



Post-Execution Allocation Protocols
March 21, 2014

Capitalized terms in this policy that are not defined herein shall have the meaning assigned to them in the trueEX Rulebook (as amended from time to time).

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1 POST-EXECUTION ALLOCATION

1.1 SUMMARY

Participants may use trueEX's allocation tool offered through Portfolio Terminations and Compactions ("PTC") application (such tool, the "**PTC Allocation Tool**") to allocate either (i) a Transaction resulting from a Bunched Order executed on the trueEX Platform, (ii) a Block Trade in which orders have been aggregated to meet the minimum transaction size as allowed by trueEX Rule 542(b)(i) ("**Allowable Block Trades**") or (iii) a swap transaction executed on an execution venue other than trueEX to the accounts of their Customers. Consistent with Applicable Law, Participants that are eligible to enter Bunched Orders and/or allocate Transactions are not required to identify each Customer's clearing account on the Bunched Order at the time of order entry (and similarly at the time an Allowable Block Trade is reported to trueEX via the trueEX Platform) giving such Participants the benefit of efficient execution and trade reporting, and allocation of Transactions while complying with Applicable Law.

The Exchange has developed these Allocation Protocols ("**Allocation Protocols**") to describe the conditions under which Participants are eligible to instruct allocations on the PTC Allocation Tool, and the Exchange's protocols for processing post-allocations of Bunched Orders and Allowable Block Trades that are executed on behalf of multiple Customers.

These Allocation Protocols describe:

- (a) Participant eligibility requirements for entering Bunched Orders for execution on the Platform;
- (b) using the PTC Allocation Tool to allocate Transactions that have been executed on or subject to the rules of the trueEX Platform or swap transactions of Participants that have been executed on an execution venue other than trueEX;
- (c) the process by which Participants may authorize their Clearing Firms¹ to use the PTC Allocation Tool to direct post-execution allocation for Transactions executed on trueEX or swap transactions executed on an execution venue other than trueEX²; and

¹ The PTC Allocation Tool currently provides functionality for Clearing Firms to allocate Bunched Orders and Allowable Block Trades. Functionality for Participants to use the PTC Allocation Tool to perform the allocation themselves is forthcoming.

² **TRUEEX DOES NOT PROVIDE ANY REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, WITH RESPECT TO THE (A) REGULATORY TREATMENT OF OFF-TRUEEX TRANSACTIONS, (B) REGULATORY COMPLIANCE OR ELIGIBILITY OF THE PARTIES THAT EXECUTE OFF-TRUEEX TRANSACTIONS, OR (C) PARTICIPANTS' OR THE RELEVANT PARTY'S ELIGIBILITY TO ALLOCATE OFF-TRUEEX TRANSACTIONS ON A POST-EXECUTION BASIS USING THE PTC ALLOCATION TOOL.** trueEX disclaims any and all liability for any loss, damage, cost or expense resulting from any parties' failure to comply with applicable regulations

(d) the Exchange’s post-execution allocation Transaction processing procedures.

Capitalized terms not defined in these Allocation Protocols shall have the meaning given to them in the trueEX Rulebook. In the event of any conflict between the terms of these Allocation Protocols and the Rulebook, the terms of these Allocation Protocols shall govern.

1.2 PARTICIPANT ELIGIBILITY REQUIREMENTS

1.2.1 REGULATORY REQUIREMENTS

Participants are eligible to enter a Bunched Order on the Platform if, prior to the Bunched Order entry, Participant:

- (a) is at least one of the 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 intends an allocation to be directed.

Participants are eligible to instruct a Clearing Firm to allocate a Transaction resulting from such Bunched Orders or from Allowable Block Trades to the accounts of its Customers using the PTC Allocation Tool.

1.2.2 SUSPENSE ACCOUNT

Participants that execute Bunched Orders or Allowable Block Trades must have established with a Clearing Firm (“**Initial Clearing Firm**”) an account dedicated to clearing Transactions that are intended to be allocated after execution (“**Suspense Account**”).³ Participant must provide the Exchange with Suspense Account details that are necessary for the Exchange to onboard the Suspense Account to the Platform or as otherwise required by the Terms.

1.3 EXECUTING BUNCHED ORDERS & DIRECTING ALLOCATIONS

1.3.1 ENTRY OF BUNCHED ORDERS/ALLOWABLE BLOCK TRADES FOR POST-EXECUTION ALLOCATION

Eligible Participants may enter a Bunched Order on either the SEF Trading System or DCM Trading System or report an Allowable Block Trade, and in either case, must have

regarding post-execution allocation of Off-trueEX Transactions using the PTC Allocation Tool or the regulatory compliance or eligibility of the parties that have executed Off-trueEX Transactions. An “Off-trueEX Transaction” is a swap transaction that was not executed the trueEX Platform or pursuant to trueEX Rules.

³ Participants and Clearing Firms may refer to this account by another name such as holding account, headline account, allocation account, etc. For the purposes of these procedures, trueEX refers to such account as a Suspense Account.

(a) indicated their intent to allocate the resulting Transaction, and (b) identified the Suspense Account through which the resulting Transaction will be cleared prior to its allocation, in each case (a) and (b), at the time of Bunched Order entry or reporting of the Allowable Block Trade.

Participants identify the Suspense Account to which Transactions resulting from Bunched Orders or Allowable Block Trades may be sent at the time of their account setup on trueEX, and may choose to indicate their intent to allocate as a default setting at the time of account setup. Regardless of whether Participants have indicated their intent to allocate as a default setting, Participants may always indicate their intent to allocate on an Order-by-Order basis at the time of Bunched Order entry or the reporting of the Allowable Block Trade.

1.3.2 POST TRADE ALLOCATION

Eligible Participants may allocate Transactions executed on the SEF Trading System or the DCM Trading System, through Allowable Block Trades, or transactions executed elsewhere by utilizing the Exchange's PTC Allocation Tool offered on its SEF Trading System. Participants initiate the allocation process by delivering Transaction details and allocation instructions to their Initial Clearing Firm. Allocation instructions will divide the notional amount of the Transaction and allocate each resulting fraction to separate Customer clearing accounts (each such fraction, a "**Line Item**"), which may be a clearing account established at the Initial Clearing Firm or another FCM.

To execute the allocation instructions, the Initial Clearing Firm must upload the relevant file to the PTC Allocation Tool on the SEF Trading System, select the Participant on whose behalf allocations are being directed and confirm the allocation details when prompted. Once the Initial Clearing Firm confirms the details of the allocation on the PTC Allocation Tool, the SEF Trading System sends an electronic message containing the details of the allocation instructions to the relevant Clearing House. The Clearing House will return an electronic message indicating whether each fraction of the allocated Transaction is accepted or rejecting for clearing. The clearing status of each line item will be displayed in the user interface of both the Clearing Firm and Participant.

Subject to the terms of any agreement between Participant and Initial Clearing Firm providing for a shorter period of time, Initial Clearing Firms must upload all clearing instructions that it receives from Participant on a Business Day, no later than 60 minutes prior to the relevant Clearing House's trade submission deadline for on such Business Day. Initial Clearing Firms shall require the relevant Participant to deliver allocation instructions for Transactions resulting from Bunched Orders or Allowable Block Trades sufficiently before the end of the day that such Transaction was executed in order for the Initial Clearing Firm to complete the allocation on the same Business Day. The failure of any portion of an allocated Transaction to be allocated in accordance with the allocation instructions delivered from Initial Clearing Firm will be governed exclusively by the

clearing arrangements or other relevant documentation in place between Participant and the Initial Clearing Firm.

1.4 POST-ALLOCATION PROCESSING PROCEDURES

1.4.1 REPORTING THE INITIAL TRANSACTION

As soon as technologically practicable after execution of a Bunched Order or Allowable Block Trade, the Exchange will create a unique swap identifier (“**USI**”) for the resulting Transaction, and report the primary economic terms (“**PET**”) and creation data of the Transaction, including the USI of that Transaction to the SDR pursuant to CFTC Regulation. The Exchange will also transmit the unique swap identifier to the Participant and the counterparty to the Transaction promptly after its execution.

1.4.2 REPORTING ALLOCATIONS

Pursuant to CFTC Regulation, a unique swap identifier must be created for each Line Item and required swap creation data of each Line Item must be reported to the same SDR as the unallocated Transaction. The Exchange reports the data of the initial, unallocated Transaction resulting from a Bunched Order or Allowable Block Trade as required by applicable CFTC Regulation. The Exchange will not be responsible and disclaims all liability for reporting swap data related to the swaps that result from allocation instructions to an SDR or creating USIs for swaps that result from allocation instructions. The Exchange will endeavor to transmit the USI of any swap that results from allocation instructions if it receives the same from the relevant Clearing House. Each of the counterparties should independently review and verify all data associated with their Transactions and allocations.