the Exchange deems necessary to protect its other Participants and the integrity of the Platform.~~

### **RULE 306. Applications**

(a) Application Generally: Each application to obtain Trading Privileges or become a Clearing Firm, Participant, or Authorized Trader shall be in such form as may from time to time be prescribed by the Exchange. Each applicant shall promptly update its application materials if any of the information provided therein becomes inaccurate or incomplete after the date of submission and prior to any approval of the application. The Exchange shall act upon, and approve or disapprove, any such application without unreasonable delay.

(b) Application for Trading Privileges: Each applicant for Trading Privileges shall:

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

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

(iii) furnish all other documents as may be requested by the Exchange and answer completely and accurately all questions posed by the Exchange.

(c) Applications for Participants: Each Person applying to become a Participant shall:

- (i) enter into a Participant Agreement with the Exchange;
  - (ii) be a Clearing House member who is eligible to clear the Contract(s) that such Person will execute on the Exchange at such Clearing House, or establish a clearing relationship with a Clearing Firm;
  - (iii) ensure that the documentation required under Rule 304 has been received by the Exchange; and
  - (iv) if such Participant is organized or located outside of the United States, enter into a written agreement acceptable to the Exchange appointing a third party as its U.S. agent for service of process for purposes of CFTC Regulation § 15.05, and shall provide the Exchange with a copy of the agreement.
- (d) Applications for Authorized Traders: Applications for Trading Privileges for Authorized Traders must be authorized by a Participant.
- (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 clearing obligations in accordance with Rule 809;
  - (v) agree to assist the Exchange in any investigation into potential violations of Obligations or Applicable Law which occur through or with respect to any Transaction cleared by asuch Clearing Firm; provided that such assistance must be timely and may include, but not be limited to, the Clearing Firm and any of its Supervised Persons being required to produce documents, to answer questions from the Exchange, or to appear in connection with an investigation;
  - (vi) agree to, upon request by the Exchange, suspend or terminate a Subject Person's access if the Exchange determines that the actions of such Subject Person threaten the integrity or liquidity of any Contract or violate any Obligation of such Subject Person or Applicable Law, or if the Subject Person fails to cooperate in an Investigation;
  - (vii) maintain all required and necessary regulatory approvals or licenses to operate as a Clearing Firm.
  - (viii) employ practices to monitor and enforce compliance with risk limits for Participants; and

(ix) provide such information and documentation, in each case, in connection with its application to become a Clearing Firm, as may be requested by the Exchange, and follow the procedures established by the Exchange. Additionally, any Clearing Firm organized or located outside of the United States shall enter into a written agreement acceptable to the Exchange appointing a third party as its U.S. agent for service of process for purposes of CFTC Regulation § 15.05, and shall provide the Exchange with a copy of the agreement.

(f) Additional Information: In considering an application under this Rule 306, the Exchange may require additional information from the applicant or conduct an Investigation to verify information submitted by the applicant.

(g) Grant of Application: If the Exchange decides to grant an applicant Trading Privileges or admit an applicant as a Clearing Firm or Participant, or designate such applicant as an Authorized Trader, the Exchange shall promptly notify such applicant and state in such notice the date on which such approval becomes effective and any conditions thereto. If the application process is not completed within six months of the applicant's initial submission, the application shall be deemed to be withdrawn, unless extended by the Exchange.

#### **RULE 307. Denial, Revocation, and Conditioning**

(a) Denial, Revocation, Conditioning: The Exchange may deny an application to obtain Trading Privileges or to become a Clearing Firm, Participant, or an Authorized Trader, as well as revoke or condition a Subject Person's Trading Privileges or status as a Clearing Firm, Participant, or Authorized Trader, if such applicant or Subject Person, as the case may be:

(i) is unable to satisfactorily demonstrate its ability to satisfy the eligibility criteria to obtain or retain Trading Privileges, or become or remain a Clearing Firm, Participant, or an Authorized Trader;

(ii) is unable to satisfactorily demonstrate its capacity to satisfy its Obligations;  
or

~~(iii) would bring the Exchange into disrepute as determined by the Exchange in its sole discretion; or~~

~~(iv)~~(iii) for such other cause as the Exchange may reasonably determine.

(b) Review of Denial, Revocation, Conditions: If the Exchange decides to deny, revoke or condition a Person's Trading Privileges or a Person's status as a Clearing Firm, Participant, or Authorized Trader, the Exchange shall promptly notify the Affected Person in a writing sent to the address provided by the applicant to the Exchange. Such Affected Person may, within seven (7) calendar days, request in writing that the Exchange provide the reasons for the denial, revocation or conditioning of its Trading Privileges or status as a Clearing Firm, Participant, or Authorized Trader. Within fourteen (14) calendar days after receiving such written request, the Exchange shall send a written response to the Affected Person setting forth the reasons for the denial, revocation or conditioning. Within fourteen (14) calendar days of receiving the Exchange's written response, the Affected Person may request in writing that the Exchange Access Committee reconsider the determination.

Within twenty-eight (28) calendar days of receiving the request for reconsideration, the Exchange Access Committee shall either confirm, reverse or modify the denial, revocation or conditioning of the Trading Privileges or status of the Affected Person, and shall promptly notify the Affected Person accordingly in writing. The Exchange Access Committee may, within its discretion, schedule a hearing (in-person or by teleconference); request additional information from the Affected Person; or establish any other process that it believes is necessary and appropriate to consider the request for reconsideration.

The Exchange Access Committee's decision is the final action of the Exchange and is not subject to appeal within the Exchange.

(c) Re-application: Any Person applying for Trading Privileges or to become a Clearing Firm, Participant, or an Authorized Trader who has been rejected by the Exchange pursuant to these Rules shall not be eligible for re-application during the six months immediately following such rejection.

### **RULE 308. Scope and Continuation of Rights and Privileges**

(a) By virtue of obtaining Trading Privileges, becoming a Participant, or an Authorized Trader, a Person shall not obtain any equity or other interest in the Exchange, including voting rights or rights to receive any dividends or other distributions, whether arising from a dissolution, merger, consolidation involving the Exchange or otherwise. All such rights shall be owned exclusively as specified in the Operating Agreement.

(b) Each Person with Trading Privileges or Trading Access, and each Subject Person must execute such documentation as reasonably required from time to time by the Exchange for the purpose of establishing and maintaining a connection with the Platform or as required under Applicable Law, and such documentation must remain in effect for such Subject Person to maintain its Trading Privileges or Trading Access, as the case may be, and its status as a Clearing Firm, Participant, or Authorized Trader, as applicable.

(c) Any Person that is temporarily or permanently revoked, terminated or suspended as a Clearing Firm, Participant, Authorized Trader, or other Subject Person, or whose Trading Privileges are temporarily or permanently revoked, terminated or suspended, shall remain bound by its Obligations and subject to Applicable Law and the jurisdiction of the Exchange and each relevant Clearing House with respect to any and all matters arising from, related to, or in connection with, the status, actions or omissions of such Person prior to such revocation, termination or suspension. Any Exchange Proceeding relating to any Subject Person that is temporarily or permanently revoked, terminated or suspended, or whose Trading Privileges are temporarily or permanently revoked, terminated or suspended, shall occur as if the Subject Person were still registered as such, and the same shall be true of any Supervised Person of any Subject Person that is temporarily or permanently revoked, terminated or suspended, or whose Trading Privileges are temporarily or permanently revoked, terminated or suspended.

(d) All Trading Privileges, and all other rights and privileges of a Subject Person terminate upon, and all obligations of such Subject Person shall survive, the death or incapacity of such Subject Person (if an individual) or the dissolution of such Person (if an entity).

(e) All Trading Privileges, and all other rights and privileges of a Subject Person are non-transferable, non-assignable and may not be sold or leased.



### **RULE 309. Dues, Assessments and Fees**

(a) The Exchange shall have the authority to set the amounts and times of payment for any dues, assessments or fees (including Platform fees, clearing fees, brokerage and any transaction surcharges) to be paid by Participants or Sponsored Access Customers, as applicable.

(b) Each Participant and each Sponsored Access Customer agree to pay such dues, assessments, and fees as are published by the Exchange on the Web Site. Each Participant and each Sponsored Access Customer agree to pay such dues, assessments, and fees when due.

(c) If a Participant fails to pay when due any dues, assessments or fees levied on such Participant by the Exchange, and such payment obligation remains unsatisfied for thirty days after its due date, the Exchange may suspend, revoke, limit, condition, restrict or qualify the Participant's Trading Privileges or ability to otherwise access the Platform as it deems necessary or appropriate.

(d) If a Sponsored Access Customer fails to pay when due any dues, assessments or fees levied on such Sponsored Access Customer by the Exchange, and such payment obligation remains unsatisfied for thirty days after its due date, the Exchange may suspend, revoke, limit, condition, restrict or qualify the Trading Access of such Sponsored Access Customer. Except as otherwise agreed between Sponsoring Participant and the Exchange, Sponsoring Participant shall be responsible for any unsatisfied payment obligation of Sponsored Access Customer that remains unsatisfied for thirty days after its due date.

### **RULE 310. Authorized Representatives**

(a) Each Clearing Firm, Participant or Sponsored Access Customer shall designate one or more Authorized Representative who will represent such Clearing Firm, Participant or Sponsored Access Customer, as the case may be, before the Exchange and its committees and receive notices on behalf of such Clearing Firm, Participant or Sponsored Access Customer, as the case may be.

(b) The Authorized Representative shall be empowered by the Clearing Firm, Participant or Sponsored Access Customer, as the case may be, to act on its behalf and the Exchange shall be entitled to rely on the actions of the Authorized Representative as binding on such Clearing Firm, Participant or Sponsored Access Customer, as the case may be.

(c) Each Clearing Firm, Participant or Sponsored Access Customer shall provide the Exchange with current contact and other requested information for each of its Authorized Representatives so that the Exchange is able to immediately contact the Authorized Representatives.

### **RULE 311. Recording of Communications**

The Exchange may record conversations and retain copies of electronic communications in respect of Orders, Transactions and any other Exchange Activity between officers, employees or agents of the Exchange, on one hand, and Clearing Firms, Participants, and other Subject Persons, on the other hand. Any such recordings may be retained by the Exchange in such manner and for such periods of time as the Exchange may deem necessary or appropriate. The Exchange will retain such records as required to comply with CFTC Regulations §§ 1.31, 1.35. The Regulatory Services

Provider will have access to such recordings to the extent required to perform certain regulatory services to the Exchange pursuant to the Regulatory Services Agreement.

#### **RULE 312. Notices to Subject Persons**

(a) Accurate, complete and current copies of this Rulebook and all Contract Specifications shall be published on the Web Site.

(b) Except as provided herein, the Exchange shall publish on its Web Site a notice (a “Market Notice”) with respect to each addition to, modification of, or clarification of, the Rulebook, the matching algorithm described in Rule 539, and any Contract Specification prior to the earlier of (i) the effective date thereof, and (ii) the filing of such change with the CFTC.

(c) If confidential treatment is sought with respect to any filing with a Government Agency (including the CFTC) that would result in a change described in Rule 312(b), only the public version of such filing shall be disclosed pursuant to Rule 312(b).

(d) Any Market Notice shall be deemed to have been made to all Subject Persons.

#### **RULE 313. Communications between the Exchange and Participants**

(a) Each Clearing Member and Participant must provide the Exchange with its current electronic mail address and telephone number and the electronic mail address and telephone number of (1) in the case of a Participant, any person who may use a Firm ID assigned to such Participant or -and (2) in the case of a Clearing Firm, any person who may set risk controls with respect to any Participant for which such Clearing Firm provides clearing services with respect to Contracts. Each Clearing Member and Participant must promptly update the contact information described in this Rule 313(a) whenever it changes.

(b) All communications between the Exchange and a Clearing Firm or Participant, as the case may be, will be transmitted by electronic mail or posted on the Exchange’s website, except as otherwise specified by the Exchange.

(c) Each Clearing Firm or Participant, as the case may be, shall be responsible for conveying such communications to all of its Supervised Persons.

(d) Each Clearing Firm or Participant, as the case may be, will be responsible for promptly reviewing and, if necessary, responding to all electronic communications from the Exchange to the Clearing Firm, or Participant, as the case may be, or any of its Supervised Persons.

(e) All communications made to the address for notices designated by a Clearing Firm or Participant or a person designated by Clearing Firm or Participant to accept such communications, as the case may be, shall also be deemed to have been made to all of its Supervised Persons.

#### ~~**Rule 314. Description of Status**~~

~~**RULE 314. Each Participant and Sponsored Access Customer shall ensure that the form, content and context of any description of the status of such Participant or Sponsored Access Customer, respectively, on the Exchange to any Person is consistent with, and does not misrepresent, the capacity of such Participant or**~~

~~Sponsored Access Customer, as applicable, on the Exchange under the Rules or the registration of such Participant or Sponsored Access Customer, if any, under the CEA, or under any other Applicable Law, [RESERVED]~~

#### **RULE 315. Withdrawal of Participant**

(a) To withdraw from the Exchange, a Participant must notify the Exchange, following such procedures as may be established by the Exchange.

(b) The Exchange may, in its reasonable discretion, refuse to accept a Participant's withdrawal request or may postpone the effective date of withdrawal of a Participant if the Exchange considers it necessary for the protection of the Participant's Customers, other Participants or otherwise in the interests of the Exchange.

(c) Based on the information provided to, and other information gathered by, the Exchange regarding a Participant's withdrawal request, the Exchange will determine whether to (i) accept the withdrawal request; (ii) postpone the effective date of the withdrawal; or (iii) impose any terms or conditions before or after the effective date of withdrawal.

(d) Notwithstanding anything to the contrary in Rule 315, if the Exchange refuses to accept a Participant's withdrawal request or postpones the effective date of withdrawal of a Participant, the Exchange shall terminate the Trading Privileges of such Participant as soon as practicable, and in any event no later than: (i) (A) the end of the calendar day on which the Exchange receives such withdrawal request, if such withdrawal request is received during Trading Hours; or (B) commencement of Trading Hours on the Business Day following the calendar day on which the Exchange receives such withdrawal request, if such withdrawal request is not received during Trading Hours; and (ii) may waive the obligation to pay some or all of the fees, costs and charges that the Exchange would have imposed during the period after the date on which the requested withdrawal would have otherwise taken effect.

(e) When the Exchange accepts the withdrawal of a Participant, all rights and privileges of such Participant terminate (including the Trading Privileges and ability to access the Platform). The accepted withdrawal of a Participant shall not affect the rights of the Exchange under the Rules or relieve the former Participant of its Obligations (including any contractual obligations relating to any Contracts entered into by such Participant, or the payment of any Exchange fees, costs, or charges incurred prior to such withdrawal). Notwithstanding the accepted withdrawal of a Participant, the withdrawn Participant remains subject to the jurisdiction of the Exchange for acts done and omissions made while a Participant, and must cooperate in any Exchange Proceeding under Chapter 6 as if such withdrawal had not taken place.

#### **RULE 316. Sponsored Access**

(a) **Sponsored Designation.** Upon Sponsored Designation, the Exchange will provide Trading Access to the relevant Sponsored Access Customer. "Sponsored Designation" in respect of a Person means:

(i) such Person has delivered to the Exchange, the relevant annex (or other form acceptable to the Exchange) identifying a Participant that can serve as Sponsoring Participant;

(ii) such Participant has delivered to the Exchange, the relevant annex (or other form of direct access authorization acceptable to the Exchange) identifying such Person as a Sponsored Access Customer; and

(iii) confirmation by the Exchange that all requested information has been received by the Exchange and such information is satisfactory in form and substance.

(b) Termination.

(i) Unless otherwise provided in this Rule 316, Sponsoring Participant may at any time request that the Exchange suspend the Trading Access or terminate the Sponsored Designation of any of its Sponsored Access Customers, by providing written notice (a "Termination Request") to the Exchange requesting such suspension or termination, as applicable. After the Exchange has received a Termination Request, the Exchange shall either promptly suspend the Trading Access or promptly terminate the Sponsored Designation of the relevant Sponsored Access Customer(s), as set forth in the relevant Termination Request. Notwithstanding the foregoing, a Sponsoring Participant shall remain responsible for all activity of its Sponsored Access Customer that occurs by means of Trading Access prior to the receipt of a Termination Request in respect of such Sponsored Access Customer by the Exchange from Sponsoring Participant. Upon termination or suspension, the Exchange shall have the right to cancel all resting Orders placed by or on behalf of Sponsored Access Customer on the Platform.

(ii) The Exchange shall have the right to suspend or terminate access to Sponsored Access Customer in accordance with Rules after notifying each of Sponsoring Participant and the relevant Sponsored Access Customer.

(c) Obligations. For so long as Sponsored Designation has not been terminated, Sponsored Access Customer and the Sponsoring Participant identified by such Sponsored Access Customer pursuant to Rule 316(a)(i) agree as follows.

(i) Sponsored Access Customer shall:

(A) maintain all registrations, licenses and consents required by Applicable Law for it and its Authorized Traders to place Orders and enter into Transactions on the Platform;

(B) cooperate with the Exchange, any regulatory or any self-regulatory organization in any inquiry, investigation, audit, examination or proceeding related directly or indirectly to the Trading Access of Sponsored Access Customer, and authorize the Exchange to provide information regarding Sponsored Access

Customer to the Regulatory Service Provider, the CFTC or any self-regulatory organization; and

(C) access the Platform exclusively through a password protected internet portal using the unique login credentials assigned to Authorized Traders of Sponsored Access Customer by Exchange.

(ii) Sponsoring Participant shall:

(A) assume financial responsibility for all activity of its Sponsored Access Customers on the Platform, including Transactions executed, by means of Trading Access;

(B) deliver a Termination Request to the Exchange in respect of any of its Sponsored Access Customers with Trading Access promptly after becoming aware that any actions or omissions of any of its Sponsored Access Customer violate any applicable Rules or Applicable Law; and

(C) assist the Exchange in a timely manner in any investigation into potential or actual violations of the Rules or the CEA which occur through or with respect to the Trading Access of any of its Sponsored Access Customers, including requiring any Sponsored Access Customer to produce documents, answer questions from the Exchange, or appear in connection with an investigation.

## CHAPTER 4 OBLIGATIONS OF EXCHANGE USERS

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

Each Participant shall:

- (a) use the Platform in a responsible manner and not for any improper purpose;
- (b) use the Platform only to conduct Exchange Activity;
- (c) conduct all Exchange Activity in a manner consistent with its Obligations and Applicable Law;
- (d) comply with all applicable Clearing House Rules and act in a manner consistent with such Clearing House Rules;
- (e) observe high standards of integrity, market conduct, ~~commercial honor~~, fair dealing, and ~~just and similar~~ equitable principles of trade while conducting or attempting to conduct any Exchange Activity, and in all aspects of its business connected with or concerning the Exchange;
- (f) not knowingly mislead or conceal any material fact or matter in any dealings or filings with the Exchange or in response to any Exchange Proceeding;
- (g) keep all Firm IDs, User IDs, account numbers and passwords related to the Platform confidential and secure;
- (h) be fully liable for all Orders and Transactions, and for any other use of the Platform (including all trading losses incurred by any person in connection with such Order, Transaction or use), made under a Firm ID or User ID, as applicable, assigned to such Subject Person (whether such access or utilization is authorized or known by such Subject Person or not) including any use resulting from a failure in the security controls or credit controls of such Subject Person, other than due to the gross negligence of the Exchange;
- (i) employ practices to monitor and enforce compliance with risk limits;
- (j) be responsible for promptly informing the Exchange of any material changes to the information provided to the Exchange by such Subject Person and any of the Supervised Persons of such Subject Person; and
- (k) keep, or cause to be kept, complete and accurate books and records, including records of activity in the underlying commodity and related derivatives markets and all other books and records required to be maintained pursuant to the CEA, the CFTC Regulations or the Rules, for at least five years, and make such books and records (i) readily accessible during the first two years of such five year period, and (ii) available for inspection by a representative of the Exchange (including the Regulatory Services Provider), the CFTC, the DOJ, the SEC, or by any representative of a prudential regulator as authorized by the CFTC.

## RULE 402. Required Disclosures to the Exchange

Each Participant shall (and shall cause its Supervised Persons to) notify the Exchange Regulation Department upon becoming aware of any of the following events:

(a) any change to the contact information provided to the Exchange by such Participant in the registration documentation that forms a part of the relevant Participation Documentation, including but not limited to the regulatory contact and the Authorized Contact of Participant;

(b) any material damage to, or failure or inadequacy of, the systems, facilities or equipment used to effect transactions or perform financial obligations under or in connection with Contracts of such Participant.

(c) any refusal of admission to such Participant or any Supervised Person of such Participant in any Self-Regulatory Organization, designated contract market, Derivatives Clearing Organization or swap execution facility;

(d) any ~~withdrawal~~rejection from membership by such Participant or any Supervised Person of such Participant, in any Self-Regulatory Organization, designated contract market, Derivatives Clearing Organization or swap execution facility;

(e) any expulsion, suspension or fine in excess of ~~\$50,000~~ (whether through an adverse determination, voluntary settlement or otherwise) imposed on such Participant, or any Supervised Person of such Participant ~~or~~, by any Self-Regulatory Organization, ~~designated contract market, DCM, SEF or~~ Derivatives Clearing Organization or ~~swap execution facility~~ with ~~the exception of fines relating respect to floor conduct, floor recordkeeping or decorum, in which case the disclosure threshold shall be in excess of \$10,000~~ Exchange Activity, any relevant Government Agency;

(f) any denial or ~~withdrawal~~rejection of any application for any registration or license submitted by such Participant or any Supervised Person of such Participant, by or from any ~~Government Agency or~~ Self-Regulatory Organization, ~~and any revocation, suspension or conditioning of any registration or license granted by any governmental or agency~~ Self-Regulatory SEF, DCM or Derivatives Clearing Organization;

~~(g) any non-voluntary revocation, suspension or conditioning of any registration or license of a Participant necessary to conduct Exchange Activity granted by any Governmental Agency;~~

~~(g)(h) the commencement of any material judicial or administrative proceeding against such Participant or any Supervised Person of such Participant, or the imposition of any fine in excess of \$50,000, cease and desist order, denial of trading privileges, censure or other sanction or remedy (whether through an adverse determination, voluntary settlement or otherwise) imposed, in each case, by any Government Agency or Self-Regulatory Organization, SEF, DCM, Derivatives Clearing Organization, or with respect to ~~such Participant or~~ Exchange Activity, any ~~Supervised Person of such Participant;~~ relevant Government Agency; and~~

~~(h) any indictment or conviction of, or any confession of guilt or plea of guilty or nolo contendere by, such Participant or any Supervised Person of such Participant (or, if such Participant is an entity, by any of its principals or senior officers) for any felony or misdemeanor involving, arising from, or related to, the purchase or sale of any commodity, futures contract,~~

~~option, security, securities futures product or other financial instrument, or involving or arising from fraud or moral turpitude; and~~

(i) such Participant becoming the subject of a petition for bankruptcy, liquidation, dissolution, winding up, conservatorship, receivership, trusteeship or a similar action.

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

(a) The Exchange and the Regulatory Services Provider, 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 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.

(b) The Exchange Regulation Department may require a Participant to furnish to the Exchange or the Regulatory Service Provider (periodically or upon request) information that is necessary to perform the enforcement obligations of the Exchange under the Rules or Applicable Law.

#### **RULE 404. Minimum Financial and Related Reporting Requirements**

(a) Each Participant that is registered with any Government Agency or Self-Regulatory Organization and all Clearing Firms shall comply with the provisions of CFTC Regulation 1.17, applicable Clearing House Rules and other Applicable Law, including but not limited to the rules and regulation such Government Agency or Self-Regulatory Organization imposes on a Participant or Clearing Firm relating to minimum financial and related reporting and recordkeeping requirements.

(b) Any Participant that is an FCM or IB and any Clearing Firm shall be required to deliver to the Exchange a copy of any notice or written report required to be filed with the CFTC pursuant to CFTC Regulations §§ 1.10 and 1.12 within the time periods prescribed for such filing or delivery in CFTC Regulations §§ 1.10 and 1.12.

~~(c) A Participant or Clearing Firm that violates any provisions of Applicable Law (including any CFTC Regulations) shall be deemed to have violated this Rule 404.~~

#### **RULE 405. Confidentiality of Financial and Other Information**

All information and data obtained or received by the Exchange Regulation Department from inspections of accounting and other records, quarterly balance sheets and declarations or reports on



financial condition will be treated as confidential by the Exchange; provided, however, this Rule 405 does not supplant Rule 214 and the Rules in Chapter 6, or any other requirement of Applicable Law.

#### **RULE 406. Authority to Impose Restrictions**

Whenever a Participant or Clearing Firm is subject to the early warning requirements set forth in CFTC Regulation § 1.12, the Exchange may impose such conditions or restrictions on the business and operations of such Subject Person as the Exchange may deem necessary or appropriate for the protection of any Clearing Firm, Participant, Customer, or the Exchange. Any such conditions or restrictions would be imposed in consultation and cooperation with the Participant's or Clearing Firm's Designated Self-Regulatory Organization and other SROs of which it is a member.

#### **RULE 407. Customers**

A Participant shall have the necessary authority from its Customers prior to initiating or executing Transactions for such Customer on or subject to the Rules of the Exchange.

#### **RULE 408. Disclosure Requirements**

Each Clearing Firm, Participant, and their Supervised Persons must comply with all disclosure requirements set forth in applicable CFTC and NFA Rules and regulations and any additional disclosure requirements imposed by these Rules. Any such disclosure may be combined with a disclosure regarding the existence of financial interests held by such Clearing Firm, Participant, or their Supervised Persons, as the case may be, in the Exchange or any other exchange.

#### **RULE 409. Information Regarding Orders**

(a) The Exchange will make information regarding Orders (including prices bid or offered), trades and any other related matters ~~it may deem appropriate~~, available to Clearing Firms, Participants, and other Persons at such times and in such manner (whether through the Platform, a ticker, financial information services or otherwise) as ~~it may consider necessary or advisable from time to time~~ necessary to comply with Applicable Law, the Rules or any reporting requirements of the Exchange.

(b) ~~Each~~ Absent prior written consent of the Exchange, no Clearing Firm, Participant, or other Person receiving any such information through the Platform ~~may redistribute such~~ shall, at any time, use non-public information only, or disclose non-public information, except (i) to such extent and others within the Clearing Firm, Participant or other Person, or to third parties, in such manner each instance with a "need to know" for the performance of such Clearing Firm's, Participant's, or Person's corporate, business or regulatory purposes, (ii) if required by any regulatory authority, (iii) if compelled to do so by any valid legal process, or (iv) as may be otherwise permitted by the Exchange from time to time under these Rules.

#### **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 including, 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 shall be a violation of this Rule 410.

## CHAPTER 5 TRADING PRACTICES AND BUSINESS CONDUCT

### **RULE 501. Scope**

This Chapter 5 applies to all transactions in Contracts except as expressly provided herein.

### **RULE 502. Procedures**

(a) With respect to trading on or through the Platform, the Exchange may adopt (in conjunction with a Clearing House, where appropriate), without limitation, procedures relating to transactions in Contracts and trading on the Platform, including procedures to:

- (i) disseminate the prices of bids and offers on, and trades in, Contracts;
- (ii) record, and account for, Contracts and Exchange Activity;
- (iii) perform market surveillance and regulation on matters affecting Contracts and Exchange Activity;
- (iv) establish limits on the number and size of Orders that may be submitted or the number and size of trades executed by a Participant through the Platform;
- (v) establish limits on the number of Contracts that may be held by a Customer or Participant;
- (vi) establish a limit on the maximum daily price fluctuations for any Contract and provide for any related restriction or suspension of trading in the Contract; and
- (vii) require a suspended or expelled Participant, ~~or a Participant with restricted trading rights, to reduce or to~~ eliminate any open position or exposure to future price changes in any Contract.

~~(b) — The Exchange may, in its discretion and at any time, amend any procedures adopted pursuant to Rule 502(a), and will publish the amendments in a Notice to Participant or in any other manner determined appropriate by the Exchange.~~

### **RULE 503. Business Days and Trading Hours**

The Exchange shall from time to time determine (a) the Business Days ~~during any particular calendar year~~ and (b) the Trading Hours ~~with respect to any particular~~ for each Contract. ~~All time references shall be based~~ traded on ~~local time prevailing in~~ the Platform. ~~The City of New York, New York, unless otherwise expressly set forth. Opening and closing times are at the exact moment cited.~~ Exchange may vary its Trading Hours ~~may vary~~ among different Contracts. No Person may make any bid or offer for, or engage in any transaction in, any Contract on the Platform before or after ~~such~~ the Trading Hours. Notice shall be issued pursuant to Rule 312 for any modification to or establishment of Business Days or Trading Hours. ~~The Control Desk will be staffed and operate at all times on a Business Day during the Trading Hours of any Contract.~~

#### **Rule 504. — Rule Violations**

~~It shall be a violation for a Subject Person to violate any Rule or any agreement made with the Exchange, or to engage in fraud, dishonorable or dishonest conduct, or in conduct which is inconsistent with just and equitable principles of trade.~~

#### **RULE 504. [RESERVED]**

#### **RULE 505. Fraudulent Acts Prohibited**

No Subject Person shall engage in any fraudulent act or engage in any scheme to defraud, deceive, trick or mislead in connection with or related to any Exchange Activity or activity related to any Clearing House.

#### **RULE 506. Fictitious, 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 ~~noncompetitive~~ “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;”~~.

#### **RULE 507. Market Disruption Prohibited**

No Subject Person shall engage in any trading, practice, or conduct on the Platform or subject to the Rules that violates bids or offers, or demonstrates intentional or reckless disregard for the orderly execution of transactions ~~during the closing period~~within one half hour prior to the expiration of Trading Hours on any given Business Day, 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~~

No Subject Person shall ~~include~~engage in 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.

No Subject Person shall (i) enter, assist in entering or carry out any plan or scheme for entering any Order into the Platform with the knowledge that the purpose of such Order is to upset the equilibrium of the market in any Contract without the intent to reflect fair market values, or (ii) create a condition in which prices do not or will not reflect fair market values. Any Supervised Person who makes or assists in entering any such Order with the 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 Platform operated by the Exchange.

#### **RULE 508. Market Manipulation Prohibited**

No Subject Person shall directly or indirectly manipulate, or attempt to manipulate, the price of any Contract. Furthermore, no Subject Person shall ~~intentionally or recklessly~~ engage, or attempt to engage, in the following in connection with any Contract: use manipulation to defraud, knowingly

make an untrue or misleading statement ~~or omit~~ a material fact, engage in fraudulent or deceitful business practices, or knowingly deliver materially misleading or materially inaccurate reports concerning market information that affect the price of any Contract.

**RULE 509. Prohibition of Misstatements**

No Subject Person shall make any knowing misstatement of a material fact to the Exchange, any Exchange Official, or any committee of the Board or Exchange Panel.

**RULE 510. [RESERVED]**

**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.

**RULE 512. Supervision**

A Subject Person shall establish, maintain and administer reasonable supervisory procedures to monitor the compliance of its Supervised Persons with the Rules and any applicable provisions of the CEA or CFTC and such Subject Person may be held accountable for the actions of its Supervised Persons.

**RULE 513. Misuse of the Platform**

~~Misuse of the Platform is strictly prohibited.~~ It shall be a violation of these Rules to willfully 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 514. Errors and Omissions in Handling Orders**

(a) A Participant that inadvertently, through error or omission, fails to execute an Order at the time it should have been executed may, upon discovery of such error or omission, execute such Order at the best obtainable price. Such Order shall be competitively executed and should be executed in the next available trading session for the applicable listed Contract, but in any event must be executed no later than the close of the next trading day and shall be reported to the Customer at the price at which actually executed. Unless otherwise agreed between Participant and the relevant Customer, if such price is to the advantage of the Customer, the Customer shall receive the benefit thereof; if not, the Customer shall receive such monetary adjustment as will afford the Customer the equivalent of the price at which such Order should and could have been executed. Full details of all transactions consummated hereunder shall be promptly provided to the Exchange Regulation Department upon request.

(b) A Participant that makes an error in the execution of an Order from a Customer that is related to the terms of a Contract, including but not limited to, account number, notional amount, Tenor, rate/price or other details of the Contract necessary to effect a Transaction on the Platform, shall resolve the error as agreed between the Participant and the relevant Customer or the

Participant's error handling policies. If no such agreement or policy exists, Participant shall resolve such error in a manner that is fair and equitable to the Customer and shall include allowing -the Customer to retain all or a portion of the executed Transaction, -compensating the Customer for such error or some other agreed upon resolution provided it is within the scope of the Participant's error handling policies, if any. If the Customer elects not to retain all or a portion of the executed Transaction, the Participant may transfer the position resulting from the Transaction to a firm error account pursuant to Rule 806. A Participant must document in writing the circumstances surrounding the nature of the error and promptly provide such documentation to the Exchange Regulation Department upon request.

~~(b)~~(c) This Rule 514 shall not be construed to contravene any instructions received from a Customer respecting any Order prior to its execution, but shall be construed to permit execution of Orders under the conditions last prescribed without additional instructions from the Customer.

#### **RULE 515. Liquidity Provider Programs**

(a) The Exchange may from time to time establish programs that provide Participants with financial incentives for meeting trading volume or liquidity thresholds as may be established by the Exchange.

(b) All Participants are eligible to become Liquidity Providers, provided the Participant can meet the Liquidity Provider obligations.

#### **RULE 516. Withholding Orders Prohibited**

A Participant shall not withhold or withdraw from the Platform any Order, or any part of an Order, for the benefit or on the instruction of any Person other than for the Customer for whom the Participant is placing the Order.

#### **RULE 517. Priority of Customers' Orders**

~~No Participant~~Except as otherwise permitted under the Rules or Applicable Law, no person shall enter an Order into the Platform 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, including an Order allowing discretion as to time and price if such Participantperson is in possession of any unsubmitted Order from a Customer that the Platform is capable of executing, unless such Customer provides such Participantperson with written consent to delay such Order.

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

(a) General Prohibition - ~~No Participant~~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 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.

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

(i) On the Platform, a Participantperson may knowingly trade against a Customer Order for its own account, an account in which it has a direct or indirect financial interest, 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.

(ii) 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 Participant person has clearly notified the Customer that the Participantsuch 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.

#### **RULE 519. Disclosing Orders Prohibited**

No Participant shall disclose any Customer Order to buy or sell except to a designated Exchange Official or the CFTC, and no Subject Person shall solicit or induce a Participant to disclose any Customer's Order information. No Person shall take action or direct another to take action based on non-public Order information, however acquired. The mere statement of opinions or indications of the price at which a market may open or resume trading does not constitute a violation of this Rule.

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

(a) No Person shall enter through the Platform into a pre-~~discussed~~arranged transaction ~~for illegal or improper purposes (including any conduct prohibited by Chapter 4 or Chapter 5 of these 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 any relevant Customer; 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 before submitting the opposite side Order.

(b) 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.

#### **RULE 521. Wash Sales Prohibited**

No Subject Person shall place or accept buy and sell Orders in the same product and expiration month, where the person knows or reasonably should know that the purpose of the orders is to avoid taking a bona fide market position exposed to market risk (transactions commonly known or referred to as wash sales). Buy and sell Orders for different accounts with common beneficial ownership that are entered with the intent to negate market risk or price competition shall also be deemed to violate the prohibition on wash trades. Additionally, no Person shall knowingly execute or accommodate the execution of such Orders by direct or indirect means.

## **RULE 522. Recordkeeping Requirements for Entering Orders into the Platform**

### (a) General Requirements.

(i) Orders must be entered by electronic transmission to the Platform, and the Exchange shall maintain an electronic record of those entries. Each Subject Person entering Orders into the Platform shall input for each Order:

(A) the Firm ID identifying the Participant placing such Order, the User ID identifying the individual placing such Order, and an identifier of the Clearing Firm that will clear any resultant contracts (which identifier may be part of the Firm ID);

(B) its type, price or yield, quantity, product, maturity or expiration month or date, customer type indicator (“CTI”) code and account number (except as provided in Section (d)); and

(C) such additional information as may be prescribed from time to time by the Exchange.

(ii) With respect to Orders received by a Participant that are immediately entered into the Platform, no record other than that set forth above need be made. However, if a Participant receives an Order that cannot be immediately entered into the Platform, such Participant must (x) prepare a written Order ticket in non-erasable ink and include the account designation, date, an electronic timestamp reflecting the time of receipt, an indication of whether such Order is a bunched order, an order number and other information required pursuant to Rule 522(a)(i), (y) enter such Order into the Platform when such Order becomes executable and (z) if such Order is for a Customer, retain all consents and instructions from such Customer to delay entry of such Order.

### (b) Electronic Audit Trail Requirements for Electronic Order Routing/Front-End Systems.

(i) Each Participant is responsible for maintaining or causing to be maintained the Order routing and front-end audit trail for all electronic Orders, including Order entry, modification, cancellation and responses to such messages (referred to as the “Electronic Audit Trail”), entered into the Platform by such Participant.

(ii) The Electronic Audit Trail must be maintained for a minimum of five years, and Participants must have the ability to produce this data in a standard format upon request of the Exchange Regulation Department. This Electronic Audit Trail must contain all Order receipt, Order entry, Order modification, Order cancellation and response/receipt times to the highest level of precision achievable by the operating system, but at least to the hundredth of a second. The times captured must not be able to be modified by the Person entering the Order. The data must also contain all FIX Tag information and fields which should include, but are not limited to the following: a record of all fields relating to Order entry, including transaction date, product, Exchange code, expiration month, quantity, Order Type, Order Qualifier, price, buy/sell indicator, stop/trigger price, Order number, unique transaction number, account number, session ID, operator ID, host Order number, trader Order number, Clearing Firm, type of action, action status code, customer type indicator,



origin, and timestamps. For executed Orders the audit trail must record the execution time of the trade along with all fill information.

(iii) In the case where a Participant has a direct connect Customer that is another Participant, such Participant may notify such Customer in writing that it is the Customer's obligation to maintain the Electronic Audit Trail with respect to such Customer's Orders. If such Customer consents, the Participant's obligations to maintain an Electronic Audit Trail with respect to such Customer may be satisfied by such Customer; provided, however, that such Participant will remain liable in case such Customer fails to maintain the Electronic Audit Trail.

(c) [RESERVED]

(d) Customer Type Indicator (CTI) Codes. Each Clearing Firm must identify each transaction executed on the Platform on the record of transactions submitted to the Exchange with the correct CTI code. The CTI codes are as follows:

(i) CTI 1: Transactions initiated and executed by an individual member for his own account, for an account he controls or for an account in which he has ownership or financial interest;

(ii) CTI 2: Transactions executed for the proprietary account of a clearing member or non-clearing member firm;

(iii) CTI 3: Transactions where an individual member or authorized trader executes for the personal account of another individual member, for an account the other individual member controls or for an account in which the other individual member has ownership or financial interest;

(iv) CTI 4: Any transaction not meeting the definition of CTI 1, 2 or 3. (These should be non-member customer transactions).

### **RULE 523. Modification and Cancellation of Orders**

(a) Any Order that has been entered into the Platform may be modified or cancelled unless and until it has been executed or has otherwise expired. Any such modification or cancellation requires that a modification order or cancellation order, as the case may be, with respect to the original Order be entered into the Platform. Such modification or cancellation will become effective upon receipt by the Platform of the modification order or cancellation order, as the case may be.

(b) Every Order automatically expires at the end of the Trading Hours on the calendar day such Order is placed, in the event of any suspension or curtailment of trading, or in the case of any failure of the Platform.

**RULE 524. ~~Prearranged, Pre-Negotiated~~ arranged, Pre-Execution Communications and ~~Noncompetitive~~ Non-competitive Trades Prohibited**

(a) No Person shall ~~prearrange or pre-negotiate~~ arrange any purchase or sale, or ~~noncompetitively~~ 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) 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 524(c).

(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.

**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.

(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 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.

#### **RULE 526. Discretionary Orders**

No Participant shall submit a discretionary order to the Platform for any account of another Person, without the prior specific written consent of such other Person to the exercise of such discretion, provided, however, that the restrictions set forth in this subparagraph shall not apply to a discretionary order for: (i) an account of that Person's spouse, parent, parent of a spouse, brother, sister, child, or spouse of a child; or (ii) a Proprietary Account of the Participant.

#### **RULE 527. Priority of Execution**

Non-discretionary Customer Orders received by a Participant or an Authorized Trader shall be entered into the Platform in the sequence received; provided, however, that a Customer may request that a Participant delay submission of its Order in which case such Customer shall provide such Participant with written consent to delay submission of its Order. Non-discretionary Orders that cannot be immediately entered into the Platform must be entered when the Orders become executable in the sequence in which the Orders were received.

## **RULE 528. Average Price System**

(a) **Application of Average Prices.** A proprietary average price system (“APS”) developed by a Participant or Clearing Firm allows a Participant or Clearing Firm to confirm to Customers an average price when multiple execution prices are received on an Order or series of Orders for the same instrument. An Order or series of Orders executed for the same instrument during the same trading day at more than one price may be averaged pursuant to the APS only if each Order is for the same account or group of accounts and for the same instrument.

(b) **Requirements for APS Trades.** The requirements enumerated below must be met when applying the APS to transactions:

(i) The Customer must have requested average price reporting.

(ii) Each individual trade must be submitted to the Exchange at the executed price.

(iii) A Participant or Clearing Firm must compute and confirm the weighted mathematical average price, as set forth in Section (c).

(iv) A Participant or Clearing Firm must possess the records to support the calculations and allocations to Customer accounts and must maintain these records pursuant to CFTC Regulations.

(v) A Participant or Clearing Firm must ensure that its proprietary trades are not averaged with Customer APS trades.

(c) **Computation of Average Price.** Upon receipt of an execution or match at multiple prices for an APS Order, the weighted mathematical average must be computed by:

(i) multiplying the number of instruments purchased or sold at each execution price by that price;

(ii) adding the products calculated in Rule 528(c)(i) together; and

(iii) dividing the sum calculated in Rule 528(c)(ii) by the total number of instruments purchased or sold.

An average price for a series of Orders will be computed based on the average prices of each Order in that series. The actual average price or the average price rounded to the next price increment may be confirmed to Customers. If a Participant or Clearing Firm confirms the rounded average price, the Participant or Clearing Firm must round the average price up to the next price increment for a buy Order or down to the next price increment for a sell Order. The residual created by the rounding process must be paid to the Customer. APS may produce prices that do not conform to whole cent increments. In such cases, any amounts less than one cent may be retained by the Participant or Clearing Firm.

(d) **Disclosure.** Each Participant or Clearing Firm that confirms an average price to a Customer must indicate on the confirmation and monthly statement that the price represents an average price.

## **RULE 529. Position Limits And Exemptions**

(a) The Exchange may establish position limits for any Contract.

(b) Except as otherwise provided by the Exchange Rules, no Person, including a Participant, may hold or control a position in excess of such position limits and a Participant may not maintain a position in excess of such position limits for a Customer if such Participant knows, or with reasonable care should know, that such position will cause such Customer to exceed the applicable position limits.

(c) Position limits shall apply to (i) all positions in accounts for which any Person, by power of attorney or otherwise, directly or indirectly holds positions or controls trading, and (ii) positions held by two or more Persons acting pursuant to an expressed or implied agreement or understanding, as if the positions were held by, or the trading of the positions were done by, a single Person.

(d) Any Person seeking an exemption from the position limits referred to above must file an application with the Exchange in the manner and within the time limits prescribed by the Exchange. The Exchange shall notify the applicant whether the exemption has been approved and whether the Exchange has imposed any limitations or conditions on the exemption. The decision of the Exchange shall be final.

## **RULE 530. Position Accountability**

(a) The Exchange may establish a position accountability level for any Contract. Any Person, including a Participant, who owns or controls Contracts in excess of the applicable position accountability level shall provide to the Exchange at its request any information regarding the nature of the position, trading strategy or hedging activities, if applicable, and if ordered by the Exchange, shall not increase the size of any such position.

(b) For purposes of this Rule, all positions in accounts for which a Person, by power of attorney or otherwise, directly or indirectly controls trading shall be included with the positions held by such Person. The provisions of this Rule shall apply to positions held by two or more Persons acting pursuant to an expressed or implied agreement or understanding, as if the positions were held by a single Person.

**RULE 531.** [RESERVED]

**RULE 532.** [RESERVED]

## **RULE 533. Margin Requirements**

A Participant must comply with all margin requirements established by each relevant Clearing House and by each relevant Clearing Firm, if applicable.

## **RULE 534. Platform Access Restrictions**

(a) All Participants permitted to connect to the Platform, must have clearing arrangements in place with a Clearing Firm pursuant to which Clearing Firm agrees to clear Transactions for such Participant and its Customers, if applicable, pursuant to Rule 809. If the Participant's Customer clears its Transactions through a Clearing Firm other than the Participant,

the Customer must have clearing arrangements in place with a Clearing Firm pursuant to which Clearing Firm agrees to clear all Transactions effected by or through the Participant for that Customer.

(b) All individuals entering Customer Orders in other than a clerical capacity must have appropriate industry registration. Customer Orders may be entered only from the premises of an entity registered to conduct Customer business.

#### **RULE 535. Policies Governing Use of Firm IDs and User IDs**

No Person may use a Firm ID or User ID to place any Order except as permitted by these Rules, nor may any Person knowingly permit or assist the unauthorized use of a Firm ID or User ID. Each Participant on behalf of itself and each of its Supervised Persons shall ensure that no Firm ID or User ID is used by any Person not authorized by these Rules.

Each Participant that is not an individual, must have in place policies and procedures acceptable to the Exchange, which:

(a) Restrict access through password protection to any system capable of submitting Orders to the Platform to individual users authorized by the relevant Participant and having a User ID;

(b) Require creation, maintenance and retention, as required in Rule 522, of accurate and complete records regarding each individual that is issued, or authorized to use, a User ID;

(c) Require that their Supervised Persons protect and maintain the security of all Firm IDs and User IDs;

(d) Prohibit the use of Firm IDs and User IDs by any Person, including any subsidiary, affiliate, division or business unit of Participant, except as permitted by this Rulebook. Multiple individuals trading in the name of a single Participant or the Participant's customers under the same Firm ID are permitted to trade through the use of that Firm ID provided that each order submitted by each such individual is further identified by that individual's unique User ID.

#### **RULE 536. Responsibilities for Firm IDs and User IDs**

(a) Each Participant shall be solely responsible for controlling and monitoring the use of all Firm IDs issued to it by the Exchange.

(b) Each Participant shall ensure that each Supervised Person accessing the Platform using the Firm ID of such Participant is assigned a unique password and that each password is used only by the Person to whom it is assigned.

(c) Each Participant shall notify the Exchange promptly upon becoming aware of any unauthorized disclosure or use of any Firm ID or User ID assigned to it or any of its Supervised Persons and of any other reason for deactivating a Firm ID or User ID. Each Participant shall notify the Exchange of any unauthorized access to the Platform by any Supervised Person of such Participant or by any Person using a Firm ID or User ID assigned to such Participant or any Supervised Person of such Participant as the case may be. Each Participant shall be bound by any actions taken through the use of a Firm ID assigned to such Participant (other than any such actions resulting from the fault or negligence of the Exchange), including the submission of Orders and/or

execution of transactions, whether or not such actions were taken or authorized by (i) such Participant or (ii) any of the Supervised Persons of such Participant.

(d) Each Participant shall be solely responsible for ensuring that any front-end interface connecting to the Platform that is not provided by the Exchange, and that is used by the Participant and Supervised Persons of such Participant is in compliance, in design and operation, with Applicable Law and the Obligations of such Participant. Each Authorized Trader shall be identified to the Exchange, in the manner prescribed by the Exchange, and shall be subject to Rules.

(e) It is the duty of every Participant to ensure that each registration of (i) a Firm IDs assigned to such Participant is current and accurate at all times; and (ii) a User ID assigned to any Supervised Person of such Participant is current and accurate at all times.

(f) Each individual must use a unique User ID to access the Platform. In no event may a Person enter an Order or permit the entry of an Order by an individual using a User ID other than the individual's own User ID.

(g) Each Participant that is not an individual shall ensure that policies required under Rule 535 are developed, authorized and implemented by such Participant and that the Supervised Persons of such Participant comply with such policies and procedures.

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

THIS RULE 537 SHALL SET FORTH THE LIABILITY AND INDEMNIFICATION OBLIGATIONS OF THE EXCHANGE 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 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 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 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 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 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) THE EXCHANGE 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.

(c) NEITHER THE EXCHANGE NOR ANY TRUEEX PARTIES MAKE 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, 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 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 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 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.

**RULE 538. Control Desk**

(a) Customer Support.

(i) The control center of the Exchange ( the “Control Desk”) provides the Platform customer support and problem management only to Clearing Firms and Participants.

(ii) In order to be eligible for Control Desk support, a Supervised Person must first be identified by the relevant Participant or Clearing Firm, as the case may be, as an authorized contact (“Authorized Contact”) with the Control Desk. The Control Desk provides customer support via a specified telephone number and during specified hours.

(iii) Control Desk employees may not always be available to assist Authorized Contacts.

(iv) Individuals other than Authorized Contacts and Persons with a User ID must contact a Participant’s or a Clearing Firm’s Authorized Contact to make support requests.

(b) Control Desk Communications.

(i) As provided in Rule 537, the Exchange shall not be liable for any loss resulting from any inability to communicate with the Control Desk.

(ii) The liability of the Exchange for the negligent acts of Control Desk staff shall be subject to the limitations and conditions of Rule 537.

(iii) In no event shall the Exchange be liable for the negligence of the Control Desk if the Person claiming to have suffered a loss could have secured the support it sought from the Control Desk through its own administrative terminal, a terminal of its Clearing Firm or a terminal of an ISV.

(iv) For purposes of this Rule, a Person is deemed able to take action through its own administrative terminal, a Clearing Firm’s terminal or an ISV’s terminal unless such terminal was inoperative or such terminal service was interrupted at the time the Control Desk took action.

(c) Order Status.

(i) A Person who believes it has received an incorrect Order status or does not receive an appropriate status shall immediately notify the Control Desk. Additionally, such Person shall take any necessary and appropriate market action to mitigate any potential losses arising from the incorrect Order status or lack of appropriate Order status immediately after the Person knew or should have known that the Order status information was incorrect or should have been received. Any liability of the Exchange for incorrect Order status shall be subject to the limitations and conditions of Rule 537.

(ii) Notwithstanding the above, the Exchange shall not be liable for losses related to incorrect Order status information if the Exchange provides prior notification that an Exchange system, service or facility may produce such incorrect information and also provides notification of a means to obtain correct Order status information from such system, service or facility. In the event that the Control Desk and an Exchange system, service or facility provide conflicting information relating to an Order status, a Person may only reasonably rely on the information received from the Control Desk. Any liability of the Exchange shall be subject to the liability caps and conditions of Rule 537.

## **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 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 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 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).

(iii) Except as provided in Rule 539(a)(iv), 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. An Iceberg Order will not be treated as a resting Order eligible to be matched, except to the extent of its displayable portion.

(iv) 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)(iv). 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 order, the orders will match immediately as they have the highest priority and are guaranteed to match.

(v) 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 order in the Continuing Session. If, at the end of the Continuing Session, a trade has occurred, and there are unmatched TRADEON orders remaining, another Continuing Session will begin.

(vi) Termination: At the conclusion of a TRADEON Session, if no Continuing Session will follow pursuant to Rule 539(a)(v) 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, 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 for Required Transactions. An RFQ for a 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 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 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 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)(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.

(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, 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 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 or any responsive quotes to the RFQ of Requesting Participants.

(C) 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.

#### **RULE 540. Market Open**

Orders may not be submitted outside of Trading Hours. After market open, each Contract will be traded on a continuous basis until a time designated by the Exchange for the close of daily trading for such Contract. The Trading Hours and holidays of the Exchange will be published on the Web Site.

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

(a) Authority Over Trade Cancellations and Price Adjustments.

(i) The Board or a designee of the Board has authority to adjust trade prices or cancel (“bust”) trades when such action is necessary to mitigate market disrupting events

caused by the improper or erroneous use of the Platform, by system defects, or for any reason deemed necessary by the Exchange in order to comply with Applicable Law.

(ii) Notwithstanding any other provisions of this Rule 541, the Board or a designee of the Board may adjust trade prices or bust any trade if it determines that allowing the trade to stand as executed may have a material, adverse effect on the integrity of the market.

(iii) All decisions of the Board or a designee of the Board under this Rule 541 shall be final.

(b) Review of Trades.

(i) The Board or a designee of the Board may determine to review a trade based on its independent analysis of market activity or upon request for review by a user of the Platform. A request for review must be made within 15 minutes of the execution of the trade.

(ii) The Board or a designee of the Board shall determine whether or not a trade will be subject to review. In the absence of a timely request for review, during volatile market conditions, upon the release of significant news, or in any other circumstance in which the Board or a designee of the Board deems it to be appropriate, the Board or a designee of the Board may determine, in its sole discretion, that a trade shall not be subject to review.

(c) Price Adjustments and Cancellations.

(i) In reviewing a trade, the Board or a designee of the Board will first determine whether the trade price is within the No Bust Range for the Contract.

(ii) In applying the No Bust Range, the Board or a designee of the Board shall determine the fair value market price for that Contract at the time the trade under review occurred (the "Market Price"). The Board or a designee of the Board may consider any relevant information, including, but not limited to, the last trade price in the contract or a better bid or offer price on the Platform, a more recent price for a different maturity date, the price of the same or related contract established in another venue or another market and the market conditions at the time of the trade.

(iii) Trade Price Inside the No Bust Range. If the Board or a designee of the Board determines that the price of the trade is inside the No Bust Range, then it will issue an alert indicating that the trade shall stand.

(iv) Trade Price Outside the No Bust Range.

(A) Swaps. If the Board or a designee of the Board determines that a trade price is outside the No Bust Range for a swap, the trade price shall be adjusted to a price that equals the fair value market price for that contract at the time the trade under review occurred, plus or minus the No Bust Range. In the event there are multiple parties, prices or contracts involved in the transactions at issue, the Board or a designee of the Board has the authority, but not the obligation, to bust rather

than price adjust such transactions. The Board or a designee of the Board will issue an alert regarding its decision.

(B) Busted trade prices and any prices that have been adjusted shall be cancelled in the Exchange's official record of time and sales. Trades that are price adjusted shall be inserted in the time and sales record at the adjusted trade price.

(d) Alternative Resolution by Agreement of Parties.

(i) 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.

(ii) 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).

(iii) 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.

(iv) 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.

(e) Liability for Losses Resulting from Price Adjustments or Cancellations.

(i) A party entering an order that results in a price adjustment or trade bust shall be responsible for demonstrated claims of realized losses incurred by persons whose trade prices were adjusted or busted; provided, however, that a claimant shall not be entitled to compensation for losses incurred as a result of the claimant's failure to take reasonable actions to mitigate the loss.

(ii) A claim for a loss pursuant to this section must be submitted to the Exchange on an Exchange claim form within one business day of the event giving rise to the claim. The Exchange will reject any claim that is not filed in a timely manner and such decisions shall be final. Eligible claims shall be forwarded by the Exchange to the party responsible for the order(s) that resulted in a trade bust or a price adjustment and to the Participant through which the trade was submitted for clearing. Such party shall, within ten business days of receipt of the claim, admit or deny responsibility in whole or in part. Failure to respond to the claim within ten business days shall be considered a denial of liability.

(iii) To the extent that liability is admitted, payment shall be made within ten business days. Unless otherwise agreed upon in writing by the parties, failure to make the payment within ten business days shall be considered a denial of liability for purposes of this Rule 541. A copy of any such written agreement must be provided to the Exchange.

(iv) To the extent that liability is denied, the party making the claim may submit the claim for arbitration pursuant to Chapter 7 of the Rules. Such claims must be submitted to the Board or a designee of the Board within ten business days of the date the party was issued notification that liability was denied.

(f) **Schedule of Administrative Fees.** When the Board or a designee of the Board busts or price adjusts a trade, the party responsible for entering the order into the Platform that gave rise to the trade bust or price adjustment shall pay an administrative fee to the Exchange in the amount of \$500 for each such occurrence.

(g) **Exchange No Bust Ranges.**

| <b>Contract</b>    | <b>No Bust Range</b>  |
|--------------------|---|
| Interest Rate Swap | The price equivalent of 5 basis points from the determination of fair market value by the Board or a designee of the Board. |

(h) **Transfer Trades.** Positions that result from a trade determined by the Board or a designee of the Board to be outside the No Bust Range that cannot be busted because the trade was not reported within five minutes of the execution of the trade may be transferred between the parties using a transfer trade upon agreement of the parties (a “Transfer Trade”). Such Transfer Trades must comply with the trading requirements in these Rules. The Transfer Trade must use the original trade price and quantity. Any party may, but is not required to, include a cash adjustment to another party to the trade. Trades determined by the Board or a designee of the Board to be inside the No Bust Range may not be reversed using a Transfer Trade.

(i) **Voluntary Adjustment of Trade Price.** When a trade outside of the No Bust Range is busted in accordance with this Rule 540, 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:

(i) The Board or a designee of the Board approves the adjustment.

(ii) The quantity of the position being reestablished is the same as the quantity of the trade that was busted.

(iii) In the case of a trade below the Market Price, the adjusted price must be the lowest price that traded at or about the time of the trade without being busted. In the case of a trade above the Market Price, the adjusted price must be the highest price that traded at or about the time of the trade without being busted.

(iv) The parties to the adjusted trade must report it to the Exchange using a Transfer Trade not later than the close of business on the Business Day after the trade occurred.

(j) **Busting Trades After System Malfunction.** In the event that the matching engine malfunctions with live Orders in the queue waiting to be matched, such Orders may be matched when the system is restored before the Board or a designee of the Board halts the matching engine. The Board or a designee of the Board is authorized to bust trades resulting from such matches if the



price of such trades is outside of the No Bust Range at the time that a confirmation of the trades was sent.

(k) **Busting Trades That Have Not Been Accepted for Clearing.**

(i) The Board or a designee of the Board has the authority to bust any trade that is not accepted for clearing by either the relevant Clearing Firm or Clearing House after application of the Exchange's policies and procedures on clearing certainty.

(ii) Notwithstanding anything to the contrary in this Rule 541, the Exchange's policies and procedures on clearing certainty shall govern resolution of all issues involving trades that have been busted pursuant to Rule 541(k)(i). In the event of any conflict or inconsistency between these Rules and the Exchange policies and procedures on clearing certainty, the policies and procedures on clearing certainty shall prevail solely with respect to trades that have been busted pursuant to Rule 541(k)(i).

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

(a) The Exchange shall designate the 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 shall not execute any order by means of a Block Trade for a Person unless such Person has specified that the order be executed as a Block Trade on the DCM Trading System.

(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 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) Parties to a Block Trade must ensure that each Block Trade is reported to the Exchange as soon as technologically practicable. For the purposes of this rule, a Block Trade is reported to the Exchange immediately following 1) the entry of the trade details of the Block Trade into the Block Trade reporting module of the Platform for the DCM Trading System by one party and 2) the acceptance by counterparty to the terms of the Block Trade through the Platform for the DCM Trading System. The trade details reported to the Exchange 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.

(vii) Block Trades must be reported to the Exchange in accordance with an approved reporting method. Block Trades reported to the Exchange will be reported to the SDR as soon as technologically practicable. The SDR will delay 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 involved in the execution of Block Trades must maintain a record of the transaction 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).

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

(i) INTEREST RATE SWAPS

**RULE 543. [RESERVED]**

**RULE 544. Recordkeeping Requirements for Privately Negotiated Trades**

(a) All transactions executed pursuant to Rule 539 and Rule 542, unless otherwise exempted by Rule, are subject to the following recordation requirements (in addition to any other recordation requirements applicable under the Rules and Applicable Law):

(i) At the time of execution, every Order received from a Customer must be in the form of a written or electronic record and include an electronic timestamp reflecting the date and time such Order was received and must identify the specific account(s) for which the Order was placed. Such record shall also include an electronic timestamp reflecting the date and time such Order was executed or cancelled.

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

(a) 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) 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.

#### **RULE 546. Written Record of the Terms of Transactions Executed on the Platform.**

The Exchange will provide each Participant that is a counterparty to a Transaction on the Platform a written record of all of the terms of the Transaction. Such terms shall legally supersede any previous agreement and serve as a confirmation of the Transaction. The Exchange will not include specific customer identifiers for accounts included in bunched orders if the applicable requirements of CFTC Regulation 1.35(b)(5) are met.

#### **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

(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), (b), (c) and (d) above shall also apply to Block Trades in which orders have been aggregated to meet the minimum transaction size as allowed by trueEX Rule 542(b)(i), (ix) and (x).

## CHAPTER 6 DISCIPLINARY RULES

### **RULE 601. General**

(a) All Subject Persons shall be subject to the jurisdiction of the Exchange. All Subject Persons are subject to this Chapter 6 if they, or with respect to a Participant, any other Person (including any Supervised Person of such Participant) using any Firm ID assigned to such Participant, are alleged to have violated, to have aided and abetted a violation, or to be violating, ~~or to be about to violate~~, any Rule of the Exchange or any provision of Applicable Law for which the Exchange possesses disciplinary jurisdiction.

(b) The Exchange, through the Exchange Regulation Department and the Disciplinary Panel, will conduct inquiries, investigations, disciplinary proceedings and appeals from disciplinary proceedings, summary impositions of fines, summary suspensions or other summary actions in accordance with this Chapter 6.

(c) No Exchange Official, Director, or Officer will interfere with or attempt to influence the process or resolution of any inquiry, investigation, disciplinary proceeding, appeal from a disciplinary proceeding, summary imposition of fines, summary suspension or other summary action (each, a “Disciplinary Action”), except to the extent provided under the Rules with respect to a proceeding in which the Director is a member of the relevant Appeal Panel; provided, however, that a Director may participate in the proceedings of an Appeal Panel if such Director is a member of such Appeal Panel to the extent otherwise authorized.

(d) Any Subject Person may be represented by legal counsel or any other representative of its choosing during any Disciplinary Action; provided, however, that no such legal counsel may be an employee of the Exchange or any person substantially related to the underlying investigation (such as a material witness or respondent).

(e) Liability for Supervised Persons.

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

(A) 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;

(B) the acts and omissions of any Supervised Person of such Participant or such Clearing Firm that constitutes a violation of the Rules of the Exchange or any provision of Applicable Law; or

(ii) any Person’s use of 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.

(f) Ex Parte Communications.

(i) A Person subject to a disciplinary proceeding or an appeal from a disciplinary proceeding (and any counsel or other representative of such Person) and the Exchange Regulation Department (and any counsel or other representative of the Exchange

Regulation Department) shall not knowingly make or cause to be made an ex parte communication relevant to the merits of a disciplinary proceeding or an appeal from a disciplinary proceeding to any member of the Disciplinary Panel or the Appeal Panel hearing such proceeding.

(ii) Members of a Disciplinary Panel or Appeal Panel shall not knowingly make or cause to be made an ex parte communication relevant to the merits of a disciplinary proceeding or an appeal from a disciplinary proceeding to any Person subject to such proceeding (and any counsel or representative of such Person) and the Exchange Regulation Department (and any counsel or representative of the Exchange Regulation Department).

(iii) Any Person who receives, makes or learns of any communication that is prohibited by this rule shall promptly give notice of such communication and any response thereto to the Exchange Regulation Department and all parties to the proceeding to which the communication relates.

(iv) A Person shall not be deemed to have violated this rule if the Person refuses an attempted communication concerning the merits of a proceeding as soon as it becomes apparent the communication concerns the merits.

#### **RULE 602. Inquiries and Investigation**

(a) The Exchange Regulation Department will investigate any matter within the Exchange's jurisdiction of which it becomes aware. Pursuant to this Chapter 6, the Exchange Regulation Department will commence an investigation upon the receipt of a request from Commission staff or upon the discovery or receipt of information by the Exchange that, in the judgment of the Exchange Regulation Department indicates a possible basis for finding that a violation may have occurred or will occur. The Exchange Regulation Department will determine the nature and scope of its inquiries and investigations in its sole discretion and will function independently of any commercial interests of the Exchange.

(b) The Exchange Regulation Department has the authority to:

(i) initiate and conduct inquiries and investigations;

(ii) prepare investigative reports and make recommendations concerning initiating disciplinary proceedings;

(iii) prosecute alleged violations within the Exchange's disciplinary jurisdiction;  
and

(iv) represent the Exchange on appeal from any disciplinary proceeding, summary imposition of fines, summary suspension or other summary action.

(c) Each Subject Person:

(i) is obligated to appear and testify and respond in writing to interrogatories within the time period required by the Exchange Regulation Department in connection with:

(A) any Obligation;

- (B) any inquiry or Investigation; or
- (C) any preparation by and presentation during a Disciplinary Action.

(ii) is obligated to produce all books, records, papers, documents or other tangible evidence in its, his or her possession, custody or control within the time period required by the Exchange Regulation Department in connection with:

- (A) any Obligation;
- (B) any inquiry or Investigation; or
- (C) any preparation by and presentation during a Disciplinary Action;

and

(iii) may not impede or delay any Disciplinary Action.

### **RULE 603. Reports of Investigations**

(a) The Exchange Regulation Department will maintain a log of each Investigation and its disposition. The Exchange Regulation Department will prepare a written report of each Investigation, regardless of whether the evidence gathered during such Investigation forms a reasonable basis to believe that a violation within the Exchange's jurisdiction has occurred or is about to occur or whether the evidence gathered results in closing the matter without further action or through summary action.

(b) Any written report of Investigation ("Investigative Report") will include the reasons for initiating the Investigation (including a summary of the complaint, if any), all relevant facts and evidence gathered, Exchange Regulation Department staff's analysis and conclusions and the recommendation of the Exchange Regulation Department including as to whether a warning letter should be issued or any other disciplinary action should be pursued. For each potential respondent, the Exchange Regulation Department will recommend either:

- (i) closing the Investigation without further action;
- (ii) settlement;
- (iii) summary action;
- (iv) the preparation and service of a Notice of Charges for instituting a disciplinary proceeding; or
- (v) resolving the Investigation through an informal disposition, including the issuance of a warning letter. An informal disposition (including the issuance of a warning letter) will not constitute a finding of a violation or a sanction, however, the investigative report must include a copy of any warning letter.

(c) The Investigative Report will be provided to the Chief Compliance Officer or the Chief Regulatory Officer for a determination as to whether the Investigative Report is complete. The Chief Compliance Officer or the Chief Regulatory Officer will then provide the completed Investigative Report to the Review Panel of the Disciplinary Panel.

## **RULE 604. Opportunity to Respond**

(a) After completing its Investigative Report, the Exchange Regulation Department may, upon approval of the Chief Compliance Officer or the Chief Regulatory Officer, notify each potential respondent that the Exchange Regulation Department has recommended formal disciplinary charges against the potential respondent.

(b) The Exchange Regulation Department may allow a potential respondent to propose a settlement of the matter or to submit a written statement explaining why a disciplinary proceeding should not be instituted or one or more of the potential charges should not be brought. The potential respondent shall submit such written statement within the time limit established by the Exchange Regulation Department.

## **RULE 605. Review of Investigative Reports**

(a) Review of Investigative Reports by the Chief Compliance Officer or the Chief Regulatory Officer.

(i) The Chief Compliance Officer or the Chief Regulatory Officer will review the Investigative Report provided pursuant to Rule 603(c) to determine whether a reasonable basis exists to believe that a violation within the Exchange's jurisdiction has occurred or is about to occur.

(ii) If after receiving an Investigative Report pursuant to Rule 605(a)(i) or any additional information pursuant to this Rule 605(a)(ii), the Chief Compliance Officer or the Chief Regulatory Officer determines that additional investigation or evidence is needed to decide whether a reasonable basis exists to believe that a violation within the Exchange's jurisdiction has occurred or is about to occur, the Chief Compliance Officer or the Chief Regulatory Officer will direct the Exchange Regulation Department to conduct further investigation.

(iii) Upon receiving the Investigative Report pursuant to Rule 605(a)(i) and all additional information requested pursuant to Rule 605(a)(ii), the Chief Compliance Officer or the Chief Regulatory Officer will determine for each potential respondent whether to authorize:

(A) the informal disposition of the Investigation (by issuing a warning letter or otherwise) because disciplinary proceedings are unwarranted, in which case the Chief Compliance Officer or the Chief Regulatory Officer shall provide a written explanation to the Regulatory Services Provider; or

(B) the closing of the Investigation without any action because no reasonable basis exists to believe that a violation within the Exchange's jurisdiction has occurred or is about to occur, in which case the Chief Compliance Officer or the Chief Regulatory Officer shall provide a written explanation to the Regulatory Services Provider; or

(C) the commencement of disciplinary proceedings because a reasonable basis exists to believe that a violation within the Exchange's jurisdiction has occurred or is about to occur.



(b) Review of Investigative Reports by the Review Panel of the Disciplinary Panel.

(i) After receiving a completed Investigative Report pursuant to Rule 605(a), a Review Panel must promptly review the report and, within 30 days of such receipt, must take one of the following actions:

(A) If the Review Panel determines that additional investigation or evidence is needed, it must promptly direct the Exchange Regulation Department to conduct further investigation.

(B) If the Review Panel determines that no reasonable basis exists for finding a violation or that prosecution is otherwise unwarranted, it may direct that no further action be taken. Such determination must be in writing, and must include a written statement setting forth the facts and analysis supporting the decision and the Chief Compliance Officer or the Chief Regulatory Officer shall provide the written statement to the Regulatory Services Provider.

(C) If the Review Panel determines that a reasonable basis exists for finding a violation and adjudication is warranted, it must direct that the person or entity alleged to have committed the violation be served with a Notice of Charges and proceed in accordance with the rules of this Chapter 6.

(ii) A failure of the Disciplinary Panel to act within the time prescribed in Rule 605(b)(i) shall not prevent the Chief Compliance Officer or the Chief Regulatory Officer from acting pursuant to Rule 605(a). The Chief Compliance Officer or the Chief Regulatory Officer shall inform the Regulatory Oversight Committee of any such failure of the Disciplinary Panel to act.

(iii) Any conflict between the actions of the Chief Compliance Officer or the Chief Regulatory Officer pursuant to Rule 605(a) and the Disciplinary Panel pursuant to Rule 605(b) shall be resolved by the Regulatory Oversight Committee.

(c) Each Investigation shall be completed in a timely manner. Absent mitigating circumstances (it being understood that the complexity of the Investigation, the number of firms or individuals involved as potential wrongdoers, the number of potential violations to be investigated, and the volume of documents and data to be examined may constitute such mitigating circumstances), an Investigation shall be complete within 12 months of such Investigation being initiated pursuant to Rule 602(a).

#### **RULE 606. Notice of Charges**

(a) If the Chief Compliance Officer, the Chief Regulatory Officer or Review Panel authorizes disciplinary proceedings pursuant to Rule 605(a)(iii)(C) or Rule 603(b)(iv), the Exchange Regulation Department will prepare, and serve in accordance with Rule 608, a Notice of Charges (“Notice of Charges”).

(b) A Notice of Charges will:

(i) state the acts, conduct or practices that the respondent is alleged to have engaged in;

- (ii) state the Obligation or provision of Applicable Law alleged to have been violated or about to be violated;
- (iii) state the proposed sanctions;
- (iv) advise the respondent of its right to a hearing;
- (v) advise the respondent of the right to be represented by legal counsel pursuant to Rule 601(d) in all succeeding stages of the disciplinary process;
- (vi) state the period of time within which the respondent may file an answer to the Notice of Charges, which will not be less than 20 days after service of the Notice of Charges;
- (vii) advise the respondent that any failure to answer the Notice of Charges pursuant to Rule 607 within the period stated pursuant to Rule 606(b)(vi) except for good cause, will be deemed to constitute a waiver of the right to participate in a hearing; and
- (viii) advise the respondent that any allegation in the Notice of Charges that is not expressly denied will be deemed to be admitted.

**RULE 607. Answer to Notice of Charges**

- (a) If the respondent determines to answer a Notice of Charges, the respondent must file answers within the period indicated in the Notice of Charges pursuant to Rule 606(b)(vi), which period may be extended by written consent of the Chief Compliance Officer or the Chief Regulatory Officer.
- (b) To answer a Notice of Charges, the respondent must in writing:
  - (i) specify the allegations that the respondent denies or admits;
  - (ii) specify the allegations that the respondent does not have sufficient information to either deny or admit;
  - (iii) specify any specific facts that contradict the Notice of Charges;
  - (iv) specify any affirmative defenses to the Notice of Charges; and
  - (v) sign and serve the answer on the Chief Compliance Officer or the Chief Regulatory Officer, who shall forward a copy of the answer to the relevant Review Panel.
- (c) Any failure by the respondent to timely serve an answer to a Notice of Charges will be deemed to be an admission to the allegations in such notice. Any failure by the respondent to specifically answer any allegation shall be deemed to be an admission of such allegation. Any allegation in a Notice of Charges that the respondent fails to expressly deny shall be deemed to be admitted. A general denial by the respondent will constitute an admission of all allegations in a Notice of Charges.
- (d) If the respondent timely files an answer to a Notice of Charges, the respondent shall be entitled to attend and participate in a hearing pursuant to Rule 613.

## **RULE 608. Service of Notice of Charges**

Documents (including a Notice of Charges) contemplated by this Chapter 6 may be served on any respondent (a) in person to the respondent or an Authorized Representative of the respondent, (b) by delivery to the place of business of the respondent or an Authorized Representative of the respondent, by United States mail, postage prepaid, via registered or certified mail addressed to the respondent at the address as it appears on the books and records of the Exchange, (c) via electronic mail to the electronic mail address of the respondent or an Authorized Representative of the respondent as it appears on the books and records of the Exchange.

## **RULE 609. Settlements**

(a) A respondent at any time after an Investigative Report is completed pursuant to Rule 603 may propose in writing an offer of settlement related to anticipated or instituted disciplinary proceedings.

(b) A respondent or potential respondent may offer to settle disciplinary proceedings without admitting or denying the findings contained in the order of the disciplinary proceedings but must accept the jurisdiction of the Exchange over it and over the subject matter of the proceedings and consent to the entry of the findings and sanctions imposed.

(c) Any offer of settlement should contain proposed findings and sanctions and be signed by the respondent or potential respondent and submitted to the Exchange Regulation Department. The Exchange Regulation Department shall provide a copy of any offer of settlement and its recommendation on whether to accept or reject such offer to the Chief Compliance Officer, the Chief Regulatory Officer and/or the Review Panel considering the matter at issue, or if no Review Panel is considering the matter, then the Hearing Panel convened to consider such matter.

(d) Any preliminary determination by the Chief Compliance Officer or the Chief Regulatory Officer to accept the offer shall be submitted for review by the relevant Disciplinary Panel. If the relevant Disciplinary Panel agrees, then the Chief Compliance Officer or the Chief Regulatory Officer shall conditionally accept an offer of settlement, and that the settlement will become final upon the expiration of 20 days after an order of the disciplinary proceedings consistent with the terms of the offer of settlement is served on the respondent.

(e) If an offer of settlement is accepted by the relevant Disciplinary Panel, the panel accepting the offer must issue a written decision specifying the rule violations it has reason to believe were committed, including the basis or reasons for the panel's conclusions, and any sanction to be imposed, which must take into account the respondent's disciplinary history and include full customer restitution where harm to a customer and the customer's identity can be reasonably determined. If an offer of settlement is accepted without the agreement of the Exchange Regulation Department, Chief Compliance Officer or the Chief Regulatory Officer, the decision must adequately support the Disciplinary Panel's acceptance of the settlement. If applicable, the decision must also include a statement that the respondent has accepted the sanctions imposed without either admitting or denying the rule violations.

(f) If an offer of settlement is accepted and the related order of disciplinary proceedings becomes final, the respondent's submission of the offer will be deemed to constitute a waiver of the right to notice, opportunity for a hearing and review and appeal under the Rules.

(g) If the offer of settlement of a respondent or potential respondent is not accepted by agreement between the Chief Compliance Officer or the Chief Regulatory Officer and the relevant Disciplinary Panel, fails to become final or is withdrawn by the respondent or potential respondent, the matter will proceed as if the offer had not been made and the offer and all documents relating to it will not become part of the record. Neither a respondent or potential respondent nor the Exchange Regulation Department may use an unaccepted offer of settlement as an admission or in any other manner at a hearing of, or appeal from, disciplinary proceedings.

#### **RULE 610. Disciplinary Panels**

(a) **Review Panel.** The Review Panel shall review completed Investigative Reports in order to determine whether a reasonable basis exists for finding a violation of a respondent's Obligations and for authorizing the issuance of a Notice of Charges against such respondent.

(b) **Hearing Panel.** The Hearing Panel shall conduct hearings in connection with any disciplinary proceedings (except for summary impositions of fines pursuant to Rule 617), to make findings, render decisions, and impose sanctions pursuant to this Chapter 6.

(c) **Panel Members.** The Board shall appoint individuals at the recommendation of the Chief Compliance Officer or the Chief Regulatory Officer, each to serve for a term of one-year, subject to reappointment by the Board, as potential participants on the Disciplinary Panels. The Chief Compliance Officer or the Chief Regulatory Officer shall recommend at least three individuals who would satisfy the conditions for being deemed a Public Director and at least three individuals who represent the views of Participants. The term of an individual that has been selected as a member of a Disciplinary Panel will not expire until the related proceedings are completed.

(d) **Chairperson.** The chairperson of any Review Panel or Hearing Panel shall be a Public Participant.

(e) **Disciplinary Panel Selection.** The Chief Compliance Officer or the Chief Regulatory Officer shall randomly select a Review Panel and Hearing Panel prior to the commencement of any investigative or disciplinary matter from the potential members of Disciplinary Panels appointed by the Board pursuant to Rule 610(c). Each Disciplinary Panel shall be selected by randomly choosing at least one Public Participant and the remaining individuals from those representing the views of the Participants, with the latter being chosen in a manner that prevents any group or class of industry participants from dominating or exercising disproportionate influence on the Disciplinary Panel being formed.

(f) If an individual selected is an Interested Person or if a member of the Disciplinary Panel later becomes an Interested Person, a replacement for such individual shall be randomly selected by the Chief Compliance Officer or the Chief Regulatory Officer.

(g) Within 10 days of being notified of the appointment of the Disciplinary Panel, a respondent may seek to disqualify any individual named to the Disciplinary Panel for the reasons identified in Rule 215 or for any other reasonable grounds, including that such individual has a financial interest in the matter, by serving written notice on the Chief Compliance Officer or the Chief Regulatory Officer. By not timely filing a request for disqualification, the respondent will be deemed to have waived any objection to the composition of a Disciplinary Panel. The general counsel of the Exchange will decide the merits of any request for disqualification within his or her sole discretion. Any such decision will be final and not subject to appeal.

(h) No person shall serve on a Disciplinary Panel unless such person has agreed in writing that he or she will not publish, divulge, or make known in any manner, any facts or information regarding the business of any person or any other information which may come to his attention in his official capacity as a member of the Disciplinary Panel, except when reporting to the Board or to a committee concerned with such information or to the Exchange Regulation Department, when requested by any Government Agency or Self-Regulatory Organization, or when compelled to testify in any judicial or administrative proceeding.

(i) All information, records, materials and documents provided to the Disciplinary Panel and all deliberations, testimony, information, records, materials and documents related thereto shall be treated as non-public and confidential and shall not be disclosed, except as necessary to further an Investigation or as required by law.

#### **RULE 611. Convening Hearings of Disciplinary Proceedings**

(a) A hearing will be conducted privately and confidentially. Notwithstanding the confidentiality of hearings, the Hearing Panel may appoint an expert to attend any hearing and assist in deliberations if such expert agrees to be subject to an appropriate confidentiality agreement.

(b) After reasonable notice to each respondent, the Hearing Panel will promptly convene a hearing to conduct the disciplinary proceedings with respect to such respondent. Parties to a disciplinary proceeding include each respondent and the Exchange Regulation Department.

(c) The chair of the Hearing Panel may continue, adjourn or otherwise conduct the hearing, as he or she may deem appropriate. The chair of the Hearing Panel will determine all procedural and evidentiary matters, including the admissibility and relevance of any evidence proffered. In determining procedural and evidentiary matters, the chair of the Hearing Panel will not be bound by any evidentiary or procedural rules or law. Once admitted during the hearing, the Hearing Panel may consider, and attach the weight it believes appropriate to, evidence or other materials. The general counsel of the Exchange, or its designee, will provide guidance to the chair of the Hearing Panel on the conduct of the hearing.

(d) Except for procedural and evidentiary matters decided by the chair of the Hearing Panel pursuant to Rule 611(c) and Rule 612, unless each respondent otherwise consents, the entire Hearing Panel must be present during the entire hearing and any related deliberations.

#### **RULE 612. Respondent Review of Evidence**

(a) Prior to the commencement of a hearing, each respondent will be given the opportunity to review all books, records, documents, papers, transcripts of testimony and other tangible evidence in the possession or under the control of the Exchange that the Exchange Regulation Department will use to support the allegations and proposed sanctions in the Notice of Charges or which the chair of the Hearing Panel deems relevant to the disciplinary proceedings. Notwithstanding the first sentence in this Rule 612(a), no respondent will have the right to review, and the Exchange will have no obligation to disclose, any documents that are privileged or constitute attorney work product, documents that were prepared by an employee of the Exchange but will not be offered in evidence at the hearing, documents that may disclose a technique or guideline used in examinations, investigations or enforcement proceedings, or documents that disclose the identity of a confidential source.

(b) If any books, records, documents, papers, transcripts of testimony, or other tangible evidence contain information that could adversely affect the competitive position of the Person providing the information or if such information might compromise other Investigations being conducted by the Exchange Regulation Department, the Exchange Regulation Department may redact, edit or code such information before furnishing it to the respondent.

(c) Notwithstanding anything in paragraph (b) above to the contrary, the Exchange Regulation Department:

(i) will not redact, edit or code competitive or investigative information contained in documents in a manner that would impair the respondent's ability to defend against the allegations or proposed sanctions in the notices of charges, and

(ii) will provide the respondent with access to the information and portions of the documents that the Exchange Regulation Department intends to rely on to support the allegations or proposed sanctions in the Notice of Charges.

(d) For purposes of this Rule 612, information that could adversely affect competitive positions include positions in Contracts currently held, trading strategies employed in establishing or liquidating positions, the identity of any Participant, or other Subject Person, and the personal finances of any Person.

### **RULE 613. Conducting Hearings of Disciplinary Proceedings**

(a) At a hearing conducted in connection with any disciplinary proceedings, the Exchange Regulation Department will present its case supporting the allegations and proposed sanctions in the Notice of Charges to the Hearing Panel. If a respondent has timely filed an answer to the Notice of Charges in accordance with Rule 607, the respondent is entitled to attend and participate in the hearing.

(b) At a hearing conducted in connection with any disciplinary proceedings, the Hearing Panel or the Exchange Regulation Department and each respondent may:

(i) present evidence and facts unless determined irrelevant or inadmissible by the chair of the Hearing Panel;

(ii) call and examine witnesses; and

(iii) cross-examine witnesses called by other parties.

(c) If the respondent has failed to file an answer, has filed a general denial, or otherwise has failed to expressly deny any allegation in the Notice of Charges, the chair of the Hearing Panel may limit evidence concerning any allegations not expressly denied in determining the sanctions to impose. If a respondent fails to file an answer but appears at the hearing, the respondent may not participate in the hearing (by calling or cross-examining witnesses, testifying in defense, presenting evidence concerning the Notice of Charges, or otherwise) unless the Hearing Panel determines that the respondent had a compelling reason for failing to timely file an answer. If the Hearing Panel determines that the respondent had a compelling reason for failing to timely file an answer, the Hearing Panel will adjourn the hearing and direct the respondent to promptly file a written answer in accordance with Rule 607.

(d) Any Person entitled, or required or called upon, to attend a hearing before a Hearing Panel pursuant to Rule 613(b)(ii) will be given reasonable notice, confirmed in writing, specifying the date, time and place of the hearing, and the caption of the disciplinary proceedings. Any Subject Person that is called as a witness is required to appear at the hearing him- or herself if such Subject Person is an individual or by a duly authorized officer or another appropriate representative if such Subject Person is a juridical entity, and where applicable, produce evidence. The Exchange will make reasonable efforts to secure the presence of all other Persons called as witnesses whose testimony would be relevant.

(e) If during any disciplinary proceedings the Hearing Panel determines that a reasonable basis exists to believe that the respondent violated or is about to violate a Rule of the Exchange or a provision of Applicable Law other than the violations alleged in the Notice of Charges, the Hearing Panel may consider those apparent violations after providing the respondent with an opportunity to answer the additional allegations in accordance with Rule 607. In connection with considering apparent violations pursuant to this Rule 613(e), the Hearing Panel may request that the Exchange Regulation Department provide the Hearing Panel with any additional information related to the violations at issue.

(f) The Hearing Panel may summarily impose sanctions on any Subject Person that impedes or delays the progress of a hearing (including by failing to comply with the Obligations of such Subject Person under Rule 613(d)).

(g) The Exchange will arrange for any hearing conducted in connection with disciplinary proceedings to be recorded verbatim, or substantially verbatim, in a manner capable of accurate transcription. If a transcript of the hearing is requested by the CFTC staff or the respondent, the decision of the Hearing Panel is appealed pursuant to Rule 616, or is reviewed by the CFTC pursuant to Section 8c of the CEA or part 9 of Chapter 38 of the CFTC Regulations, the Exchange shall produce a transcript of the hearing; provided, however, that the costs of transcribing the hearing shall be borne by the respondent if the respondent requests the transcript, appeals the decision of the Hearing Panel pursuant to Rule 616, or submits an application for the decision of the Hearing Panel to be reviewed by the CFTC and such application is granted.

(h) No interlocutory appeals of any rulings made by a Hearing Panel or a chair of a Hearing Panel are permitted.

#### **RULE 614. Decision of Hearing Panel**

(a) As promptly as reasonable following a hearing, the Hearing Panel will issue a written order rendering its decision based on the weight of the evidence contained in the record of the disciplinary proceedings. A decision by a majority of the Hearing Panel will constitute the decision of the Hearing Panel.

(b) The Exchange will serve each of the respondent and the Exchange Regulation Department with a copy of the order of the Hearing Panel. The order will include:

- (i) the Notice of Charges or summary of the charges;
- (ii) the answer, if any, or a summary of the answer;

(iii) a brief summary of the evidence introduced at the hearing or, where appropriate, incorporation by reference of the Investigative Report;

(iv) a statement of findings and conclusions concerning each charge, including a complete explanation of the evidentiary and other basis for such findings and conclusions with respect to each charge;

(v) a reference to each specific Obligation or provision of Applicable Law that the respondent is found to have violated;

(vi) a declaration of all sanctions imposed against the respondent, if any, including the basis for such sanctions and the effective date of each sanction; and

(vii) notice of the respondent's right to appeal pursuant to Rule 616.

(c) Unless a timely notice of appeal is filed pursuant to Rule 616, the order of the disciplinary proceedings will become final upon the expiration of 20 days after the order is served on the respondent and provided to the Exchange Regulation Department.

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

(a) After notice and opportunity for hearing in accordance with the Rules, the Exchange shall impose sanctions on a Subject Person if such Subject Person or other Person using any Firm ID or User ID assigned to such Subject Person is found to have violated or to have attempted to violate any of the Obligations or provisions of Applicable Law such Subject Person is subject to. 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 where harm to a customer and the customer's identity can 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 \$1,000,000 for each 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.

**RULE 616. Appeal from Hearing Panel Decision, Summary Impositions of Fines and Other Summary Actions**

(a) A Subject Person found by the Hearing Panel to have violated (or whose Supervised Person was found to have violated, or whose Firm ID or User ID, as applicable, was used by another Person that was found to have violated) any of its Obligations or a provision of Applicable Law or who is subject to any summary fine imposed pursuant to Rule 617 or any summary action imposed pursuant to Rule 618 may appeal the decision within 20 days of receiving the order of the disciplinary proceedings or the notice of summary action, as the case may be, by filing a notice of appeal with the Chief Compliance Officer or the Chief Regulatory Officer. While an appeal is pending, the effect of the order of disciplinary proceedings or the summary action (including any sanctions, remedies or costs imposed thereby) shall be suspended, except as provided in Rule 613(f) with respect to any denial or limit on Trading Privileges or ability to otherwise access the Platform.

(b) The notice of appeal must state in writing the grounds for appeal, identifying each finding of fact, conclusion and sanctions to which the appellant objects. An appellant may appeal the order of disciplinary proceedings or any summary decision on the grounds that:

(i) the order or decision was arbitrary, capricious, an abuse of discretion, or not in accordance with the Rules;

(ii) the order or decision exceeded the authority or jurisdiction of the Hearing Panel, the Chief Compliance Officer, or the Chief Regulatory Officer or the Exchange;

(iii) the order or decision failed to observe required procedures;

(iv) the order or decision was unsupported by the facts or evidence; or

(v) the imposed sanctions, remedies or costs are inappropriate or unsupported by the record.

(c) The Chief Compliance Officer or the Chief Regulatory Officer will forward copies of any notice of appeal received by it to all parties to the disciplinary proceeding or summary action, as the case may be, except the appellant. On or before the 20th day after filing a notice of appeal, the appellant must file with the Chief Compliance Officer or the Chief Regulatory Officer and serve on the Exchange Regulation Department a brief supporting the notice of appeal and documents supporting the brief. On or before the 20th day after the date on which the appellant serves supporting brief, the appellee must file and serve its brief in opposition with the Exchange Regulation Department. On or before the 10th day after the date on which the appellee serves its brief in opposition, the appellant must file and serve a brief in reply with the Exchange Regulation Department.

(d) In connection with any appeal, the Exchange Regulation Department will furnish to the Chief Compliance Officer or the Chief Regulatory Officer and to the respondent a transcript of

the hearing, any exhibits introduced at the hearing, the notice of appeal and briefs filed to support and oppose the appeal.

(e) Within 30 days after the last submission filed pursuant to Rule 616(c), the Board will appoint an Appeal Panel to consider and determine the appeal. The Board shall appoint individuals at the recommendation of the Chief Compliance Officer or the Chief Regulatory Officer to serve on the Appeal Panel for a term of one year, subject to reappointment by the Board, as potential participants on Appeal Panels. The Chief Compliance Officer or the Chief Regulatory Officer's recommendation shall include Public Participants. The term of an individual that has been selected as a member of an Appeal Panel will not expire until the related proceedings are completed. No individual appointed to an Appeal Panel shall be a member of the Exchange Regulation Department or have been a member of any Disciplinary Panel involved in the matters on appeal.

(f) The chair of the Appeal Panel shall be a Public Participant.

(g) Within 10 days of being notified of the appointment of the Appeal Panel, an appellant may seek to disqualify any individual named to the Appeal Panel for the reasons identified in Rule 215 or for any other reasonable grounds, by serving written notice on the Chief Compliance Officer or the Chief Regulatory Officer. By not timely filing a request for disqualification, the appellant will be deemed to have waived any objection to the composition of an Appeal Panel. The general counsel of the Exchange will decide the merits of any request for disqualification within his or her sole discretion.

(h) The Appeal Panel will hold a hearing to allow parties to present oral arguments. Any hearing will be conducted privately and confidentially. Notwithstanding the confidentiality of hearings, the Appeal Panel may appoint an expert to attend any hearing and assist in the deliberations if such individuals agree to be subject to appropriate confidentiality agreements. In determining procedural and evidentiary matters, the Appeal Panel will not be bound by evidentiary or procedural rules or law.

(i) The Appeal Panel will only consider on appeal the record before the Hearing Panel or, in the case of a summary action, the record considered by the Chief Compliance Officer or the Chief Regulatory Officer, the notice of appeal, the briefs filed in support and opposition of the appeal, and any oral arguments of the parties. The Appeal Panel may only consider new evidence when the Appeal Panel determines that good cause exists as to why the evidence was not introduced during the disciplinary proceeding or when imposing the summary action.

(j) After completing its review, the Appeal Panel may affirm, modify or reverse any order of the disciplinary proceedings or summary action under appeal, in whole or in part, including increasing, decreasing or eliminating any sanction or remedy imposed, imposing any other sanction or remedy authorized by the Rules, remanding the matter to the same or a different Hearing Panel for further disciplinary proceedings, or ordering a new hearing.

(k) As promptly as reasonably possible following its review, the Appeal Panel will issue a written decision based on the weight of the evidence before the Appeal Panel. The decision of the Appeal Panel will include a determination for each finding, conclusion and sanction reviewed on appeal; provided, however, that the Appeal Panel need not make any determination with respect to a finding, conclusion or sanction if making such finding or reaching such conclusion would have no effect on the sanctions, remedies or costs imposed on the parties to the appeal.

(l) The Appeal Panel’s written order will be the final action of the Exchange and will not be subject to appeal within the Exchange.

**RULE 617. Summary Imposition of Fines**

(a) The Chief Compliance Officer or the Chief Regulatory Officer may summarily impose a fine against a Subject Person on account of conduct by such Subject Person, any of the Supervised Persons of such Subject Person or any Person using any Firm ID or User ID assigned to such Subject Person for failing:

(i) to make timely payments of original or variation margin, fees, cost, charges or fines to the Exchange or any Clearing House;

(ii) to make timely and accurate submissions to the Exchange of notices, reports or other information required by the Rules; and

(iii) to keep any books and records required by the Rules.

(b) The Exchange Regulation Department, acting on behalf of the Chief Compliance Officer or the Chief Regulatory Officer, will give notice of any fine imposed pursuant to this Rule 617 to each Subject Person subject thereto. The notice will specify:

(i) the violations of the Rules for which the fine is being imposed;

(ii) the date of the violation for which the fine is being imposed; and

(iii) the amount of the fine.

Within 20 days of serving the notice of fine, the relevant Subject Person must either pay or cause the payment of the fine or file notice of an appeal pursuant to Rule 616. Unless timely notice of appeal is filed pursuant to Rule 616, the fine will become final upon the expiration of 20 days after the notice of fine is served on the Subject Person.

(c) The Exchange will set the amount of any fines imposed pursuant to this Rule 617, with the maximum fine for each violation not to exceed \$5,000. Summary imposition of fines pursuant to this Rule 617 will not preclude the Exchange from bringing any other action against the Participant (or any of its Supervised Persons) or Authorized Trader, as the case may be.

**RULE 618. Emergency Suspensions and Other Disciplinary Actions**

(a) Notwithstanding anything in the Rules to the contrary, the Chief Compliance Officer or the Chief Regulatory Officer, after consultation with the Regulatory Oversight Committee, if practicable, may summarily suspend, revoke, limit, condition, restrict or qualify any Subject Person’s Trading Privileges or ability to otherwise access the Platform, and may take other summary action against any Subject Person in accordance with the Rules (any such action, an “Emergency Disciplinary Action”); provided, however, that the Chief Regulatory Officer must reasonably believe that such Emergency Disciplinary Action is necessary to protect the best interest of the marketplace served by the Exchange.

(b) Whenever practicable, the Exchange shall provide prior written notice to the party against whom any Emergency Disciplinary Action will be taken. If prior notice is not practicable,

the Exchange will give notice at the earliest possible opportunity to the respondent against whom the Emergency Disciplinary Action is brought. The notice shall state the Emergency Disciplinary Action taken or to be taken, as applicable, briefly state the reasons for the Emergency Disciplinary Action, and state the effective time and date, and duration of the Emergency Disciplinary Action.

(c) As soon as is reasonably practicable following provision of a written notice pursuant to Rule 618(b), there shall be a hearing pursuant to Rule 611, Rule 612, Rule 613, and Rule 614; provided, however, that the notice served pursuant to Rule 618(b) shall be used instead of a Notice of Charges; provided, further, that the decision of the Hearing Panel shall specify a description of the Emergency Disciplinary Action, the reasons for the Emergency Disciplinary Action, a summary of the evidence produced at the hearing, a statement of findings and conclusions, a determination that the Emergency Disciplinary Action should be affirmed, modified or reversed, and a declaration of any action to be taken pursuant to such determination as well as the effective time, date and duration of such action (rather than the information required by Rule 614(b)).

(d) The decision of the Hearing Panel convened to dispose of an Emergency Disciplinary Action shall be appealable pursuant to Rule 616. A respondent may offer to settle the Emergency Disciplinary Action pursuant to Rule 609 without regard to whether an Investigation has been completed.

(e) At the request of the Exchange, a respondent against whom an Emergency Disciplinary Action is brought must provide books and records over which the respondent has access or control and must furnish information to, or appear or testify before, the Exchange in connection with the enforcement of any of its Obligations or provision of Applicable Law.

#### **RULE 619. Rights and Responsibilities after Suspension or Termination**

(a) When a Subject Person's Trading Privileges or ability to otherwise access the Platform are suspended for a period of 12 months or less, none of its rights (including the right to hold oneself out to the public as a Subject Person of the relevant type, enter Orders into the Platform and receive rates for fees, costs, and charges and deposit margin that are conditional on its status as a Subject Person of the relevant type) will apply during the period of the suspension, except for the right such Subject Person to assert claims against others as provided in the Rules. Any suspension does not affect the rights of creditors of the Subject Person under the Rules or relieve the Subject Person of its, his or her Obligations (including Obligations to perform under any Contract to which such Subject Person is a party, or Obligations to pay any Exchange fees, costs, or charges incurred during the suspension). The Exchange may discipline a suspended Subject Person under this Chapter 6 for any violation by such Subject Person of its Obligations or any provision of Applicable Law committed by such Subject Person before, during or after the suspension.

(b) When a Subject Person's status as a Clearing Firm, Participant, Authorized Trader or other Supervised Person has been terminated, or when the Trading Privileges or ability to otherwise access the Platform of a Subject Person have been terminated, (i) all of such Subject Person's related rights will terminate, except for the right of such Subject Person to assert claims against others, as provided in the Rules, and (ii) the status, Trading Privileges or ability to otherwise access the Exchange of such Subject Person may only be reinstated by such Subject Person applying for such status, Trading Privileges or ability to otherwise access the Exchange pursuant to Rule 306. Any such termination will not affect the rights of creditors of such Subject Person under the Rules.

(c) The Exchange will not consider the application of a terminated Subject Person if such Subject Person continues to fail to appear at disciplinary proceedings without good cause or continues to impede the progress of disciplinary proceedings.

(d) In the event of the suspension or revocation of a Participant's Trading Privileges or ability to otherwise access the Platform, the Exchange shall seek to facilitate the transfer of any Customer accounts held by such Participant to other Participants with Trading Privileges or ability to otherwise access the Platform (as applicable).

**RULE 620. Notice to the Respondent, the Regulatory Services Provider and the Public**

The Exchange will provide written notice of disciplinary proceedings to the parties and the Regulatory Services Provider consistent with applicable CFTC Regulations. Whenever the Exchange suspends, expels, fines or otherwise disciplines, or denies any Person access to the Exchange, the Exchange will make the public disclosures required by CFTC Regulations.

## **CHAPTER 7 ARBITRATION RULES**

### **RULE 701. Arbitration Forum and Applicable Rules**

The National Futures Association arbitration program (the “NFA Arbitration Program”) will conduct any and all arbitrations of a type described in Rule 702 and Rule 703, and such arbitrations will be conducted pursuant to the arbitration rules applicable to members and customers of the NFA.

### **RULE 702. Disputes Subject to Arbitration**

Except as otherwise provided in the Rules and to the fullest extent permitted under Applicable Law, (a) Subject Persons must arbitrate all controversies arising in connection with their Exchange business between or among themselves through the NFA Arbitration Program and (b) all claims against Disclaiming Parties permissible under Rule 537 shall be arbitrated under the NFA Arbitration Program. Notwithstanding the foregoing, this Rule 702 does not require arbitration of claims alleging employment discrimination (including sexual harassment) in violation of Applicable Law.

### **RULE 703. Customer Arbitration**

(a) Except as otherwise provided in Rule 703(b), any dispute between a Participant or any of its Supervised Persons, on the one hand, and a Customer of such Participant, on the other hand, arising out of or in connection with the solicitation or acceptance of any order for execution of any Contract shall be subject to arbitration by the NFA Arbitration Program in accordance with its customer arbitration rules. Except as otherwise provided in Rule 703(b), any dispute between two or more Customers, or between a Participant and a Customer that is not a Customer of such Participant, arising out of or in connection with the solicitation or acceptance of any order for execution of any Contract shall be subject to arbitration by the NFA Arbitration Program in accordance with its member arbitration rules.

(b) Notwithstanding Rule 703(a), the submission of any dispute involving a Customer trading on the DCM Trading System who is not an Eligible Contract Participant to arbitration shall be voluntary on the part of such Customer.

### **RULE 704. Claims Relating to Trade Cancellations or Price Adjustments**

All claims relating to trade cancellations or price adjustments pursuant to Rule 541 shall be resolved in accordance with this Chapter.

### **RULE 705. Notice**

The Exchange will ensure that Persons subject to arbitration under this Chapter will be provided with adequate notice of the claims presented against such Person, as well as any fees and costs that may be assessed against such Person.

### **RULE 706. Right to Counsel**

Every Person is entitled to represent her own interests, be represented by counsel of her choosing and at her own expense who is admitted to practice before the highest court in any State, by a family

member, or be represented by any other non-compensated representative. An entity must be represented by an officer or owner of the entity or by counsel.

**RULE 707. Awards**

(a) Any award by the NFA Arbitration Program shall be limited to the lesser of the actual loss or the loss that would have been incurred if the claimant had used its best efforts to mitigate the loss. Punitive damages, loss of profits, loss of use, and indirect, incidental or consequential damages shall not be awarded.

(b) The decision of the National Futures Association Arbitration Program shall be final and binding, and there shall be no appeal to a Hearing Panel of the Exchange. A party may move, within three Business Days of the award, that the award be corrected to remedy any miscalculation or misdescription or where the award is otherwise imperfect in a matter of form not affecting the merits of the award.

**RULE 708. Penalties**

(a) Any failure on the part of any Subject Person to arbitrate a case subject to arbitration, or the commencement by any such Person of a suit in any court prior to arbitrating a case subject to arbitration, violates the Rules of the Exchange and subjects such Subject Person (and its Participant or Clearing Firm, if applicable) to disciplinary proceedings pursuant to Chapter 6.

(b) The Exchange may summarily suspend, pursuant to Chapter 6, a Subject Person (and its Participant or Clearing Firm, if applicable) that fails to satisfy an arbitration award rendered in any arbitration pursuant to this Chapter 7.

## **CHAPTER 8 CLEARING**

### **RULE 801. Clearing of Contracts**

All Contracts transacted on the DCM Trading System must be cleared. All Contracts executed on the SEF Trading System that are subject to mandatory clearing must be cleared. Any other Contracts executed on the SEF Trading System may be cleared at the discretion of the parties to such Transaction. Such Contracts to be cleared shall be cleared through a Clearing House in accordance with applicable Clearing House Rules and in conformity with the Rules specifically provided in this Chapter 8.

### **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.

(b) The Clearing House Rules shall prevail in the event of any conflict or inconsistency between these Rules and such Clearing House Rules with respect to any responsibilities or obligations of a Clearing Firm under such Clearing House Rules. Each Clearing Firm is bound by the Clearing House Rules of any Clearing House in which such Clearing Firm has a clearing membership.

### **RULE 803. Other Clearing Organizations**

Each Clearing Firm must be a member of at least one Clearing House at all times. The Exchange may designate an additional clearing organization as a Clearing House from time to time. Whenever the Exchange designates a new Clearing House, a Clearing Firm may become a member of such Clearing House and clear Contracts through the Clearing House.

### **RULE 804. Settlement Prices; Publication of Trade Information**

Each Clearing House will determine the Settlement Price for Contracts. For each Contract, the Exchange shall ensure that the appropriate Clearing House receives all information necessary to enable it to determine such Settlement Prices. The Settlement Price of each Contract shall be determined by the relevant Clearing House in accordance with its Clearing House Rules; provided that, if more than one Clearing House is designated for the same Contract, the Exchange shall publish the settlement price for that Contract as determined by each Clearing House.

The Exchange shall daily publish information regarding volume, price ranges (based on non-cancelled bids, non-cancelled offers, and trades) subject to such prices accurately reflecting market conditions within the discretion of the Exchange, and opening and closing prices; the Exchange shall also publish, on a daily basis, the total quantity of block trades that are included in the total volume of trading. Information on settlement prices and open interest, if applicable, shall be provided by the relevant Clearing House.



**RULE 805. [RESERVED]**

**RULE 806. Transfers of Trades**

(a) Subject to the limitations of Rule 807, or as otherwise permitted by the rules of the relevant Derivatives Clearing Organization, existing trades may be transferred either on the books of a Clearing Firm or from one Clearing Firm to another Clearing Firm provided:

(i) the transfer merely constitutes a change from one account to another account, provided the underlying beneficial ownership in said accounts remains the same; or

(ii) an error has been made in the clearing of a trade and the error is discovered and the transfer is completed within two Business Days after the trade date; or

(iii) the transfer constitutes a transfer of positions from a Customer to the Clearing Firm's house account in the event of a Customer default.

(b) Subject to the limitations of Rule 807, Exchange Officials may, upon request by the Clearing Firm(s), approve a transfer of existing trades either on the books of the same Clearing Firm, or from the books of one Clearing Firm to the books of another Clearing Firm if the transfer is in connection with, or as a result of, a merger, asset purchase, consolidation or similar non-recurring transaction between two or more entities where one or more entities become the successor in interest to one or more other entities.

(c) Provided that the transfer is permitted pursuant to Sections (a) or (b) above, the transactions must be recorded and carried on the books of the receiving Clearing Firm at the original trade dates. Trades may be transferred using either the original trade price or the most recent settlement price.

(d) All transfers shall be reported to each relevant Clearing House in a form acceptable to the Exchange for the type of transactions involved. The proper indicator must be included in the transfer such that the transactions, including the transaction(s) to reverse an error, clear as transfers. The Clearing Firms involved shall maintain a full and complete record of all transactions together with all pertinent memoranda.

**RULE 807. Concurrent Long and Short Transactions**

Set forth below are the procedures that must be followed for concurrent long and short positions and hold-open accounts.

(a) Concurrent long and short positions in the same commodity and month may be held by a Clearing Firm at the direction of a Customer or on behalf of an omnibus account; however it shall be the duty of the Clearing Firm to ascertain whether such positions are intended for offset or to be held open prior to final transmission of position data to the relevant Clearing House.

(b) Clearing Firms which, pursuant to this rule, carry concurrent long and short positions, must report to the Exchange both sides as open positions.

(c) The Exchange takes no position regarding the internal bookkeeping procedures of its Clearing Firms which, for the convenience of a Participant or Customer, may "hold open" a position only on their books. However, the Clearing Firm must accurately report to the Exchange

and the relevant Clearing House, as appropriate, large trader positions, long positions eligible for delivery and open interest.

**RULE 808. [RESERVED]**

**RULE 809. Clearing Acceptance**

(a) Any Person initiating or executing a Transaction on or subject to the Rules of the Exchange directly or through an intermediary, 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 a Person to enter into Transactions on the Platform as described in paragraph (c) below, each Clearing Firm that has been designated by such Person, 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 Person, as of the time such Transaction was executed.

(c) A Clearing Firm or the Exchange may at any time amend, adjust or suspend risk controls of any Person set on the Platform by utilizing the Platform interface to amend, adjust or suspend the applicable risk controls within the Platform. Such amendment, adjustment or suspension 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 amendment, adjustment or suspension is effective, as soon as technologically practicable.

## CHAPTER 9 MISCELLANEOUS

### **RULE 901. Contract Specifications**

The Exchange will permit trading in Contracts that will be listed by the Exchange and submitted to the CFTC for self-certification from time to time.

### **RULE 902. Post-Trade Processing**

Subject Persons shall permit the Exchange to share with certain third-party post-transactional processing provider, including but not limited to swap data repositories, regulatory service providers, Clearing House routing services, or post-trade allocation systems used by the Exchange, all market data and information that is necessary to support the post-trade processing and confirmation of Trades.

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

Except as permitted in writing by the Chief 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.

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

(a) All Participants and all employees, agents, vendors, and other Persons affiliated with the foregoing understand and acknowledge that the Exchange has a proprietary interest in:

(i) the price and quantity data from each and every Transaction, including the time at which the Transaction was executed by, or submitted to, the Platform and the Firm ID and User ID under which it was entered (as well as other information identifying persons involved in the Transaction);

(ii) the price and quantity data of each bid and offer submitted to the Platform, including the time at which such bid or offer was submitted to the Platform;

(iii) the yield curves prepared by the Exchange;

(iv) any data and information derived from (i), (ii) and (iii) and the format and presentation thereof; and

(v) the transmissions and dissemination of the data and information to Participants, any publisher of the data or information with whom the Exchange has a written agreement, and any other Persons.

(b) Notwithstanding anything in Rule 904(a), Participant shall maintain a proprietary interest in any ~~non-public and proprietary~~ bid, offer or other ~~Transaction~~ information that has been entered on the Platform or otherwise provided to the Exchange by Participant ~~in connection with any bid, offer or Transaction except to the extent that such information has been aggregated, anonymized or otherwise compiled and presented in a manner such that any data made publicly available by the Exchange do not directly reference or identify, and could not reasonably be linked~~

~~back to, a given bid, offer, Transaction, Participant, agent, vendor, or other Person affiliated with the foregoing or any of its Authorized Traders in connection with any bid, offer or Transaction.~~

(c) The Exchange may at any time restrict or establish utilization fees in respect of data described in Rule 904(a), with respect to all or any Participants, in order to safeguard the security or operations of the Platform, or to preserve market, integrity, fair and orderly trading, or if otherwise in the public interest.

(d) Participants may not distribute, sell or retransmit information displayed on the Platform to any third party.

(e) Notwithstanding Rule 904(b), Rule 904(c) ~~and/or~~ 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.

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).

#### **RULE 905. Extension or Waiver of Rules**

If necessary and expedient, the Exchange may, in its sole discretion, waive, or extend the time period for performing, any act or acts designated by the Rules, but only to the extent such waiver or extension is not inconsistent with the CEA or the CFTC Regulations.

#### **RULE 906. Governing Law, Jurisdiction and Dispute Resolution**

(a) The law of the State of New York governs the Rules.

(b) Any dispute between the Exchange and a Subject Person arising from or in connection with the Rules must be brought to arbitration through the NFA Arbitration Program or another arbitration program permitted by the CFTC Regulations within two (2) years from the occurrence of the event giving rise to the dispute. This Rule shall in no way create a cause of action nor authorize an action that would otherwise be prohibited by the Rules.

(c) Any dispute between the Exchange and a Subject Person arising from or in connection with the Rules will be settled by arbitration administered through the NFA Arbitration Program or another arbitration program permitted by the CFTC Regulations. Each party to the dispute will bear its own costs and expenses in connection with any arbitration hereunder, as well as an equal share of the administrative fees and the fees of the arbitrator; provided, however, that the arbitrator will be entitled to include in any award a full reimbursement for the prevailing party's costs and expenses, such party's share of the administrative fees and the fees of the arbitrator, or any combination of any or all of the above. In the event that this Rule 906(b) is held to be unenforceable in connection with any dispute, (i) exclusive jurisdiction for any such dispute will reside in any state or federal court sitting in the New York, NY metropolitan area, (ii) the Exchange and the Subject Person involved in the dispute will be presumed to have submitted to the personal jurisdiction of any such court, and (iii) an action to enforce any judgment or decision of such court may be brought in the same court or in any other court with jurisdiction or venue. Finally, all

Subject Persons unconditionally and irrevocably waive any and all right to trial by jury in connection with any such dispute.

## CHAPTER 10 INTEREST RATE SWAP CONTRACTS

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

(a) **Contract Description.** Fixed for Floating Interest Rate Swap. This is an Interest Rate Swap for which settlement is in the form of periodic fixed interest payments and a stream of periodic floating interest payments based on floating rate index over a term to maturity. The interest rate payments are exchanged for a specified period based on a notional amount. This Rule 1001 contains general information about the Contract terms and conditions. Contracts eligible for trading on the DCM Trading System and SEF Trading System, as well as the attributes related to each Currency can be found on Schedule 1001 on the trueEX website at [www.trueex.com](http://www.trueex.com).

(b) **Trading Hours.**

(i) **DCM Trading Hours.** The Trading Hours of the DCM Trading System that are applicable to the Contract described in this Rule 1001 will commence each Business Day at 8:00 a.m. New York time and end each Business Day at 5:00 p.m. New York time.

(ii) **SEF Trading Hours.** The Trading Hours of the SEF Trading System that are applicable to the Contract described in this Rule 1001 will commence each Business Day at 8:00 a.m. New York time and end each Business Day at 6:00 p.m. New York time.

(c) **Currency.**

(i) **Super-Major Currencies**

- United States dollar (USD)
- European Union Euro Area euro (EUR)
- Japan yen (JPY)
- United Kingdom pound sterling (GBP)

(ii) **Major Currencies**

- Australia dollar (AUD),
- Canada dollar (CAD)
- Denmark krone (DKK).
- Kingdom of Norway krone (NOK),
- Kingdom of Sweden krona (SEK)
- New Zealand dollar (NZD)
- Republic of South Africa rand (ZAR)
- Switzerland franc (CHF)

(iii) **Non-Major Currencies**

- Czech Koruna (CZK)
- Hong Kong dollar (HKD)

- Hungarian Forint (HUF)
- Polish Zloty (PLN)
- Singapore dollar (SGD)

(d) Trading Conventions.

- (i) Buyer (Payer) pays fixed interest rate and receives floating interest rate.
- (ii) Seller (Receiver) receives fixed interest rate and pays floating interest rate.

(e) Swap Leg Conventions. The terms of Fixed vs. Floating Interest Rate Swaps are based on a number of combinations of the criteria below. Approved contracts available for trading on the Exchange can be found on the website at [www.trueex.com](http://www.trueex.com).

(i) Fixed Leg

(A) Payment Frequency. Monthly (1M), Quarterly (3 M), Semi-Annually (6 M), Annually (12 M), One Time (1T)

(B) Day Count Convention.

- 30/360
- 30E/360
- ACT/360
- ACT/365.Fixed
- ACT/365.ISDA
- ACT/ACT.ISMA
- ACT/ACT.ISDA
- 30E/360.ISDA
- ACT/ACT.ICMA

(C) Holiday Calendar. Dependent on Currency

- US – New York (USNY)
- Europe – Target (EUTA)
- Great Britain – London (GBLO)
- Japan – Tokyo (JPTO)
  
- Australia – Sydney (AUSY)
- Canada – Toronto (CATO)
- Denmark – Copenhagen (DKCO)
- New Zealand – Wellington (NZWE)
- New Zealand – Auckland (NZAU)
- Norway – Oslo (NOOS)
- South Africa – Johannesburg (ZAJO)
- Sweden – Stockholm (SEST)
- Switzerland – Zurich (CHZU)

- Czech Republic – Prague (CZPR)
- Hong Kong –(HKHK)
- Hungary – Budapest (HUBU Singapore – (SGSI)
- Poland – Warsaw (PLWA)

(D) Business Day Convention. Modified Following with adjustment to period end dates. Business days in this convention must be valid business days in respect to Holiday Calendar associated with Currency for effective and payment dates. If not, it will be the next day that is a business day. If the adjusted end dates fall at the end of the month, the day rolls to the preceding day.

(E) Fixed Rate. The traded interest rate yield or basis points on Trade Date.

(ii) Floating Leg

(A) Reset Frequency. Monthly (1M), Quarterly (3 M), Semi-Annually (6 M), or Annually (12 M).

(B) Day Count Convention.

- 30/360
- 30E/360
- ACT/360
- ACT/365.Fixed
- ACT/ACT.ISDA
- 30E/360.ISDA

(C) Holiday Calendar. Dependent on Currency

- US – New York (USNY)
- Europe – Target (EUTA)
- Great Britain – London (GBLO)
- Japan – Tokyo (JPTO)
  
- Australia – Sydney (AUSY)
- Canada – Toronto (CATO)
- Denmark – Copenhagen (DKCO)
- New Zealand – Wellington (NZWE)
- New Zealand – Auckland (NZAU)
- Norway – Oslo (NOOS)
- South Africa – Johannesburg (ZAJO)
- Sweden – Stockholm (SEST)
- Switzerland – Zurich (CHZU)



- Czech Republic – Prague (CZPR)
- Hong Kong –(HKHK)
- Hungary – Budapest (HUBU Singapore – (SGSI)
- Poland – Warsaw (PLWA)

(D) Business Day Convention. Modified Following with adjustment to period end dates. Business days in this convention must be valid business days in respect to Holiday Calendar associated with Currency for effective and payment dates. If not, it will be the next day that is a business day. If the adjusted end dates fall at the end of the month, the day rolls to the preceding day.

(E) Payment Frequency. Monthly (1M), Quarterly (3 M), Semi-Annually (6 M), Annually (12 M), One Time (1T)

(F) Float Rate Index.

- USD-LIBOR-BBA
- EUR-EURIBOR-REUTERS
- EUR-EURIBOR-Telerate
- EUR-LIBOR
- JPY-LIBOR-BBA
- GBP-LIBOR-BBA
- AUD-BBR-BBSW
- CAD-BA-CDOR
- DKK-CIBOR-DKNA13
- DKK-CIBOR2-DKNA13
- NOK-NIBOR-NIBR
- SEK-STIBOR-SIDE
- NZD-BBR-FRA
- ZAR-JIBAR-SAFEX
- CHF-LIBOR-BBA
- CZK-PRIBOR-PRBO
- HKD-HIBOR-HKAB
- HUF-BUBOR-REUTERS
- PLN-WIBOR-WIBO
- SGD-DOR-REUTERS

(f) Effective Date. The first date from which fixed and floating interest amounts accrue. It is also referred to as the Start Date. The Effective Date of the Swap must be a business day subject to the appropriate Business Day Convention.

(g) Trade Start Type

(i) Spot Starting. A swap whose Effective Date 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.

(h) Maturity Date. The final date until which Fixed and Floating amounts accrue. The Maturity Date may also be referred to as the Termination Date or End Date.

(i) Tenor. The duration of time from the Effective Date to the Maturity Date. The Exchange will support Tenors of any duration greater than 0 years up to 50 years.

(i) Listed Tenors, with respect to the DCM Trading System, also referred to as On-the-Run, means whole year Spot Starting Contracts with a Tenor of 2 through 10, 12, 15, 20, 25 and 30 years.

(ii) Other Tenors, also referred to as Off-the-Run, means any whole year Tenors other than the Listed Tenors and any partial year Tenor. 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).

(A) Standard Off-the-Run means any whole year Other Tenor that is Spot Starting.

(B) Non-Standard (or Custom) Off-the-Run means any partial year Tenor that is Spot Starting and all Forward Starting Contracts (whole and partial year Tenors).

(j) Roll Day Convention. The date used for determining all fixed and floating Reset Dates. Roll Days define the beginning and end of Fixed and Floating interest accrual periods. For On-the-Run Contracts, the Roll Day is the same date of the month as the Effective Date. For Off-the-Run Contracts, it can be any date of the month, subject to the provisions of the Business Day Convention. Roll Day marks the start of a new interest accrual period, and is the date on which a Reset Rate takes effect. The Exchange supports the following roll types:

(i) Standard. Standard roll will be the same day of the month accordingly aligned to the roll frequency. For example, Effective date January, 10th, 2013 and Maturity Date January, 10th, 2015 with a 3M payment, roll frequency will settle on the 10th day every three months.

(ii) End of Month (EOM). For EOM convention, if the roll date falls at the end of the month the date moves back to the preceding business day based on the applicable Business Day Convention employed.

(iii) International Money Market (IMM). IMM roll dates are the 3rd Wednesday of March, June, September and December.

(k) Floating Reset Dates. Dates utilized to determine the Floating Rate amounts for each interest accrual period during the Tenor of the contract. Except in the case of a Stub Period, the Reset Date is 2 business days prior to the Roll Date for that interest accrual period.

- (l) First Period Fixing Date. (Based on Holiday Calendar of the Currency)
  - (i) For Spot Starting swaps, the Interest Rate for the first interest period is fixed on the Trade Date, for both Floating and Fixed Rates.
  - (ii) For Forward Starting swaps, the Fixed Rate for the first interest period is fixed on the Trade Date, and the Floating Rate for the first interest period is fixed 2 business days prior to the Effective Date
- (m) Stub Period Rate. For swaps with partial year Tenors, a first interest period that is shorter than the standard underlying Floating index interest periods may occur between the Effective Date and the first Roll Date (known as a Stub Period). In these cases, the Interest Rate for such Stub Period is determined using linear interpolation based on the two index rates that surround the Stub Period.
  - (i) Stub Index Frequency. 1 Week (1W), 2 Week (2W), 1 Month (1M), 2 Month (2M), 3 Month (3M), 6 Month (6M), 9 Month (9M), 12 Month (12M)
- (n) Trade Types. The Platform may support the following trade types:
  - (i) Outrights. An Outright swap is where one party is the payer of the fixed rate and receiver of the floating rate and the other party is the receiver of the fixed rate and payer of the floating rate.
  - (ii) Switches. Switches are the simultaneous purchase and sale of two different Tenors of the yield curve (e.g. 2 year by 10 year).
  - (iii) Butterflies. Butterflies are the simultaneous purchase(s) and sale(s) of three different tenors of the yield curve (e.g. 2 year by 5 year by 10 year).
  - (iv) Spreads. A Spread trade consists of a transaction where the payer and receiver of the fixed rate on the Interest Rate Swap simultaneously enter into a transaction for a treasury security of an equivalent Tenor. For the treasury transaction, the payer of the fixed rate on the swap buys and the receiver of the fixed rate on the swap sells either a single treasury security or two treasury securities using a simple weighted average to match the risk,
  - (v) Invoice Spreads. An Invoice Spread trade consists of a transaction where two parties enter into a treasury futures contract and simultaneously enter into an interest rate swap transaction. The buyer of the futures contract is the payer of the fixed rate on the interest rate swap transaction and the seller of the futures contract is the receiver of the fixed rate on the interest rate swap transaction. The interest rate swap is of an equivalent Tenor to match the risk.
  - (vi) Block Trades has the meaning as defined in Chapter 1 of this Rulebook.
- (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. 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.

(p) Quoting Convention

(i) Outrights. Outrights are quoted in interest rate yield.

(A) On-the-Run. The interest rate yield is quoted to 3 decimal places.

(B) Off-the-Run. The interest rate yield is quoted to 5 decimal places.

(C) Block Trades. The interest rate yield, regardless of Tenor, is quoted to 5 decimal places.

(ii) Switches, Butterflies. These trade types are quoted in basis points. The basis points are quoted to 1 decimal place.

(iii) Spreads, Invoice Spreads. These trade types are quoted in basis points. The basis points are quoted to 1 decimal place.

(q) Minimum Price Fluctuation.

(i) Outrights. The interest rate yield is quoted in increments of .001 (1/10<sup>th</sup> of a basis point).

(ii) Switches, Butterflies. The basis points are quoted in increments of .1 (1/10<sup>th</sup> of a basis point).

(iii) Spreads, Invoice Spreads. The basis points are quoted in increments of .1 (1/10<sup>th</sup> of a basis point).

(r) Last Trading Day.

(i) Spot Starting. Close of business on Trade Date.

(ii) Forward Starting. Close of business three business days prior to the Effective Date of the swap.

(s) Final Settlement Price. Multiple payments take place during the term of the swap. Settlement price used for the periodic exchange of fixed and floating payments is based on the following factors:

(i) Fixed Leg. Payment amount on the fixed leg is based on the trade price of the swap on Trade Date. Payment timing on the fixed leg is based on the Payment Frequency, Day Count Convention, Business Day Convention, and Roll Day.

(ii) Floating Leg. Payment on the floating leg is based on the Interest Rate Benchmark of the swap. Payments on the floating leg are based on the Payment Frequency,

Day Count Convention, Business Day Convention, Roll Day Convention and Floating Reset Dates.

(t) Block Trades.

(i) Minimum Notional Sizes. The Exchange has established the following Block Trade Sizes: as required by Appendix F to Part 43 of the CFTC Regulations:

| Initial Maturity greater than | Initial Maturity less than or equal to | Minimum Block Size (\$ Notional) |                  |                      |
|-------------------------------|--|----------------------------------|------------------|----------------------|
|                               |  | Super Major Currencies           | Major Currencies | Non-Major Currencies |
| 0 days                        | 46 days                                | \$6.4 billion                    | \$2.2 billion    | \$230 million        |
| 46 days                       | 3 months (107 days)                    | \$2.1 billion                    | \$580 million    | \$230 million        |
| 3 months (107 days)           | 6 months (198 days)                    | \$1.2 billion                    | \$440 million    | \$150 million        |
| 6 months (198 days)           | 1 year (381 days)                      | \$1.1 billion                    | \$220 million    | \$110 million        |
| 1 year (381 days)             | 2 years (746 days)                     | \$460 million                    | \$130 million    | \$54 million         |
| 2 years (746 days)            | 5 years (1,842 days)                   | \$240 million                    | \$88 million     | \$27 million         |
| 5 years (1,842 days)          | 10 years (3,668 days)                  | \$170 million                    | \$49 million     | \$15 million         |
| 10 years (3,668 days)         | 30 years (10,973 days)                 | \$120 million                    | \$37 million     | \$16 million         |
| 30 years (10,973 days)        |  | \$67 million                     | \$15 million     | \$15 million         |

(ii) For non-US dollar denominated swaps, the minimum block sizes will be based on a currency exchange rate that is widely published within the preceding two business days from the date of execution of the swap transaction.

(iii) Reporting. All Block Trades must be reported to the Exchange as soon as technologically practicable.

(u) Clearing House. CME or LCH. Choice of Clearing House is determined at the time of order entry.

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

(a) Contract Description. This Contract is a forward starting Fixed for Floating Interest Rate Swap that exchanges periodic fixed interest payments at a rate equal to the Standard Coupon Fixed Rate set by the Exchange for periodic interest rate benchmark. This Rule 1002 contains general information about the Contract terms and conditions. Contracts eligible for trading on the DCM Trading System, as well as the attributes related to each Currency can be found on Schedule 1002 on the trueEX website at [www.trueex.com](http://www.trueex.com).

(b) Trading Hours. DCM Trading Hours. The Trading Hours of the DCM Trading System that are applicable to the Contract described in this Rule 1002 will commence each Business Day at 8:00 a.m. New York time and end each Business Day at 5:00 p.m. New York time.

(c) Currency. US Dollar, British Pound, Euro, Japanese Yen

(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<sup>TM</sup> 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<sup>TM</sup> 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 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) 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.

| <b>Tenor</b> | <b>Minimum Price Increment (Outrights)</b> |
|--------------|--|
| 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) 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.

(e) Block Trades.

(i) Minimum Notional Sizes. An SCSM™ Swap, as a forward starting Fixed for Floating Interest Rate Swap, is deemed to be Off-the-Run as that term is defined in Rule 1001(i)(ii)(B). As such, each Tenor within a Series or Version will be subject to the same minimum block size for Off-the-Run Fixed for Floating Interest Rate Swaps as indicated in Rule 1001(t)(i).

(ii) Reporting. All Block Trades must be reported to the Exchange as soon as technologically practicable.

(f) Clearing House. CME or LCH. Choice of Clearing House is determined at the time of order entry. See Schedule 1002 for Clearing House availability on the Platform

(g) Terms of the Forward Starting Swap

(i) Payer pays fixed interest rate and receives floating interest rate.

(ii) Receiver receives fixed interest rate and pays floating interest rate.

(iii) Fixed Leg

(A) Payment Frequency. Semi-Annually, Annually

(B) Day Count Convention. 30/360, actual/365

(C) Holiday Calendar. New York and London

(D) 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.

(E) Fixed Rate. The Standard Coupon Fixed Rate set by the Exchange

(iv) Floating Leg

(A) Reset Frequency. Quarterly, Semi-Annually

(B) Day Count Convention. actual/360, actual/365

(C) Holiday Calendar. New York and London

(D) 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.

(E) Interest Rate Benchmark. LIBOR, Euribor, TIBOR

(v) Effective Date (also referred to as Start Date). The Effective date is the IMM date of the Series (i.e. the effective date of a June 2013 SCSM<sup>TM</sup> Swap is the June 2013 IMM date). This is the first date from which fixed and floating interest amounts accrue.

(vi) Maturity Date. The final date until which Fixed and Floating amounts accrue. The Maturity Date may also be referred to as the Termination Date or End Date. For a SCSM<sup>TM</sup> Swap, the Maturity Date will be the same calendar month and date as the Effective Date.

(vii) Roll Day Convention. The date used for determining all fixed and floating Reset Dates for the life of the swap after its Effective Date. Roll Days define the beginning and end of Fixed and Floating interest accrual periods. Roll Day marks the start of a new interest accrual period, and is the day on which a Reset Rate takes effect. For a SCSM<sup>TM</sup> Swap, Roll Day is the same date of the month as the Effective Date.

(viii) Floating Reset Dates. Dates utilized to determine the Floating Rate amounts for each interest accrual period during the life of the swap after its Effective Date. The Reset Date is 2 London business days prior to the Roll Date that begin each interest accrual period.

(ix) First Period Fixing Date. The Fixed Rate is equal to Standard Coupon Fixed Rate set by the Exchange. The Floating Rate for the first interest period is fixed 2 business days prior to the Effective Date.