

**LEDGERX LLC**

**SWAP EXECUTION FACILITY RULES**

**SEF Version 24.01**

**March 29, 2024**

## TABLE OF CONTENTS

|                                                                                                                 | Page |
|-----------------------------------------------------------------------------------------------------------------|------|
| CHAPTER 1 Definitions.....                                                                                      | 2    |
| Rule 1.1 Definitions.....                                                                                       | 2    |
| Rule 1.2 Rules of Construction .....                                                                            | 11   |
| CHAPTER 2 Company Governance .....                                                                              | 13   |
| Rule 2.1 Ownership .....                                                                                        | 13   |
| Rule 2.2 Board.....                                                                                             | 13   |
| Rule 2.3 Officers .....                                                                                         | 15   |
| Rule 2.4 Eligibility and Fitness.....                                                                           | 16   |
| Rule 2.5 LedgerPrime.....                                                                                       | 17   |
| Rule 2.6 Committees and Subcommittees .....                                                                     | 18   |
| Rule 2.7 Regulatory Oversight Committee .....                                                                   | 18   |
| Rule 2.8 Risk Management Committee .....                                                                        | 20   |
| Rule 2.9 Participant Committee .....                                                                            | 21   |
| Rule 2.10 Nominating Committee.....                                                                             | 21   |
| Rule 2.11 Disciplinary Panel and Appeals Committee .....                                                        | 22   |
| Rule 2.12 Emergency Rules .....                                                                                 | 23   |
| Rule 2.13 Conflicts of Interest.....                                                                            | 26   |
| Rule 2.14 Recordkeeping .....                                                                                   | 29   |
| Rule 2.15 Information-Sharing Agreements .....                                                                  | 29   |
| Rule 2.16 Recordkeeping and Reporting Requirements .....                                                        | 30   |
| Rule 2.17 Public Information.....                                                                               | 31   |
| CHAPTER 3 Participants.....                                                                                     | 33   |
| Rule 3.1 Jurisdiction, Applicability of Rules .....                                                             | 33   |
| Rule 3.2 Participants – Applications, Agreements, Eligibility Criteria,<br>Classifications and Privileges ..... | 34   |
| Rule 3.3 Participant Obligations .....                                                                          | 37   |
| Rule 3.4 [Reserved].....                                                                                        | 41   |
| Rule 3.5 [Reserved].....                                                                                        | 41   |
| Rule 3.6 Dues, Fees and Expenses Payable by Participants.....                                                   | 42   |
| Rule 3.7 Recording of Communications .....                                                                      | 42   |
| Rule 3.8 Independent Software Vendors.....                                                                      | 42   |
| Rule 3.9 Participant Accounts.....                                                                              | 44   |
| Rule 3.10 Withdrawal of Participant.....                                                                        | 45   |

# TABLE OF CONTENTS

(continued)

|                                                                                                                              | Page |
|------------------------------------------------------------------------------------------------------------------------------|------|
| CHAPTER 4 Liquidity Providers .....                                                                                          | 47   |
| Rule 4.1 Application and Agreement .....                                                                                     | 47   |
| Rule 4.2 Appointment .....                                                                                                   | 47   |
| Rule 4.3 Benefits .....                                                                                                      | 48   |
| Rule 4.4 Obligations .....                                                                                                   | 48   |
| CHAPTER 5 Method for Trading Company Contracts .....                                                                         | 49   |
| Rule 5.1 User IDs .....                                                                                                      | 49   |
| Rule 5.2 Order Entry and Audit Trail.....                                                                                    | 50   |
| Rule 5.3 Order Type .....                                                                                                    | 54   |
| Rule 5.4 Trading Contracts on Behalf of Customers .....                                                                      | 55   |
| Rule 5.5 Execution Methods.....                                                                                              | 55   |
| Rule 5.6 Trading Hours.....                                                                                                  | 56   |
| Rule 5.7 [Reserved] .....                                                                                                    | 56   |
| Rule 5.8 [Reserved] .....                                                                                                    | 56   |
| CHAPTER 6 Clearing and Delivery .....                                                                                        | 57   |
| Rule 6.1 Clearance and Substitution .....                                                                                    | 57   |
| Rule 6.2 [Reserved] .....                                                                                                    | 57   |
| Rule 6.3 [Reserved] .....                                                                                                    | 57   |
| Rule 6.4 [Reserved] .....                                                                                                    | 57   |
| Rule 6.5 Deliveries.....                                                                                                     | 57   |
| Rule 6.6 [Reserved] .....                                                                                                    | 57   |
| Rule 6.7 Swap Data Reporting .....                                                                                           | 58   |
| CHAPTER 7 Margin .....                                                                                                       | 60   |
| Rule 7.1 Full Collateralization of Company Contracts Required.....                                                           | 60   |
| Rule 7.2 [Reserved] .....                                                                                                    | 60   |
| Rule 7.3 [Reserved] .....                                                                                                    | 60   |
| Rule 7.4 [Reserved] .....                                                                                                    | 60   |
| CHAPTER 8 Business Conduct and Trading Practices .....                                                                       | 61   |
| Rule 8.1 Scope .....                                                                                                         | 61   |
| Rule 8.2 Procedures .....                                                                                                    | 61   |
| Rule 8.3 Prohibited Trading Activity; Prohibitions on Fictitious Transactions,<br>Fraudulent Activity and Manipulation ..... | 61   |

## TABLE OF CONTENTS

(continued)

|                                                                                                      | Page |
|------------------------------------------------------------------------------------------------------|------|
| Rule 8.4 Prohibition on Money Passing, Pre-Arranged, Pre-Negotiated and Non-Competitive Trades ..... | 62   |
| Rule 8.5 Acts Detrimental to the Welfare or Reputation of the Company Prohibited ....                | 63   |
| Rule 8.6 Misuse of the Platform.....                                                                 | 63   |
| Rule 8.7 Supervision; Information Sharing .....                                                      | 63   |
| Rule 8.8 Business Conduct .....                                                                      | 63   |
| Rule 8.9 Trading Practices .....                                                                     | 64   |
| Rule 8.10 Customer Order Priority .....                                                              | 66   |
| Rule 8.11 Trading Against Customer Orders.....                                                       | 66   |
| Rule 8.12 Prohibition on Withholding of Customer Orders .....                                        | 67   |
| Rule 8.13 Execution Priority .....                                                                   | 67   |
| Rule 8.14 Crossing Orders .....                                                                      | 67   |
| Rule 8.15 Position Limits .....                                                                      | 67   |
| Rule 8.16 Position Accountability Levels .....                                                       | 69   |
| Rule 8.17 Aggregation of Positions .....                                                             | 70   |
| Rule 8.18 Large Trader Reporting .....                                                               | 70   |
| Rule 8.19 Compliance .....                                                                           | 71   |
| CHAPTER 9 Discipline and Enforcement.....                                                            | 73   |
| Rule 9.1 General.....                                                                                | 73   |
| Rule 9.2 Investigations .....                                                                        | 75   |
| Rule 9.3 Disciplinary Panel.....                                                                     | 77   |
| Rule 9.4 Notice of Charges.....                                                                      | 78   |
| Rule 9.5 Contesting and Appeals .....                                                                | 78   |
| Rule 9.6 Settlements .....                                                                           | 82   |
| Rule 9.7 Notice of Decision .....                                                                    | 82   |
| Rule 9.8 Penalties.....                                                                              | 83   |
| Rule 9.9 Summary Suspension .....                                                                    | 84   |
| Rule 9.10 Reporting Violations to the Commission .....                                               | 86   |
| CHAPTER 10 Arbitration .....                                                                         | 87   |
| Rule 10.1 In General.....                                                                            | 87   |
| Rule 10.2 Fair and Equitable Arbitration Procedures .....                                            | 88   |
| Rule 10.3 Withdrawal of Arbitration Claim .....                                                      | 89   |
| Rule 10.4 Penalties.....                                                                             | 89   |

## TABLE OF CONTENTS

(continued)

|                                                                                                        | Page |
|--------------------------------------------------------------------------------------------------------|------|
| Rule 10.5 Arbitration Panel.....                                                                       | 90   |
| CHAPTER 11 Miscellaneous.....                                                                          | 91   |
| Rule 11.1 Adjustments Necessitated by Material Changes in the Underlying.....                          | 91   |
| Rule 11.2 Prohibition on Trading by Company Personnel; Misuse of Material, Non-Public Information..... | 91   |
| Rule 11.3 Property Rights.....                                                                         | 92   |
| Rule 11.4 Signatures .....                                                                             | 94   |
| Rule 11.5 Governing Law .....                                                                          | 94   |
| Rule 11.6 Legal Proceedings.....                                                                       | 94   |
| Rule 11.7 LIMITATION OF LIABILITY; NO WARRANTIES .....                                                 | 95   |
| Rule 11.8 Error Trade Policy .....                                                                     | 99   |
| Rule 11.9 Company Contacts.....                                                                        | 104  |
| Rule 11.10 Reasonability Levels .....                                                                  | 104  |
| Rule 11.11 No Cancellation Ranges.....                                                                 | 104  |
| Rule 11.12 Amendments to the Rules .....                                                               | 105  |
| Rule 11.13 [Reserved].....                                                                             | 105  |
| Rule 11.14 Digital Currency Fork Policy .....                                                          | 105  |
| CHAPTER 12 Company Contract Specifications .....                                                       | 106  |
| Rule 12.1 [Reserved].....                                                                              | 106  |
| Rule 12.2 [Reserved].....                                                                              | 106  |
| Rule 12.3 [Reserved].....                                                                              | 106  |
| Rule 12.4 [Reserved].....                                                                              | 106  |
| Rule 12.5 [Reserved].....                                                                              | 106  |
| Rule 12.6 [Reserved].....                                                                              | 106  |
| Rule 12.7 USD/ETH Deci Options .....                                                                   | 106  |
| Rule 12.8 Day-Ahead USD/ETH Deci Swaps.....                                                            | 109  |
| CHAPTER 13 – [RESERVED].....                                                                           | 112  |

**SWAP EXECUTION FACILITY RULES  
OF  
LEDGERX LLC**

**Introduction**

The Commodity Exchange Act requires that LedgerX LLC (the “Company”) comply with the core principles set forth in the Commodity Exchange Act, as amended, and the regulations, rules and orders of the Commodity Futures Trading Commission, and establish, monitor and enforce its Rules relating to its business as a Swap Execution Facility (“SEF”). The following Swap Execution Facility Rules of the Company pertain to the trading of Company Contracts on the Company SEF, and the rights and Obligations of Participants in connection with such activities.

## CHAPTER 1 Definitions

### Rule 1.1 Definitions

As used in these Rules, the following terms have the following respective meanings:

**Affiliate:** A Person who, directly or indirectly, controls, is controlled by, or is under common control with another Person.

**Appeals Committee:** A committee of the Board composed of Directors pursuant to Rule 2.11, and that acts in an adjudicative role and fulfills various adjudicative responsibilities and duties as described in Chapter 9.

**Applicable Law:** With respect to any Person, any statute, law, regulation, rule or ordinance of any government, governmental or self-regulatory authority applicable to such Person, including without limitation the CEA and CFTC Regulations and any laws and regulations relating to economic or trade sanctions.

**As soon as technologically practicable:** As soon as possible, taking into consideration the prevalence, implementation and use of technology by comparable market participants.

**Authorized Representative:** With respect to any Participant that is an entity, an officer of such entity who is responsible for supervising trading activities of the Participant, including activities of its Authorized User(s), and activities of its employees relating to Transactions, and for providing information regarding the Participant to the Company upon request of the Company.

**Authorized User:** A natural person who is either employed by or is an agent of a Participant and who is authorized by the Participant to trade on the Company SEF on behalf of the Participant, and in the case of an Executing Participant, intermediate Orders, provided that the Participant maintains supervisory authority over such individual's trading activities, but Authorized Users shall not include (i) employees or agents of Customers or (ii) Customers that are natural persons.

**Bitcoin or BTC:** A Digital Currency.

**Board:** The Board of Directors of the Company.

**Business Day:** Any day on which the Company SEF is open for trading.

**CEA:** The Commodity Exchange Act, as amended.

**CFTC Regulations:** The regulations of the CFTC, as in effect from time to time, including any Commission-issued orders or interpretive or no-action letters.

**Chief Compliance Officer:** The individual appointed by the Board to serve as the Company's chief compliance officer. For the avoidance of doubt, the same person who is appointed to be the Company SEF's chief compliance officer may also serve in that role for the Company DCO and/or serve as the chief regulatory officer for the Company DCM.

**Chief Executive Officer:** The individual appointed by the Board to serve as the Company's chief executive officer.

**Chief Risk Officer:** The individual appointed by the Board to serve as the Company's chief risk officer.

**Clearing House** means the Company, in its capacity as a DCO.

**Clearing Services** means the provision by the Clearing House to another registered DCM that is unaffiliated with the Company of fully collateralized clearing, settlement and ancillary services as set forth in Chapter 13.

**Collateral Account:** Each Participant's Participant Account and an account opened and maintained by the Company at a Settlement Bank (a) to which a Participant transfers funds and (b) from which the Company is authorized to debit fees and margin or option premium, and debit or credit settlement payments, as applicable.

**Commission or CFTC:** The U.S. Commodity Futures Trading Commission.

**Company:** LedgerX LLC. For the avoidance of doubt, references to the "Company" generally shall refer to the Company in its capacity as a SEF, unless otherwise specified or as the context requires.

**Company Contract:** Any derivative contract, including an option contract or swap agreement, based on one or more Underlying and listed for trading on the Company SEF or subject to the Rules.

**Company Contract Specifications:** The terms and conditions of a Company Contract as initially published in the Rules and posted on the Website and thereafter as published in the Rules, posted on the Website and sent in Participant Notices.

**Company DCM:** The Designated Contract Market of the Company.

**Company DCO:** The Derivatives Clearing Organization of the Company.

**Company Official:** A Director, Officer, committee member, or such other individual as the Board may designate from time to time.

**Company Personnel:** A Company employee, consultant of the Company, contractor of the Company or agent of the Company.

**Company Representative:** Any Company Official, Company employee, consultant of the Company, contractor of the Company or agent of the Company.

**Company SEF:** The Swap Execution Facility of the Company.

**Company Telecommunication Systems:** The Company's designated telecommunications systems (e.g., telephone and instant messaging) used for pre-trade communications and noncompetitive executions permitted in accordance with these Rules, access to which is provided to Participants by the Company.

**Compliance Department:** The department, reporting to the Chief Compliance Officer, that is responsible for compliance, investigations and disciplinary proceedings.

**Contract** means any derivative contract, including a futures contract, Binary Contract, option contract or swap agreement, based on one or more Underlying and for which the Clearing House provides Clearing Services subject to the Rules.

**Critical Security Parameters or CSPs:** Company-assigned private authentication tokens such as automated passwords and cryptographic keys used to access the Platform together with the User ID for security purposes.

**Customer:** A Participant that has authorized an Executing Participant to execute Orders on behalf of such Participant on or subject to the Rules of the Company, provided that such Participant shall not be deemed to be a Customer with respect to the clearing or settlement of its Transactions or its margin or option premium associated with such Transaction.

**Customer Funds:** As defined in CFTC Regulation 1.3.

**Customer ID:** The identifying code an Executing Participant assigns to a Customer and includes in each Customer Order to identify the individual customer on whose behalf the Executing Participant is exercising Trading Privileges.

**Customer Type Indicator Code or CTI:** A symbol that indicates the buying and selling customer types, as required by CFTC Regulation 1.35(g).

**Derivatives Clearing Organization or DCO:** As set forth in Section 1a(15) of the CEA and registered with the Commission pursuant to Section 5b of the CEA and in accordance with the provisions of Part 39 of CFTC Regulations.

**Designated Contract Market or DCM:** A board of trade designated by the CFTC as a contract market under Section 5 of the CEA and in accordance with the provisions of Part 38 of CFTC Regulations.

**Digital Currency:** A medium of exchange stored and transferred electronically, including, but not limited to, Bitcoin and Ether.

**Director:** A member of the Board.

**Disciplinary Action:** Any inquiry, investigation, disciplinary proceeding, appeal from a disciplinary proceeding, summary imposition of fines, summary suspension or other summary action.

**Disciplinary Panel:** A panel appointed by the Regulatory Oversight Committee pursuant to Rule 2.11 to act in an adjudicative role and fulfill various adjudicative responsibilities and duties as described in Chapter 9.

**Discretionary Order:** As defined in Rule 8.10.

**EFP:** An exchange for physical transaction.

**Eligible Contract Participant or ECP:** As set forth in Section 1a(18) of the CEA and as further defined in CFTC Regulation 1.3.

**Emergency:** Any occurrence or circumstance which, in the opinion of the Board, the Chief Executive Officer, the Chief Compliance Officer, or a designee duly authorized to issue such an opinion, requires immediate action, and which threatens, or may threaten, such things as the fair and orderly trading in, the liquidation, settlement, delivery, or the integrity of, any Company Contract, or the timely collection and payment of funds in connection with clearing and settlement by the Company, including without limitation:

- a. any circumstance that may materially affect the performance of any Company Contract, including without limitation failure of the payment system, the bankruptcy or insolvency of any Participant, or any actual, attempted or threatened theft or forgery of, or other interference with, the Underlying or delivery or transfer thereof;
- b. any action taken by any United States or foreign regulatory, self-regulatory, judicial, arbitral, or governmental (whether national, state or municipal) or quasi-

governmental authority, or any agency, department, instrumentality, or subdivision 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 Commission, board of trade, market or facility which may have a direct impact on trading on the Company SEF, or the clearing and settlement of any Company Contract;

- c. any actual, attempted or threatened corner, squeeze, congestion, or undue concentration of positions in any Company Contract;
- d. any other circumstance that may have a severe, adverse effect upon the functioning of the Company SEF, or the Company DCO; or
- e. any manipulative or attempted manipulative activity.

**Emergency Action:** An action deemed to be necessary or appropriate to respond to an Emergency and taken pursuant to Rule 2.12.

**Emergency Rules:** Procedures or rules adopted in response to an Emergency pursuant to Rule 2.12.

**Ethereum or ETH or Ether:** A Digital Currency.

**Executing Participant:** A Participant that has executed a Participant Application and Agreement and is authorized to enter into Orders and Transactions for its own account and is authorized to execute Orders as agent for other Participants and is registered with the Commission as an introducing broker, commodity pool operator or commodity trading advisor, or is exempt from registration as such.

**Independent Software Vendor or ISV:** A Person that makes available to Participants a system or platform offering smart order routing, front-end trading applications, aggregation, or a combination of the foregoing, but that does not provide Participants the ability to effect Swaps on such system or platform.

**Legal Entity Identifier or LEI:** The identifying code that is required of each counterparty to any swap subject to the CFTC's jurisdiction and that is used in all recordkeeping and all swap data reporting pursuant to Part 45 of CFTC Regulations, including any predecessor identifiers and including the Global Markets Entity Identifier or GMEI, which is the current identifier required by the CFTC until the establishment of a global Legal Entity Identifier system. LEIs must be renewed on an annual basis.

**Liquidity Provider:** As described in Chapter 4.

**Liquidity Provider Agreement:** An agreement between the Company and a Liquidity Provider that must be executed for a Participant to act as a Liquidity Provider.

**Market Participant Director:** A Director who has been found by the Board to be an authorized representative of a Participant and suitable to be a Director pursuant to Section 5b(c)(2)(Q) of the CEA.

**Matching Engine:** The set of algorithms through which Orders are matched.

**Material Relationship:** As set forth in Rule 2.2F.

**NFA:** The National Futures Association.

**Nominating Committee:** The committee of the Board constituted in accordance with Rule 2.10.

**Notice of Charges:** As set forth in Rule 9.4.

**Obligation:** Any Rule, order or procedure issued by the Company, including a Participant Notice or other requirement implemented by the Company under the Rules (including each term and condition of a Company Contract), as well as any contractual obligations between, on the one hand, a Person, and on the other hand, the Company, and any Order or Transaction entered into by a Participant or its Authorized User.

**OFAC:** The Office of Foreign Assets Control of the U.S. Department of the Treasury.

**Officer:** An individual as set forth in Rule 2.3.

**Operating Agreement:** The Limited Liability Company Operating Agreement of the Company, as it may be modified from time to time.

**Order:** Either a bid or an offer for a Company Contract entered on the Platform or subject to the Rules.

**Oversight Panel:** As defined in CFTC Regulation 1.69.

**Participant:** A Person that has executed the Participant Application and Agreement and is authorized to enter into Orders and Transactions for its own account. As used in the Rules, the term Participant includes an Executing Participant and a Liquidity Provider unless the context requires otherwise. A Participant must be an ECP to be eligible to enter into Transactions on the Company SEF..

**Participant Account:** An account established and maintained for a Participant by the Company on its books and records to which a financial asset is or may be credited in accordance with these Rules and such other procedures as the Company may implement from time to time.

**Participant Application and Agreement:** An application submitted by an applicant for Participant status and an agreement between the Company and a Participant that must be executed for a Participant to gain access to the Company SEF for the entry and execution of Orders.

**Participant Committee:** The committee of the Board constituted in accordance with Rule 2.9.

**Participant Notice:** A communication sent by or on behalf of the Company to all Participants in accordance with Rule 2.17.

**Participant Portal:** The vehicle through which Participants send and receive messages to or from the Company and other Participants, update account and contact information, and submit deposit and withdrawal notifications.

**Permitted Transaction:** Any transaction involving a Swap that is not subject to the trade execution requirement in Section 2(h)(8) of the CEA.

**Person:** As defined in Section 1a(38) of the CEA and in CFTC Regulation 1.3.

**Platform:** The electronic trading facility operated by the Company to provide Participants with the ability to execute Orders and Transactions from the interaction of multiple bids and multiple offers within a pre-determined, non-discretionary automated trade matching and execution algorithm.

**Position Limit:** The maximum number of positions, either net long or net short, in one Series or a combination of various Series with the same Underlying that may be held or controlled by a Participant as prescribed by the Company or the Commission.

**Proprietary Data and Personal Information:** Information identifying a natural person (e.g., name, e-mail address) or other data proprietary to any Person that discloses such Person's trade secrets, market positions and/or other business transactions, excluding Transaction Data.

**Proprietary Information:** As set forth in Rule 11.3A.

**Public Director:** A Director who has been found by the Board to have no Material Relationship with the Company in accordance with Rule 2.2F.

**Public dissemination and publicly disseminate:** To publish and make available Swap transaction and pricing data in a non-discriminatory manner, through the Internet or other electronic data feed that is widely published (in a manner that is freely available and readily accessible to the public) and in machine-readable electronic format.

**Regulatory Agency:** Any government body, including the Commission, and any organization, whether domestic or foreign, granted authority under statutory or regulatory provisions to regulate its own activities and the activities of its members, and includes the Company SEF, any other clearing organization or contract market, and NFA.

**Regulatory Oversight Committee:** The committee of the Board constituted in accordance with Rule 2.7.

**Regulatory Swap Data:** Includes (i) Swap Transaction and Pricing Data, (ii) Required Swap Creation Data and (iii) Required Swap Continuation Data.

**Reporting Counterparty:** As set forth in Part 45 of CFTC Regulations and means the Participant that is designated as the Reporting Counterparty pursuant to Rule 5.1.

**Required Swap Continuation Data:** As set forth in CFTC Regulation 45.1.

**Required Swap Creation Data:** As set forth in CFTC Regulation 45.1.

**Respondent:** Any Person subject to a Disciplinary Action and such Person's legal counsel or representative.

**Risk Management Committee:** The committee appointed by the Board and constituted in accordance with Rule 2.8.

**Rules:** These rules of the Company SEF, as in effect and as may be amended from time to time.

**Self-Regulatory Organization:** As set forth in CFTC Regulation 1.3 and includes a DCO and SEF.

**Series:** All Company Contracts having identical terms, including Settlement Date and the value or range of values of an Underlying or category of asset class.

**Settlement Bank:** A depository approved by the Company as an acceptable location for depositing Participant funds or Customer Funds, as applicable.

**Settlement Bank Business Day:** A day a Settlement Bank is open for business.

**Settlement Date:** A Business Day on which: (1) a Participant properly tenders to the Company an exercise notice on an option contract, resulting in the delivery of the Underlying and payment on the next Settlement Bank Business Day following the exercise; (2) an open futures contract expires; or (3) the Company automatically closes out and settles a Participant's Company Contracts that offset one another. A Company Contract that is an option and that has not been exercised on or before the last trading day and time will expire with no value.

**Swap:** A Company Contract that is a swap as defined in Section 1a(47) of the CEA and as further defined by CFTC Regulation 1.3, and shall include Company Contracts that are options as set forth in the Company Contract Specifications.

**Swap Data Repository or SDR:** As set forth in Section 1a(48) of the CEA and registered with the Commission pursuant to Section 21 of the CEA and in accordance with Part 49 of CFTC Regulations.

**Swap Execution Facility or SEF:** As set forth in Section 1a(50) of the CEA and registered with the Commission pursuant to Section 5h of the CEA and in accordance with the provisions of Part 37 of CFTC Regulations.

**Swap Transaction and Pricing Data:** Any data required to be reported under Part 43 of CFTC Regulations.

**Trading Hours:** The hours during which Orders may be entered on the Company SEF or subject to the Rules, as set forth in Rule 5.6, and as may be revised from time to time, by the Company as disclosed on the Website and through Participant Notices.

**Trading Privilege:** Any right granted by the Company to a Participant to transmit Orders for a Company Contract.

**Transaction:** Any purchase or sale of any Company Contract made on the Company or pursuant to the Rules.

**Transaction Data:** Orders, bids, offers and related information concerning Company Contracts executed subject to the Rules, together with all information and other content contained in, displayed on, generated by or derived from the Platform.

**UCC:** The Uniform Commercial Code as in effect in the State of New York.

**Underlying:** The index, rate, risk, measure, instrument, differential, indicator, value, contingency, commodity, occurrence, or extent of an occurrence that shall determine the amount payable or deliverable under a Company Contract.

**Unique Swap Identifier or USI or Unique Transaction Identifier or UTI:** The unique identifier for a swap transaction, which shall be created, transmitted, and used for each swap executed on the Company SEF as provided in CFTC Regulation 45.5.

**User ID:** The unique identifier registered with the Company that the Company assigns to an Authorized User, and which is included on each Order to enable the Company to identify the Person entering such Orders, and, with respect to an Order entered by an Executing Participant on behalf of a Customer, the Customer.

**Website:** The Company home page and related pages on the Internet, or a website to which the Company home page has a link.

## **Rule 1.2 Rules of Construction**

For purposes of these Rules, the following rules of construction shall apply:

1. Words conveying a singular number include the plural number, where the context permits, and vice versa.
2. References to any Regulatory Agency include any successor Regulatory Agency.
3. If, for any reason, a Rule is found or determined to be invalid or unenforceable by a court of law, the Commission or another governmental or quasi-governmental agency with supervisory authority, such Rule shall be considered severed from the Rules and all other Rules shall remain in full force and effect.
4. All references to time are to the local time in New York, New York unless expressly provided otherwise.
5. All terms defined in the UCC and not otherwise defined herein shall have the respective meanings accorded to them therein.
6. In the event of a conflict between these Rules and a non-disclosure agreement between the Company or an Affiliate of the Company and a Participant or Customer, these Rules shall govern.

7. In the event of a conflict between these Rules and the CEA or CFTC Regulations, the applicable provision of the CEA and/or CFTC Regulation shall govern.

## **CHAPTER 2 Company Governance**

### **Rule 2.1 Ownership**

The Company is a Delaware limited liability company. The management and operation of the Company is governed by the Operating Agreement and the Rules. Participant status does not confer any equity interest or voting right in the Company.

### **Rule 2.2 Board**

- A. The Board shall, subject to applicable provisions in the Operating Agreement:
  - 1. Be the governing body of the Company;
  - 2. Be constituted, and shall constitute its committees or subcommittees, to permit consideration of the views of market participants;
  - 3. Have charge and control of all property of the Company;
  - 4. Provide, acquire and maintain adequate Company offices and facilities;
  - 5. Fix, determine and levy all Participant or other fees when necessary;
  - 6. Determine the Company Contracts and the Company Contract Specifications;
  - 7. Adopt, amend or repeal any Rules, with the input of Officers and committees or subcommittees;
  - 8. Have the power to act in Emergencies as detailed in Rule 2.12; and
  - 9. Have the power to call for review, and to affirm, modify, suspend or overrule, any and all decisions and actions of the Officers, committees or subcommittees related to the day-to-day business operations of the Company.
- B. Any authority or discretion by the Rules vested in any Officer or delegated to any committee or subcommittee shall not be construed to deprive the Board of such authority or discretion and, in the event of a conflict, the determination of the matter by the Board shall prevail.
- C. A majority of the Directors serving on the Board, including at least one Public Director, shall constitute a quorum for the transaction of business of the Board. At all times when the Board is conducting business at a meeting of the Board, a

quorum of the Board must be present at such meeting, and the Board may act only by the decision of a majority of the Directors constituting a quorum of the Board by vote at a meeting, by unanimous written consent without a meeting, or as otherwise set forth in the Operating Agreement.

- D. The Board shall comprise the number of Directors set forth in the Operating Agreement, which shall include Public Directors and Market Participant Directors in at least the number or percentage required under the CEA or CFTC Regulations, but in any event, (i) no less than two Directors shall be Public Directors and (ii) no less than two Directors shall be Market Participant Directors. Each Director (including Public Directors and Market Participant 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.
- E. Each Director is entitled to indemnification pursuant to the Operating Agreement with respect to matters relating to the Company.
- F. To qualify as a Public Director, an individual must be found, by the Board and on the record, to have no Material Relationship, as defined below, with the Company. The Board must make such finding at the time the Public Director is elected and as often as necessary in light of all circumstances relevant to such Public Director, but in no case less than annually. A “Material Relationship” is one that reasonably could affect the independent judgment or decision-making of the Director. The Board need not consider previous service as a Director of the Company to constitute a Material Relationship. A Director shall be considered to have a Material Relationship with the Company if any of the following circumstances exist or have existed within the past year:
  - 1. such Director is or was an Officer or an employee of the Company, or an officer or an employee of an Affiliate of the Company;
  - 2. such Director is or was a Participant; or
  - 3. such Director is or was a director, an officer, or an employee of a Participant.
- G. If any of the immediate family of a Director, i.e., spouse, parents, children, and siblings, in each case, whether by blood, marriage, or adoption, or any person

residing in the home of the Director or that of his or her immediate family have a Material Relationship as defined above, then that Material Relationship is deemed to apply to such Director.

- H. The Board shall have procedures, as may be adopted by the Board from time to time, to remove a Director where the conduct of such Director is likely to be prejudicial to the sound and prudent management of the Company.
- I. The Board shall review its performance and that of its individual Directors annually and shall consider periodically using external facilitators for such review.

### **Rule 2.3 Officers**

- A. The Board shall appoint a Chief Executive Officer, Chief Compliance Officer, Chief Risk Officer and such other officers of the Company as it may deem necessary or appropriate from time to time.
- B. The Chief Compliance Officer must:
  - 1. have the background and skills appropriate for fulfilling the responsibilities of the position;
  - 2. be an individual who would not be disqualified from registration under Section 8a(2) or 8a(3) of the CEA;
  - 3. report to the Board or, in the event that the Board delegates its authority to the Chief Executive Officer, to the Chief Executive Officer; and
  - 4. fulfill his or her duties as required pursuant to CFTC Regulations, including, but not limited to, the preparation and submission of an annual compliance report as described in CFTC Regulation 39.10(c)(3), and assist the Regulatory Oversight Committee in its preparation of an annual report.
- C. Any Officer may also be a director, officer, partner or employee of the Company or of any of its Affiliates, subject to disclosure and resolution of conflicts of interest. Notwithstanding the foregoing, the Chief Compliance Officer and the Chief Risk Officer must be two different individuals.
- D. The Officers shall have such powers and duties in the management of the Company as the Board may prescribe from time to time, subject to any limitations set forth in the Operating Agreement.

- E. Each Officer is entitled to indemnification pursuant to the Operating Agreement with respect to matters relating to the Company.

#### **Rule 2.4 Eligibility and Fitness**

- A. An individual may not serve as a Director or Officer, or serve on a committee or subcommittee established by the Board or hold a 10 percent or more ownership interest in the Company, if the individual:
1. within the prior three years has been found, by a final decision of a court of competent jurisdiction, an administrative law judge, the CFTC, or any Self-Regulatory Organization, to have committed a disciplinary offense;
  2. within the prior three years has entered into 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;
  3. is currently suspended from trading on a Designated Contract Market or a Swap Execution Facility, is suspended or expelled from membership in a Self-Regulatory Organization, is serving any sentence of probation, or owes any portion of a fine or penalty imposed pursuant to either:
    - a. a finding by final decision of a court of competent jurisdiction, an administrative law judge, the CFTC or any Self-Regulatory Organization that such person committed a disciplinary offense; or
    - b. 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. is currently subject to an agreement with the CFTC or Self-Regulatory Organization not to apply for registration with the CFTC or for membership in the Self-Regulatory Organization;
  5. is currently, or within the past three years has been, subject to a revocation or suspension of registration by the CFTC, or has been convicted within the past three years of any of the felonies listed in Section 8a(2)(D)(ii) through (iv) of the CEA;
  6. is currently subject to a denial, suspension or disqualification from serving on a disciplinary panel, 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; or

7. is subject to a statutory disqualification pursuant to Section 8a(2) of the CEA.

For purposes of this Rule 2.4A, the terms “disciplinary offense,” “final decision” and “settlement agreement” have the meaning given those terms in CFTC Regulation 1.63(a).

- B. Any Director, Officer, member of a committee established by the Board and any individual nominated to serve in any such role, shall immediately notify the Chief Executive Officer if such individual is subject to one or more of the criteria in Rule 2.4A. Prior to nomination to the Board, each individual shall certify he or she is not disqualified pursuant to Rule 2.4A. Upon appointment, each Director, Officer, and member of a committee shall provide to the Company, where applicable, changes in registration information within 30 days and certification of compliance accordingly. The Company shall verify information supporting Board compliance with eligibility criteria.
- C. To serve as a Director, an individual must possess the ability to contribute to the effective oversight and management of the Company, taking into account the needs of the Company and such factors as the individual's experience, perspective, skills and knowledge of the industry in which the Company operates.
- D. A Director or Officer must meet any qualifications set forth from time to time in the Operating Agreement.
- E. An individual may not serve on any Disciplinary Panel, arbitration panel, or the Appeals Committee during any proceeding affecting or concerning such individual, to be determined in a reasonable manner by the Company's General Counsel.
- F. If the Company determines that an individual subject to this Rule 2.4 no longer meets the criteria set forth in Rule 2.4.A., the Company shall inform the CFTC of such determination. The Company shall provide to the CFTC, upon request, an individual's certification of compliance with the criteria set forth in Rule 2.4.A.

## **Rule 2.5 [Reserved]**

## **Rule 2.6 Committees and Subcommittees**

- A. The Board may create, appoint Directors to serve on, and delegate powers to, committees and subcommittees, except as otherwise specified herein. There shall be a Regulatory Oversight Committee, a Risk Management Committee, a Participant Committee, a Nominating Committee, and an Appeals Committee. Additionally, there shall be one or more Disciplinary Panels as set forth herein, which may consist of persons who are not Directors, and whose members are appointed by the Regulatory Oversight Committee. The Board shall designate the chairperson of each such committee, except that the chairperson of the Board shall designate the chairperson of the Appeals Committee and the Regulatory Oversight Committee shall designate the members and chairperson of each Disciplinary Panel.
- B. Each committee and subcommittee shall assist in the supervision, management and control of the affairs of the Company within its particular area of responsibility, subject to the Operating Agreement and the authority of the Board.
- C. Subject to the authority of the Board, each committee and subcommittee shall determine the manner and form in which its proceedings shall be conducted. A majority of the members serving on a committee or subcommittee, including at least one Public Director, shall constitute a quorum for the transaction of business of a committee or subcommittee. Each committee and subcommittee may act only by the decision of a quorum, by vote at a meeting or by unanimous written consent without a meeting. The Board has the authority to overrule the decisions of any committee or subcommittee.

## **Rule 2.7 Regulatory Oversight Committee**

- A. The Regulatory Oversight Committee shall be a standing committee of the Board consisting of only Public Directors, as appointed from time to time. No less than two Public Directors shall serve on the Regulatory Oversight Committee.
- B. Each member of the Regulatory Oversight Committee shall serve for a term of one calendar year from the date of his or her appointment or for the remainder of his

or her term as a Public Director, and until the due appointment of his or her successor, or until his or 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 Company'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. The Regulatory Oversight Committee shall make such recommendations to the Board that will, in its judgment, best promote the interests of the Company. 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.
- D. The Regulatory Oversight Committee shall appoint individuals to each Disciplinary Panel in accordance with these Rules, Applicable Law and the composition requirements of the Disciplinary Panels. The Committee shall appoint at least one person who would not be disqualified from serving as a Public Director, and who shall serve as the Chairperson of the Disciplinary Panel.
- E. The Regulatory Oversight Committee shall prepare an annual report that assesses the Company's self-regulatory program for the Board and the CFTC. The annual report sets forth the regulatory program's expenses, describes its staffing and structure, catalogues disciplinary actions taken during the year, and reviews the performance of each Disciplinary Panel. Such report may be prepared in conjunction with the Chief Compliance Officer's annual compliance report of the Company.
- F. Without limiting the generality of the foregoing, the Regulatory Oversight Committee shall have the authority to:
  - 1. monitor the regulatory program of the Company for sufficiency, effectiveness, and independence;
  - 2. oversee all facets of the regulatory program, including trade practice and market surveillance; audits, examinations, and other regulatory responsibilities with respect to Participants (including ensuring compliance

with financial integrity, financial reporting, sales practice, recordkeeping, and other requirements); and the conduct of investigations;

3. review the size and allocation of the regulatory budget and resources; and the number, hiring, termination, and compensation of regulatory personnel;
4. supervise the Chief Compliance Officer of the Company, who will report directly to the Regulatory Oversight Committee and to the Board or, if the Board delegates such authority, to the Chief Executive Officer;
5. recommend changes that would ensure fair, vigorous, and effective regulation; and
6. review all regulatory proposals prior to implementation and advise the Board as to whether and how such changes may impact regulation.

#### **Rule 2.8 Risk Management Committee**

- A. The Risk Management Committee shall be a standing committee consisting of at least 35 percent Public Directors, one Market Participant Director, and one Company Officer. The Risk Management Committee also may allow the participation of other market participants.
- B. Each member of the Risk Management Committee shall serve for a term of one calendar year from the date of his or her appointment or for the remainder of his or her term as a Public Director, as applicable, and until the due appointment of his or her successor, or until his or her earlier resignation or removal, with or without cause, as a member of the Risk Management Committee or as a Public Director. A member of the Risk Management Committee may serve for multiple terms.
- C. The Risk Management Committee shall oversee the Company's risk management program. The Board shall delegate sufficient authority, dedicate sufficient resources, and allow sufficient time for the Risk Management Committee to fulfill its mandate. The Risk Management Committee shall make such recommendations to the Board that will, in its judgment, best promote the interests of the Company. The Risk Management 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.

## **Rule 2.9 Participant Committee**

- A. The Participant Committee shall be a standing committee of the Board consisting of at least 35 percent Public Directors, as appointed from time to time. No less than two Public Directors shall serve on the Participant Committee.
- B. Each member of the Participant Committee shall serve for a term of one calendar year from the date of his or her appointment or for the remainder of his or her term as a Public Director, as applicable, and until the due appointment of his or her successor, or until his or her earlier resignation or removal, with or without cause, as a member of the Participant Committee or as a Public Director. A member of the Participant Committee may serve for multiple terms.
- C. The Participant Committee shall determine the standards and requirements for initial and continuing membership or participation eligibility; review appeals of Company staff denials of Participant, Executing Participant and Liquidity Provider applications; and approve measures that would result in different categories or classes of Company membership. In reviewing staff denials, the Participant Committee shall not uphold any such Company staff denial if the relevant application satisfies the standards and requirements that the Participant Committee sets forth. The Participant Committee shall not, and shall not permit the Company 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.

## **Rule 2.10 Nominating Committee**

- A. The Nominating Committee shall be a standing committee of the Board consisting of at least 51 percent Public Directors, as appointed from time to time. No less than two Public Directors shall serve on the Nominating Committee.
- B. Each member of the Nominating Committee shall serve for a term of one calendar year from the date of his or her appointment or for the remainder of his or her term as a Public Director, as applicable, and until the due appointment of his or her successor, or until his or her earlier resignation or removal, with or without cause, as a member of the Nominating Committee or as a Public Director. A member of the Nominating Committee may serve for multiple terms.

- C. The Nominating Committee shall identify individuals qualified to serve on the Board, consistent with criteria approved by the Board, and with the composition requirements set forth in the Rules or Operating Agreement. The Nominating Committee shall administer a process for the nomination of individuals to the Board. The Board shall delegate sufficient authority, dedicate sufficient resources, and allow sufficient time for the Nominating Committee to fulfill its mandate. The Nominating Committee shall make such recommendations to the Board that will, in its judgment, best promote the interests of the Company. The Nominating 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.

**Rule 2.11 Disciplinary Panel and Appeals Committee**

- A. A Disciplinary Panel shall:
1. consist of at least three members appointed by the Regulatory Oversight Committee, at least 35 percent of whom would qualify as Public Directors, although they are not required to be Directors. One of the Disciplinary Panel members who is qualified to be a Public Director will serve as the chairperson, as appointed by the Regulatory Oversight Committee from time to time. At least one member of a Disciplinary Panel must be a Participant or an employee of a Participant. The Board may establish more than one Disciplinary Panel. The Regulatory Oversight Committee will appoint individuals for membership on each Disciplinary Panel. Each Disciplinary Panel shall include members with sufficiently differing experience and Participant interests such that no group or class of Participants may dominate or exercise disproportionate influence on a Disciplinary Panel. A Disciplinary Panel shall not include any members of the Company's compliance Department, and no member of a Disciplinary Panel shall participate in adjudicating any other stage of the same proceeding reviewed by that Disciplinary Panel.
  2. responsible for conducting hearings, rendering decisions, and imposing sanctions with respect to any Disciplinary Action. Each Disciplinary Panel shall also have such other powers and perform such other duties as set forth in the Rules and as the Board may determine from time to time.

- B. Each member of a Disciplinary Panel shall serve for a term of two calendar years from the date of his or her appointment, and until the due appointment of his or her successor, or until his or her earlier resignation or removal, with or without cause, as a member of that Disciplinary Panel. A member of a Disciplinary Panel may serve for multiple terms.
- C. The Appeals Committee shall be:
  - 1. a standing committee consisting of at least three members of the Board. The members of the Appeals Committee and its Chairperson shall be appointed by the Chairperson of the Board, provided that, at all times the Appeals Committee shall include at least 35 percent Public Directors, and the Chairperson of the Appeals Committee shall be a Public Director.
  - 2. responsible for conducting hearings of appeals of decisions of Disciplinary Panels, rendering decisions of such appeals, and imposing sanctions with respect to such appeals. The Appeals Committee shall also have such other powers and perform such other duties as set forth in these Rules and as the Board may determine from time to time.
- D. Each member of the Appeals Committee shall serve for a term of one calendar year from the date of his or her appointment or for the remainder of his or her term as a Public Director, as applicable, and until the due appointment of his or her successor, or until his or her earlier resignation or removal, with or without cause, as a member of the Appeals Committee or as a Public Director. A member of the Appeals Committee may serve for multiple terms.

#### **Rule 2.12 Emergency Rules**

- A. During an Emergency, the Company may implement temporary emergency procedures and rules pursuant to Rule 2.12D, subject to the applicable provisions of the CEA and CFTC Regulations.
- B. The Chief Executive Officer or his or her designee and the Chief Compliance Officer or his or her designee, acting in conjunction or, if it is not possible to act in conjunction, acting alone, are authorized to determine whether an Emergency exists and whether Emergency Rules or Emergency Actions are warranted. Emergency Rules may require or authorize the Company, the Board, any

committee of the Board or any Officer to take Emergency Actions, including, but not limited to, the following actions:

1. suspend or curtail trading in, or limit trading to liquidation, for any Company Contract;
  2. extend or shorten the last trading date for any Company Contract;
  3. provide alternative settlement mechanisms for any Company Contract (including by altering the settlement terms or conditions or fixing the settlement price) or suspend the transfer of the Underlying;
  4. order the transfer or liquidation of open positions in any Company Contract; provided that if a Company Contract is fungible with a contract on another platform in addition to the Company, the liquidation or transfer of open interest in such Company Contract will be ordered only as directed, or agreed to, by CFTC staff or the CFTC;
  5. extend, shorten or change the Trading Hours or the expiration date of any Company Contract;
  6. require Participants to meet special margin requirements;
  7. order the transfer of Company Contracts and the associated margin or alter any Company Contract's settlement terms or conditions;
  8. impose or modify position limits, price limits, and intraday market restrictions; or
  9. any other action, if so directed by the CFTC.
- C. Before taking an Emergency Action, the effects of such Emergency Action on markets underlying the Company Contract(s) affected by such Emergency Action, on markets that are linked or referenced to such Company Contracts and similar markets on other trading venues, or any potential conflicts of interest shall be considered and documented as required under Rule 2.12F.
- D. Before any Emergency Rule may be adopted and enforced, the Regulatory Oversight Committee shall approve the implementation of such Emergency Rule at a duly convened meeting. If the Chief Executive Officer, or his or her designee, or if the Chief Executive Officer or his or her designee is unavailable, the Chief Compliance Officer, or his or her designee, 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 Executive Officer, or his or her designee, or if the Chief Executive Officer or his or her designee is unavailable, the Chief Compliance Officer, or his or her designee, 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 Executive Officer, or his or her designee, or if the Chief Executive Officer or his or her designee is unavailable, the Chief Compliance Officer, or his or her designee, must convene a meeting of the Regulatory Oversight Committee to ratify the actions taken by the Chief Executive Officer, or his or her designee, or the Chief Compliance Officer, or his or her designee, as soon as practicable. Whenever the Company implements an Emergency Rule or takes an Emergency Action, a duly authorized representative of the Company, where possible, will inform Participants through a Participant Notice.

- E. The Company will use reasonable efforts to notify the CFTC and the Board prior to implementing, modifying or terminating an Emergency Rule. If such prior notification is not possible or practicable, the Company will notify the CFTC and the Board as soon as possible or reasonably practicable, but in any event no longer than 24 hours after implementing, modifying or terminating an Emergency Rule.
- F. Upon taking any Emergency Action, the Company will document the decision-making process related to such Emergency Action, including the process for minimizing conflicts of interest, the extent to which the Company 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 2.12. Such documentation will be maintained in accordance with Rule 2.14.
- G. The Chief Executive Officer, or his or her designee, or if the Chief Executive Officer or his or her designee is unavailable, the Chief Compliance Officer, or his or her designee, may determine that an Emergency has been reduced sufficiently to allow the Company to resume normal functioning, in which case any Emergency Actions responding to such Emergency will be terminated and a duly authorized

representative of the Company will inform Participants through a Participant Notice.

- H. Participants must promptly notify the Company of any circumstance that may give rise to a declaration of an Emergency.

#### **Rule 2.13 Conflicts of Interest**

##### **A. Named Party in Interest Conflict**

1. No member of the Board, Oversight Panel or Disciplinary Panel shall participate in such body's deliberations or voting in any matter involving a named party in interest where such member:
  - a. is the named party in interest in the matter;
  - b. is an employer, employee or fellow employee of a named party in interest;
  - c. is associated with a named party in interest through a "broker association" as defined in CFTC Regulation 156.1;
  - d. has any other significant, ongoing business relationship with a named party in interest, excluding relationships limited to Company Contracts; or
  - e. has a family relationship (i.e., the member's spouse, parents, children, and siblings, in each case, whether by blood, marriage, or adoption, or any person residing in the home of the member or that of his or her immediate family) with a named party in interest.
2. Prior to consideration of any matter involving a named party in interest, each member of the deliberating body shall disclose to the Chief Compliance Officer whether such member has one of the relationships listed above with a named party in interest.
3. The Chief Compliance Officer shall determine whether any member of the relevant deliberating body is subject to a conflicts restriction under this Rule 2.13A. Such determination shall be based upon a review of the following information:

- a. information provided by such member pursuant to clause (2) above; and
- b. any other source of information that is held by and reasonably available to the Company.

B. Financial Interest in a Significant Action Conflict

1. No member of the Board, Oversight Panel or Disciplinary Panel shall participate in the body's deliberations or voting on any significant action if such member knowingly has a direct and substantial financial interest in the result of the vote based upon either Company or non-Company positions that could reasonably be expected to be affected by the action.
2. Prior to consideration of any significant action, each member of the deliberating body who does not choose to abstain from deliberations and voting shall disclose to the Chief Compliance Officer any information that may be relevant to a determination of whether such member has a direct and substantial financial interest in the result of the vote.
3. The Chief Compliance Officer shall determine whether any member of the relevant deliberating body who does not choose to abstain from deliberations and voting is subject to a conflicts restriction under this Rule 2.13B. Such determination shall be based upon a review of the following information:
  - a. the most recent large trader reports and clearing records available to the Company;
  - b. gross positions held at the Company in the member's personal accounts or "controlled accounts," as defined in CFTC Regulation 1.3;
  - c. gross positions held at the Company in proprietary accounts, as defined in CFTC Regulation 1.17(b)(3), at the member's affiliated firm;
  - d. gross positions held at the Company in accounts in which the member is a principal, as defined in CFTC Regulation 3.1(a);

- e. net positions held at the Company in “customer” accounts, as defined in CFTC Regulation 1.17(b)(2), at the member's affiliated firm;
  - f. any other types of positions, whether maintained at the Company or elsewhere, held in the member's personal accounts or the proprietary accounts of the member's affiliated firm that the Chief Compliance Officer reasonably expects could be affected by the significant action;
  - g. information provided by such member pursuant to clause (2) above; and
  - h. any other information reasonably available to the Company, taking into consideration the exigency of the significant action being contemplated.
- 4. Any member who would otherwise be required to abstain from deliberations and voting pursuant to clause (1) above may participate in deliberations, but not in voting, if the deliberating body, after considering the factors specified below, determines that such participation would be consistent with the public interest; provided, however, that before reaching any such determination, the deliberating body will fully consider the information specified in clause (3) above which is the basis for such member's direct and substantial financial interest in the significant action that is being contemplated. In making its determination, the deliberating body shall consider:
  - a. whether such member's participation in the deliberations is necessary to achieve a quorum; and
  - b. whether such member has unique or special expertise, knowledge or experience in the matter being considered.
- C. The minutes of any meeting to which the conflicts determination procedures set forth in this Rule apply shall reflect the following information:
  - 1. the names of all members who participated in such meeting;

2. the name of any member who voluntarily recused himself or herself or was required to abstain from deliberations or voting on a matter and the reason for the recusal or abstention, if stated;
3. the information that was reviewed for each member of the relevant deliberating body; and
4. any determination made in accordance with Rule 2.13A.3 or Rule 2.13B.4 above.

#### **Rule 2.14 Recordkeeping**

- A. The Company shall keep, or cause to be kept, complete and accurate books and records of accounts and activities of the Company, including all books, records and other documentation required to be maintained pursuant to the CEA and CFTC Regulations.
- B. The Company shall retain all such books and records in accordance with the CEA and CFTC Regulations.
- C. The Company will provide information required to be maintained or provided pursuant to the CEA and CFTC Regulations to the Commission, the U.S. Securities and Exchange Commission (the "SEC"), the U.S. Department of Justice or any representative of a prudential regulator as authorized by the Commission, upon request, in each case in the form and manner required under these Rules, and/or the CEA and CFTC Regulations.

#### **Rule 2.15 Information-Sharing Agreements**

- A. The Company may enter into information-sharing agreements or other arrangements or procedures to coordinate surveillance with other markets on which financial instruments related to the Company Contracts trade. As part of any information-sharing agreements or other arrangements or procedures adopted pursuant to this Rule, the Company may:
  1. provide market surveillance reports to other markets;
  2. share information and documents concerning current and former Participants or Authorized Users with other markets;
  3. share information and documents concerning ongoing and completed investigations with other markets; or

4. require its current or former Participants or Authorized Users to provide information and documents to the Company at the request of other markets with which the Company has an information-sharing agreement or other arrangements or procedures.
- B. The Company may enter into any information-sharing agreements or other arrangements or procedures, including an information-sharing agreement or other arrangement or procedure similar to that described above in paragraph (A), with any Person or body (including but not limited to a Regulatory Agency or Swap Data Repository) if the Company considers such agreement, arrangement or procedures to be in furtherance of the Company's purpose or duties under these Rules or Applicable Law.
  - C. The Company may provide information to a duly authorized foreign governmental authority, as directed by the CFTC, in accordance with an information-sharing agreement or other arrangements or procedures executed with such foreign governmental authority or the CFTC.

#### **Rule 2.16 Recordkeeping and Reporting Requirements**

- A. In the event the Board rejects a recommendation or supersedes an action of the Regulatory Oversight Committee, the Risk Management Committee or the Chief Compliance Officer, the Company shall maintain documentation detailing: (1) the recommendation or action of the Regulatory Oversight Committee, the Risk Management Committee or the Chief Compliance Officer, as the case may be; (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.
- B. In the event that the Risk Management Committee rejects a recommendation or supersedes an action of any of its subcommittees, the Company shall maintain documentation detailing (1) the recommendation or action of the subcommittee; (2) the rationale for such recommendation or action; (3) the rationale of the Risk Management Committee for rejecting such recommendation or superseding such action; and (4) the course of action that the Risk Management Committee decided to take contrary to such recommendation or action.

- C. In accordance with Rule 6.7, the Company shall report all Transactions of Swaps subject to reporting by the Company pursuant to applicable CFTC Regulations to a Swap Data Repository selected by the Company for such purpose within the time limits set forth in CFTC Regulations. Parties to a Transaction where reporting is required shall be responsible for any of their own reporting obligations. Participants shall include with any Order sufficient information to enable the Company to report all Required Swap Creation Data pursuant to Part 45 of CFTC Regulations, including but not limited to the information prescribed under Rule 5.2B.10 (to the extent such information is not pre-populated by the Platform). Participants may provide certain data to the Company in the Participant Application and Agreement, such as whether the Participant is a U.S. person, swap dealer, major swap participant, or financial entity as defined in the Participant Application and Agreement. Participants must inform the Company immediately of any change in status that would affect data to be reported to a Swap Data Repository in accordance with Rule 6.7.
- D. The Company shall record and report to the CFTC all data required to be reported to the CFTC under Part 16 of CFTC Regulations, in the form and manner required by CFTC Regulations.
- E. The Company shall keep and maintain books and records identifying each Order submitted to the Company and each Transaction effected pursuant to these Rules, including the identification of the execution method with respect to each such Order and Transaction. These books and records shall be kept and maintained in accordance with the CEA and CFTC Regulations.
- F. The Company shall submit to the CFTC within thirty days after each Board election a list of the Board's Directors, the Participant interests they represent, and how the composition of the Board meets the requirements of CFTC Regulation 1.64(b) and the Company's Rules and procedures.

#### **Rule 2.17 Public Information**

- A. Accurate, complete and current copies of these Rules and Company Contract Specifications shall be published on the Website.

- B. The Company shall make public on a daily basis information on settlement prices, volume, open interest, and opening and closing ranges for actively traded Company Contracts.
- C. Except as provided herein, the Company shall publish on its Website a Participant Notice with respect to each addition to, modification of, or clarification of, the Rules, the Matching Engine, and any Company Contract Specification prior to the earlier of:
  - 1. the effective date thereof; and
  - 2. the filing of such change with the Commission.
- D. If confidential treatment is sought with respect to any information the Company submits to a Regulatory Agency, only the public version of such filing shall be disclosed pursuant to Rule 2.17C.
- E. Any Participant Notice shall be deemed to have been made to all Participants and any other such Person as may be required by sending such Participant Notice to the email address on file with the Company and by posting the Participant Notice on the Website.
- F. Any information published in accordance with this Rule 2.17 shall specify whether it applies to the Company DCM, and/or the Company DCO, and/or the Company SEF.

## **CHAPTER 3 Participants**

### **Rule 3.1 Jurisdiction, Applicability of Rules**

- A. ANY PERSON, INCLUDING A PARTICIPANT OR AN AUTHORIZED USER, DIRECTLY OR INDIRECTLY INITIATING, EXECUTING, AND/OR CLEARING A TRANSACTION ON THE COMPANY OR SUBJECT TO THESE RULES, AND ANY PERSON FOR WHOSE BENEFIT SUCH A TRANSACTION HAS BEEN INITIATED OR EXECUTED, AND/OR CLEARED, INCLUDING CUSTOMERS, AND AN AUTHORIZED REPRESENTATIVE AND, FOR THE AVOIDANCE OF DOUBT, AN EXECUTING PARTICIPANT AND A LIQUIDITY PROVIDER, AND ANY EMPLOYEE OR AGENT OF A PARTICIPANT, AND ANY OTHER PERSON ACCESSING THE PLATFORM: (i) AGREES TO BE BOUND BY AND COMPLY WITH THESE RULES, THE OBLIGATIONS AND APPLICABLE LAW, IN EACH CASE TO THE EXTENT APPLICABLE TO SUCH PERSON; (ii) EXPRESSLY CONSENTS AND SUBMITS TO THE JURISDICTION OF THE COMPANY WITH RESPECT TO ANY AND ALL MATTERS ARISING FROM, RELATED TO, OR IN CONNECTION WITH, THE STATUS, ACTIONS OR OMISSIONS OF SUCH PERSON; AND (iii) AGREES TO ASSIST THE COMPANY IN COMPLYING WITH THE COMPANY'S LEGAL AND REGULATORY OBLIGATIONS, COOPERATE WITH THE COMPANY, THE CFTC AND ANY REGULATORY AGENCY WITH JURISDICTION OVER THE COMPANY IN ANY INQUIRY, INVESTIGATION, AUDIT, EXAMINATION OR PROCEEDING. ANY AMENDMENTS TO OR THE REPEAL OF A RULE, OR THE ADOPTION OF A NEW RULE, SHALL, UPON THE EFFECTIVE DATE OF SUCH AMENDMENT, REPEAL OR ADOPTION, AS APPLICABLE, BE BINDING ON ALL PERSONS SUBJECT TO THE JURISDICTION OF THE COMPANY, REGARDLESS OF WHEN SUCH PERSON BECAME SUBJECT TO THE COMPANY'S JURISDICTION, AND ON ALL COMPANY CONTRACTS AS APPLICABLE.
- B. ALL COMPANY PARTICIPANTS ARE ALSO SUBJECT TO THE JURISDICTION OF THE CFTC REGARDLESS OF LOCATION, NATIONALITY, CITIZENSHIP, OR PLACE OF INCORPORATION.

### **Rule 3.2 Participants – Applications, Agreements, Eligibility Criteria, Classifications and Privileges**

The Company will provide access to the Platform (including but not limited to the central limit order book) and related services in an impartial, transparent, fair and non-discriminatory manner.

A. Each Participant shall have the right to access electronically the Platform, provided that such Participant is eligible for and has applied and received Trading Privileges. In order to become a Participant, an applicant must:

1. complete and submit the Company Participant Application and Agreement, User Agreement, and application fee, as may be established by the Company from time to time;
2. not be subject to any economic or trade sanctions programs administered by OFAC or other relevant U.S. or non-U.S. authority, and must not be listed on OFAC's List of Specially-Designated Nationals and Blocked Persons, or if applicant is an entity, not include any such person among its beneficial owners;
3. (for U.S. applicants:) if an applicant is an entity, be validly organized, and in good standing, in the United States;
4. (for Singapore applicants:) if an applicant is an entity, be validly organized, and in good standing, in Singapore; and must not be listed as a designated individual or entity as to terrorism or targeted financial sanctions by the Money Authority of Singapore;
5. (for Singapore applicants:) if an applicant is a natural person, be a citizen of Singapore; and must not be listed as a designated individual or entity as to terrorism or targeted financial sanctions by the Money Authority of Singapore;
6. (for non-U.S. applicants:) if an applicant is an entity, be validly organized and in good standing in its jurisdiction of organization, and
7. as applicable, be an Eligible Contract Participant in order to gain impartial access to the Company SEF and any SEF services, or to clear trades executed on a SEF through the Company DCO,;

8. not be prohibited from using the services of the Company for any reason whatsoever;
9. have a good reputation and business integrity and maintain adequate financial resources and credit;
10. not have filed for bankruptcy and not be insolvent;
11. designate at least one Authorized User (or in the case of a natural person Participant, such Person shall be deemed to be the Authorized User);
12. if an applicant is an entity, designate at least two Authorized Representatives (or in the case of a natural person Participant, such Person shall be deemed to be the sole Authorized Representative) who are responsible for supervising all activities of the Participant, its Authorized User(s) and its employees relating to Transactions, for making withdrawal requests and for providing any information the Company may request regarding such Participant; *provided*, that upon request the Company may permit an entity applicant to designate a single Authorized Representative in the Chief Compliance Officer's sole discretion; and
13. meet any other criteria and provide the Company with any other information the Company may request regarding the Participant.

B. [Reserved]

C. [Reserved]

D. [Reserved]

E. [Reserved]

F. To be eligible to become an Executing Participant, an applicant must:

1. satisfy the conditions in Rule 3.2A;
2. complete the Executing Participant representation of the Participant Application and Agreement;
3. with respect to trading on the Company SEF, agree to confirm that each Customer trading through such SEF represents that it is an ECP; and
4. [Reserved]

5. be registered as an introducing broker, commodity trading advisor, commodity pool operator, or be exempt from registration as such.
- G. Submission of a Participant Application and Agreement to the Company constitutes the applicant's agreement to be bound by the Rules and the published policies of the Company.
- H. No person affiliated, within the meaning of Section 5b(c)(2)(O) of the CEA, with a director of the Company or a Participant (for purposes of this Rule, an "affiliate") shall meet criteria for refusal to register a person under Section 8a(2) of the CEA; unless the Risk Management Committee finds that there are special circumstances warranting the waiver of such disqualification with respect to the affiliate.
1. With respect to affiliates, the Board shall be entitled to rely on a representation from the relevant director or Participant that, to the best of such person's knowledge, none of its affiliates is subject to disqualification pursuant to the Company's fitness standards and that such person will notify the Company if at any time such director or Participant becomes aware that any such affiliate fails to meet the fitness standards.
  2. Section 5b(c)(2)(O)(ii)(IV) of the CEA requires each DCO to establish Fitness Standards for persons with direct access to the settlement or clearing activities of the DCO ("Access Persons"). The only persons with such access are Participants.
- I. Applicants for Participant status of the Company may withdraw their applications at any time without prejudice or without losing their right to apply at a future time.
- J. Company staff may, in its sole discretion, approve, deny, or condition any Participant application as Company staff deems necessary or appropriate.
1. In the event that Company staff decides to decline or condition an application for admission as a Participant, or to terminate a Person's status as Participant, Company staff shall notify such Person thereof in a written notice sent to the address provided by the Person in the Participant Application and Agreement or maintained in the Company's registry of Participants. The written notice will specify the basis for the Company's decision. Such Person may, within 28 Business Days, request in writing that the Participant Committee reconsider the determination.

2. Within 28 Business Days of receiving a request for reconsideration, the Participant Committee shall confirm, reverse or modify the denial, condition or terminate the Participant status of such Person, and shall promptly notify such Person accordingly in writing. The Participant Committee may, in its sole discretion, schedule a hearing (in person or by teleconference), request additional information from such Person or establish any other process that it believes is necessary or appropriate to consider the request for reconsideration.
  3. The Participant Committee's decision is the final action of the Company and is not subject to appeal within the Company.
- K. Upon approval by the Company of an applicant's Participant Application and Agreement, the applicant will be deemed to be a Participant, and shall continue to comply with all applicable eligibility criteria in this Rule or as the Company may require, and shall have the following privileges, which the Company may revoke, amend, or expand in accordance with, or by amending, these Rules:
1. Trading Privileges;
  2. To intermediate the execution of Customer Transactions on the Company SEF, if approved as an Executing Participant; and
  3. [Reserved]
  4. To distribute Company data to its Customers pursuant to any data distribution agreement with the Company.
- L. The Company will apply Participant access criteria in a fair and non-discriminatory manner that is not anti-competitive.

### **Rule 3.3 Participant Obligations**

- A. Each Participant and any Authorized User(s) thereof, must comply with these Rules, applicable provisions of the CEA and relevant CFTC Regulations. Each Participant and any Authorized User(s) thereof also must cooperate promptly and fully with the Company, its agents, and the CFTC in any investigation, call for information, inquiry, audit, examination, or proceeding. Such cooperation shall include providing the Company with access to information on the activities of such Participant and/or its Authorized User(s) in any referenced market that provides

the underlying prices for any Company market. If any Participant or Authorized User thereof fails to satisfy any Obligation, the Company may revoke or suspend the Participant's privileges in full or in part. Each Participant also may be subject to civil or criminal prosecution.

- B. Each Participant consents to allow the Company to provide all information the Company has about the Participant, including the Participant's and Customers' trading activity, to the CFTC or any other Regulatory Agency, law enforcement authority, or judicial tribunal, including (as may be required by information-sharing agreements or other arrangements or procedures or other contractual, regulatory, or legal provisions) foreign regulatory or self-regulatory bodies, law enforcement authorities, or judicial tribunals without notice to the Participant.
- C. Each Participant consents to the Company providing information related to Know Your Customer or Anti-Money Laundering to Settlement Banks or potential Settlement Banks.
- D. Each Participant must establish and maintain cyber security policies and procedures to protect each such Participant's systems, including, but not limited to, any API.
- E. Each Participant must represent to the Company that each such Participant has established and maintains an account to hold Underlying and will adhere to the Company's collateral transfer procedures. Each Participant agrees to provide and accept collateral when required to do so by the Company.
- F. Each Participant and Customer, upon a request of the Company or any Regulatory Agency, must promptly respond to any requests for information, including by providing any necessary information for the Company to perform any of the functions described in the CEA.
- G. Participant Recordkeeping:
  - 1. Swaps. With respect to each Company Contract that is a Swap, each Participant and Customer must prepare, maintain, keep current and retain those books and records for the life of each Swap, including records of the instrument used as a reference price, underlying commodities and related derivatives market for five years following the termination of such Swap, and any other books and records required by these Rules, the CEA and

the CFTC's Regulations for the time period required by these Rules, the CEA and the CFTC's Regulations.

2. [Reserved]
3. The books and records required to be kept under subparagraph 1 above shall be readily accessible for inspection and promptly provided to the Company, its designated Self-Regulatory Organization, the CFTC, the SEC or the U.S. Department of Justice, upon request, in each case in the form and manner required under these Rules, and/or the CEA and CFTC Regulations.

H. Each Participant must immediately notify the Company in writing upon becoming aware:

1. that the Participant, any of the Participant's officers or any of the Participant's Authorized Users has had trading or clearing privileges suspended, access to, or membership or clearing membership in any Regulatory Agency denied;
2. that the Participant, any of the Participant's officers or any of the Participant's Authorized Users has been convicted of, pled guilty or no contest to, or entered a plea agreement to any felony in any domestic, foreign or military court, or with the CFTC, as applicable;
3. that the Participant, any of the Participant's officers or any of the Participant's Authorized Users has been convicted of, plead guilty or no contest to, or entered a plea agreement to a misdemeanor in any domestic, foreign or military court, or with the CFTC, as applicable, which involves:
  - a. embezzlement, theft, extortion, fraud, fraudulent conversion, forgery, counterfeiting, false pretenses, bribery, gambling, racketeering, or misappropriation of funds, securities or properties;  
or
  - b. any Transaction in or advice concerning swaps, futures, options on futures or securities;
4. that the Participant, any of the Participant's officers or any of the Participant's Authorized Users has been subject to, or associated with a

firm that was subject to, regulatory proceedings before any Regulatory Agency;

5. of any other material change in any information contained in the Participant's application, including any failure to continue to meet the requirements to be an ECP with respect to trading activity on the Company SEF, or any change in status as a swap dealer, major swap participant or financial entity;
  6. of becoming the subject of a bankruptcy petition, receivership proceeding, or the equivalent, or being unable to meet any financial obligation as it becomes due;
  7. of information that concerns any financial or business developments that may materially affect the Participant's ability to continue to comply with applicable participation requirements; or
  8. as an Executing Participant, of becoming subject to early warning reporting under CFTC Regulation 1.12.
- I. Each Participant must diligently supervise all activities of the Participant's employees and/or agents, including all Authorized Users and Authorized Representatives, relating to Orders, Transactions and communications with the Company. Any violation of these Rules by any employee, Authorized Representative or Authorized User of a Participant may constitute a violation of the Rules by such Participant.
- J. Each Participant must inform the Company of: (i) its LEI, if applicable, (ii) any change to its email address within 24 hours after such change; (iii) any changes to the regulatory registration information of the Participant's Authorized Users within two Settlement Bank Business Days of such change; and (iv) other information provided in the Participant Application and Agreement within five days after any such change.
- K. [Reserved]
- L. An Executing Participant must also:

1. Adhere to CFTC Regulations concerning applicable financial resources and financial reporting requirements, including, but not limited to, the requirements under CFTC Regulations 1.10 and 1.17, as applicable.
2. Provide a Customer ID for every Order submitted to the Company.
3. Use due diligence in receiving and handling Orders from Customers, submitting such Orders on the Platform on behalf of such Customers, responding to inquiries from Customers about their Orders and reporting back to Customers the execution of such Orders.
4. Maintain policies and procedures acceptable to the Company that:
  - a. identify each Authorized User whom the Executing Participant has authorized to transmit Customer Orders by a unique User ID as provided pursuant to Rule 5.1, which User ID shall be submitted to the Company with each Order submitted by such Authorized User;
  - b. permit access only to Authorized Users with permission to enter Customer Orders on behalf of the Executing Participant;
  - c. require each Customer who is not an individual, with respect to Swaps, to have and maintain a Legal Entity Identifier deemed acceptable under CFTC Regulations, which shall be provided to the Company with each order message submitted by such Person, as applicable; and
  - d. require the Customer to maintain and provide, upon request, to the Executing Participant or the Company information identifying any individual who has entered Orders on behalf of such Customer's account, including, but not limited to, the individual's name, taxpayer or other identification number, affiliation to the Customer, address and contact information.

**Rule 3.4 [Reserved]**

**Rule 3.5 [Reserved]**

### **Rule 3.6 Dues, Fees and Expenses Payable by Participants**

- A. Participants are not required to pay dues.
- B. Participants may be charged fees in connection with Trading Privileges in such amounts as may be revised from time to time. Fees and any revisions to such fees will be provided on the Website and in Participant Notices.
- C. Participants may be charged fees for settlement of Company Contracts at expiration in an amount to be reflected from time to time on the Website and in Participant Notices.
- D. The Company or a Settlement Bank may also deduct from a Collateral Account fees or expenses incurred in connection with a Participant's trading or account activity, such as fees for wire transfers or check processing via electronic check, or storage or other fees or expenses related to Trading Privileges. All such fees shall be charged in an amount to be reflected from time to time on the Website and in Participant Notices.
- E. If the Company determines in the future to impose dues or additional fees, the Company shall notify the Participant of any dues or additional fees that will be imposed at least 10 days before they take effect.

### **Rule 3.7 Recording of Communications**

The Company may record conversations and retain copies of electronic communications between Company Officials, on one hand, and Participants, their Authorized Users, Authorized Representatives or other agents, on the other hand. Any such recordings may be retained by the Company in such manner and for such periods of time as the Company may deem necessary or appropriate. The Company shall retain such records for the retention periods necessary to comply with CFTC Regulation 1.35 or such longer period as the Company deems appropriate.

### **Rule 3.8 Independent Software Vendors**

- A. A person seeking to act as an Independent Software Vendor must satisfy the Company's technological integrity requirements, complete the necessary ISV application and access documentation, agree to abide by these Rules and Applicable Law, consent to the jurisdiction of the Company, and agree to not adversely affect the Company's ability to comply with Applicable Law. Access to the Company by an ISV shall be provided pursuant to criteria that are impartial,

transparent and applied in a fair and non-discriminatory manner. Persons seeking access to the Company through an ISV must themselves be Participants to have such access. ISVs shall be subject to fees as reflected from time to time on the Website and in Participant Notices.

- B. Each ISV must immediately notify the Company in writing upon becoming aware:
1. that the ISV or any of the ISV's officers has been convicted of, pled guilty or no contest to, or entered a plea agreement to any felony in any domestic, foreign or military court, or with the CFTC, as applicable;
  2. that the ISV or any of the ISV's officers has been convicted of, plead guilty or no contest to, or entered a plea agreement to a misdemeanor in any domestic, foreign or military court, or with the CFTC, as applicable, which involves:
    - a. embezzlement, theft, extortion, fraud, fraudulent conversion, forgery, counterfeiting, false pretenses, bribery, gambling, racketeering, or misappropriation of funds, securities or properties; or
    - b. any Transaction in or advice concerning swaps, futures, options on futures or securities;
  3. that the ISV or any of the ISV's officers has been subject to, or associated with a firm that was subject to, regulatory proceedings before any Regulatory Agency;
  4. of any other material change in any information contained in the ISV's application;
  5. of becoming the subject of a bankruptcy petition, receivership proceeding, or the equivalent, or being unable to meet any financial obligation as it becomes due; and
  6. of information that concerns any financial or business developments that may materially affect the ISV's ability to continue to comply with applicable Company requirements.

- C. Each ISV must inform the Company of: (i) any change to its email address within 24 hours after such change; and (ii) other information provided in its application for ISV status within five days after any such change.

### **Rule 3.9 Participant Accounts**

- A. The Company shall establish and maintain a Participant Account for each Participant and the Company undertakes to treat the Participant for whom such Participant Account is maintained as entitled to exercise the rights that comprise each financial asset which is credited to such Participant Account. However, the Company shall have complete and absolute discretion as to whether any particular financial asset is accepted by it for credit to any Participant Account.
- B. [Reserved]
- C. With respect to any Digital Currency, including, but not limited to, Bitcoin and Ether, which is or may be credited to any Participant Account, the following terms and conditions shall apply:
  - 1. For purposes of creating a “security entitlement” as such term is defined in Section 8-102(a)(17) of the UCC, the Company and the Participant agree that: (1) the Digital Currency and any Digital Currency wallet maintained by the Company shall be treated as a “financial asset” as such term is defined in Section 8-102(a)(9) of the UCC; and (2) each Participant shall be treated as an “entitlement holder” as such term is defined in Section 8-102(a)(7) of the UCC.
  - 2. Each Participant acknowledges that the Company is a “securities intermediary” as such term is defined in Section 8-102(a)(14) of the UCC.
  - 3. Any Digital Currency which a Participant desires be credited to such Participant’s Participant Account shall be transferred to a Digital Currency wallet designated by the Company and upon such transfer the Company shall indicate by book entry that such Digital Currency has been credited to such Participant Account.
- D. [Reserved]
- E. The Company shall have only such duties and obligations with respect to each Participant Account as are set forth in Article 8 of the UCC or otherwise mandated

by Applicable Law. Each Participant acknowledges and agrees that the Company is not a fiduciary for any Participant.

### **Rule 3.10 Withdrawal of Participant**

- A. To withdraw from the Company, a Participant must notify the Company of its withdrawal. Such withdrawal shall be accepted immediately upon receipt of such notice by the Company and shall be effective upon such Participant's fulfillment of its obligations under paragraph (C) below, or at such other time as the Company may determine in its reasonable discretion is desirable for the efficient operation of the Company.
- B. When the Company accepts the withdrawal of a Participant, all rights and privileges of such Participant terminate (including, without limitation, the Trading Privileges) except as set forth in paragraph (C) below. The accepted withdrawal of a Participant shall not affect the rights of the Company under these Rules or relieve the former Participant of such Participant's obligations under the Company Rules before such withdrawal. Notwithstanding the accepted withdrawal of a Participant, the withdrawn Participant remains subject to the Company Rules, the Obligations and the jurisdiction of the Company for acts done and omissions made while a Participant, must comply with paragraphs (C) and (D) below, must cooperate in any Disciplinary Action under Chapter 9 as if the withdrawn Participant were still a Participant, and must comply with requests for information from the Company regarding activities and obligations while a Participant for at least five years following its withdrawal.
- C. A Participant that has delivered a withdrawal notice pursuant to paragraph (A) above shall be subject to the following requirements, obligations and provisions:
  - 1. it must use all reasonable endeavors to close out or transfer all open positions in its Participant Account within 30 days after the Participant has delivered a withdrawal notice pursuant to paragraph (A) (the "wind-down period");
  - 2. after delivering a withdrawal notice pursuant to paragraph (A), it shall only be entitled to submit transactions for clearing which it can demonstrate have the overall effect of reducing open positions;

3. [if it has any open positions with the Company after the wind-down period, the Participant shall be subject to the Company exercising rights under Rule 7.2G to liquidate or transfer the open positions of the Participant.]
- D. Any withdrawal notice delivered by a Participant pursuant to paragraph (A) above shall be irrevocable by the Participant and membership may only be reinstated pursuant to a new application for membership following the close-out or transfer of all open Company Contracts in its Participant Account.

## **CHAPTER 4 Liquidity Providers**

### **Rule 4.1 Application and Agreement**

- A. Only Participants in good standing may become Liquidity Providers on the Company.
- B. To be considered for Liquidity Provider status, a Participant shall complete and execute a Liquidity Provider Agreement.
- C. The designation of any Liquidity Provider may be suspended, terminated or restricted by the Company at any time and for any reason.

### **Rule 4.2 Appointment**

- A. The Company may appoint one or more Liquidity Providers for certain Company Contracts.
- B. In making such appointments, the Company shall consider:
  - 1. the financial resources available to the applicant;
  - 2. the applicant's trading activity in relevant swaps, futures, options on futures or related cash markets; and
  - 3. the applicant's business reputation and experience in market making in options and other derivative products.
- C. The Company, in its sole discretion, may appoint a Participant as a Liquidity Provider for certain Series and may appoint multiple Liquidity Providers for certain Series.
- D. No appointment of a Liquidity Provider shall be made without the Liquidity Provider's consent to such appointment.
- E. The Company shall periodically conduct an evaluation of all Liquidity Providers to determine whether they have fulfilled performance standards relating to, among other things, quality of the markets; trading activity; competitive market making; observance of ethical standards; business reputation; and administrative and financial soundness. If the Liquidity Provider fails to meet minimum performance standards, the Company may, among other actions, suspend, terminate or restrict the Liquidity Provider's appointment.

**Rule 4.3 Benefits**

Liquidity Providers may receive reduced trading fees or other incentives in accordance with any Liquidity Provider program in place at the Company for fulfilling the Obligations of a Liquidity Provider as disclosed in the applicable Liquidity Provider Agreement.

**Rule 4.4 Obligations**

Transactions of Liquidity Providers should constitute a course of dealing reasonably calculated to contribute to the maintenance of a fair and orderly market, and Liquidity Providers shall not enter Orders or enter into Transactions that are inconsistent with such a course of dealing. Ordinarily, Liquidity Providers shall be obligated to do the following:

- A. comply with all other terms of the applicable Liquidity Provider Agreement; and
- B. make good-faith efforts to enter on the Platform current binding bid and offer quotes, with a bid/offer spread as specified in the applicable Liquidity Provider Agreement, as necessary to ensure liquidity.

## **CHAPTER 5 Method for Trading Company Contracts**

### **Rule 5.1 User IDs**

- A. Each Authorized User must have a unique User ID and a CSP.
- B. Each Order entered must contain a User ID that identifies the Participant's Authorized User that entered the Order.
- C. Each Order entered by an Executing Participant on behalf of a Customer must contain: (1) such Customer's User ID or Customer ID; and (2) the User ID of the Executing Participant's Authorized User that entered the Order.
- D. For Transactions in Swaps, (1) the Reporting Counterparty shall be established pursuant to CFTC Regulation 45.8, as may be amended from time to time; and (2) if each Participant has equal reporting status under CFTC Regulation 45.8, the Company shall designate the seller of a Swap as the Participant that is the Reporting Counterparty.
- E. No Person may use a User ID to place any Order except as permitted by these Rules, nor may any Person knowingly permit or assist with the unauthorized use of a User ID. Each Participant and Authorized User shall ensure that no User ID is used by any Person not authorized by these Rules. Each Participant shall establish and maintain policies and procedures to ensure the proper use and protection of User IDs. An Authorized User is prohibited from using another Person's User ID, unless the Authorized User is entering the Order of a Customer in accordance with the Rules.
- F. With respect to Customers of Executing Participants, each such Customer must provide the User ID of any of its Authorized Users to an Executing Participant to allow the Executing Participant to enter Orders on behalf of such Customer.
- G. Each Participant shall be solely responsible for controlling and monitoring the use of all User IDs and CSPs issued to its Authorized Users.
- H. Each Participant shall notify the Company of the need to terminate any User IDs or the status of any of its Authorized Users.
- I. Each Participant shall keep confidential and secure all User IDs, except as permitted pursuant to these Rules, as well as all CSPs and any account numbers

and passwords related to the Platform and shall notify the Company promptly upon becoming aware of:

1. any unauthorized disclosure or use of any User ID or CSP and of any other compromise to a User ID or CSP that would reasonably cause the Company to deactivate the User ID or CSP;
  2. any loss of any User ID or CSP; and
  3. any unauthorized access to the Company by any Person using a User ID and/or CSP assigned to such Participant.
- J. Each trading system that automates the generation and routing of Orders to the Company must have a User ID.

#### **Rule 5.2 Order Entry and Audit Trail**

- A. Each Participant and Authorized User shall enter Orders on the Platform, and the Company shall maintain an electronic record of these entries. Each Participant shall be responsible for any and all Orders entered using User IDs assigned to the Participant or its Authorized User by the Company. Trading on the Company central limit order book is anonymous.
- B. Each Participant's Authorized User entering Orders on the Platform must input for each Order the following information (to the extent that such information is not provided at account creation or by the Platform):
1. the Authorized User's User ID;
  2. for an Authorized User of an Executing Participant entering an order on behalf of a Customer, the User ID of the Authorized User and the Customer ID, where applicable, for whom such Authorized User enters an Order;
  3. the Series;
  4. Order type;
  5. Customer Type Indicator Code;
  6. buy or sell, and for options, put, call and strike;
  7. price;
  8. quantity;

9. such additional information as may be prescribed from time to time by the Company; and
  10. for each Order to buy or sell a Swap, the Authorized User shall include with each such Order the following information (to the extent that such information is not provided at account creation or by the Platform):
    - a. the Legal Entity Identifier of the Participant on whose behalf the Order is placed;
    - b. a yes/no indication of whether the Participant is a swap dealer, as defined in Section 1a(49) of the CEA and CFTC Regulations, with respect to the Swap for which the Order is submitted;
    - c. a yes/no indication of whether the Participant [or Authorized User] is a major swap participant, as defined in Section 1a(33) of the CEA and CFTC Regulations, with respect to the Swap for which the Order is submitted;
    - d. a yes/no indication of whether the Participant is a financial entity, as defined in Section 2(h)(7)(C) of the CEA;
    - e. a yes/no indication of whether the Participant is a U.S. person, as defined in the CFTC's July 26, 2013 Cross-Border Guidance, as may be amended from time to time; and
    - f. if the Swap will be allocated: (i) an indication that the Swap will be allocated; (ii) the LEI of the agent; (iii) an indication of whether the Swap is a post-allocation swap; and (iv) if the Swap is a post-allocation swap, the unique swap identifier of the original transaction between the reporting counterparty and the agent.
- C. In the event that an Executing Participant or Authorized User of an Executing Participant receives an Order from a Customer that cannot be immediately entered on the Platform, the Executing Participant or Authorized User of the Executing Participant must prepare a written Order ticket and include the account designation, date, an electronic timestamp reflecting the time of receipt and other information required pursuant to section (B) above. The Executing Participant must enter the Order on the Platform when the Order becomes executable.

D. Audit Trail Requirements

1. Participants that provide connectivity to the Company are responsible for maintaining, or causing to be maintained, an Order routing or front-end audit trail for all electronic Orders, including Order entry, modification, cancellation and responses to such messages, entered on the Platform through any gateway to the Platform. The audit trail must contain all Order receipt, Order entry, Order modification, and response or receipt times to the highest level of precision achievable by the operating system, in accordance with CFTC requirements for electronic Orders and no more than one second for non-electronic Orders. The times captured must not be able to be modified by the Person entering the Order.
2. Participants, including Authorized Users and any Person having Trading Privileges, must maintain audit trail information as required by the CEA and CFTC Regulations, including, but not limited to, CFTC Regulations 1.31 and 1.35 if applicable, and must be able to produce this data in a standard format upon request from the Regulatory Oversight Committee, Compliance Department or other relevant department of the Company.
3. Executing Participants must maintain a complete record of all of Customer Orders to trade Company Contracts received by the Executing Participant, and any other Transaction records, communications or data received by the Executing Participant.
4. The audit trail must capture required fields, which include but are not limited to the following: all fields relating to Order entry, including the ID of a Company Contract, quantity, Order type, buy/sell indicator, User ID(s), Customer Type Indicator Code, timestamps, and, where applicable, stop/trigger price, type of action and action status code, and applicable information contained in paragraph (B) of this Rule 5.2.
5. For Orders that are executed, the audit trail must record the execution time of the Company Contract and all fill information.
6. The Compliance Department staff shall require, at least on an annual basis, its Participants to verify compliance with these audit trail and record-keeping requirements. Participants also may be subject to periodic audit

trail spot checks, depending upon any indicators that any Participant is failing to adhere to Company Rules pertaining to audit trail requirements, Participant obligations or any other failures to provide information to the Company upon request. The findings of such Company reviews will be documented and maintained as part of the books and records of the Company. The reviews shall include, but not be limited to, the following:

- a. review of random samples of audit trail data;
- b. review of the process by which identifications are assigned to records and users and how the records are maintained; and
- c. review of account numbers and customer indicators in trade records to test for accuracy and improper use.

- E. CTI Codes. Each Participant must identify each Transaction on the record of transactions submitted to the Company with the correct CTI Code. The CTI Codes are as follows:

CTI 1: Electronic Trading and Privately Negotiated – Applies to Transactions initiated and executed by a Participant for its proprietary account, for an account controlled by a Participant, or for an account in which the Participant has an ownership or financial interest.

CTI 2: Electronic Trading and Privately Negotiated – Applies to Transactions initiated and executed by a Participant trading for a clearing member's house account.

CTI 3: Electronic Trading and Privately Negotiated – Applies to Orders entered by a Participant or Authorized User for another Participant or an account controlled by such other Participant.

CTI 4: Electronic Trading and Privately Negotiated – Applies to Transactions initiated and executed by a Participant trading for any other type of Customer.

- F. A Company Contract will not be void or voidable due to: (1) a violation by the Company of the provisions of section 5h of the CEA or Part 37 of CFTC Regulations; (2) any CFTC proceeding to alter or supplement a rule, term or condition under section 8a(7) of the CEA or to declare an emergency under section 8a(9) of the CEA; or (3) any other proceeding the effect of which is to: (i) alter or

supplement a specific term or condition or trading rule or procedures, or (ii) require the Company to adopt a specific term or condition, trading rule or procedure, or to take or refrain from taking a specific action.

### **Rule 5.3 Order Type**

A. The following types of Orders may be entered on the Platform with respect to any Company Contract.

1. Limit Order. An Order to buy or sell a Company Contract at a specified price or better. A Limit Order must be entered on the Platform with a defined limit price. A Limit Order will be executed when it is 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 cancelled. Unless cancelled by the Participant or upon a market close, an exchange restart, or other disruption to normal operating conditions, all Limit Orders shall be normally cancelled by the Company 30 days after being placed.
2. Negotiated Trade Order. An Order to cross a pre-negotiated trade available only for Permitted Transactions on the Company SEF. A Negotiated Trade Order must be entered on the Platform with the Order size, limit price, buy or sell indication, and committed counterparty. The entire balance of the Negotiated Trade Order shall be executed against the committed counterparty's side of the Negotiated Trade Order via the trade matching system. The agreed-upon terms of any Negotiated Trade Order must be submitted to the Platform via the Company Telecommunication Systems by one Participant within five minutes of the conclusion of any pre-negotiation. The counterparty to the transaction must then approve the terms via the Company Telecommunication Systems before the Negotiated Trade Order is executed via the trade matching system.
3. Quote. A Limit Order as defined in this Rule 5.3A that is entered on the Platform by a Liquidity Provider.
4. Stop Limit Order. Once a stop price specified by the Participant is met or exceeded, a Limit Order is submitted automatically. The stop price is the price of an executed Limit Order that will activate the subsequent automatic submission of the Participant's Limit Order without further

instruction. The price for the Limit Order must be specified by the Participant at the time the Stop Limit Order is submitted. Prior to the triggering of the stop price, a Stop Limit Order will remain open until being cancelled by the Participant. Once the stop price is triggered, the resulting Limit Order is treated as a normal Limit Order.

- B. The Company's central limit order book matches orders in an open and competitive manner on the basis of a price and time priority algorithm.
- C. The Company does not accept indications of interest or indicative quotes.
- D. Other types of Orders as may be approved by the Company from time to time as certified with the CFTC in accordance with Part 40 of CFTC Regulations and disclosed in a Participant Notice and on the Website.

#### **Rule 5.4 Trading Contracts on Behalf of Customers**

- A. Individuals or entities that have not been approved and authorized as Participants of the Company may trade Company Contracts only as Customers of an Executing Participant, and all Customer Orders must be transmitted to the Company by each Customer's Executing Participant. Each Executing Participant shall maintain a secure connection to the Company and comply with all technical and other requirements established by the Company for this purpose.
- B. Prior to entering into any Transaction on behalf of a Customer, the Executing Participant must receive express written authorization from such Customer. Upon submission of a Customer Order, the Company will conduct a review of the Executing Participant's Customer's applicable Collateral Account to ensure that the Executing Participant's Customer can fully collateralize the Order prior to entering into any Transaction. If the Executing Participant's Customer's Collateral Account does not have the necessary funds for the Order, the Company will not accept the Customer's Order.

#### **Rule 5.5 Execution Methods**

- A. Swap Execution Facility:
  - 1. The Company facilitates the execution of Orders through a central limit order book on the Platform, as set forth in Rule 5.3.
  - 2. Negotiated Trade Orders are facilitated and executed via the Platform's trade matching system.

- 3. The Company SEF does not facilitate the execution of Block Trades or EFPs.
- B. [Reserved]
- C. A written record of all of the terms of each Transaction entered into on the Company or pursuant to the Rules will be available immediately upon execution through the Participant Portal. Such record shall legally supersede any previous agreement and serve as a confirmation of each such Transaction. The Company will send confirmation messages to Participants upon execution of a Transaction via the API and/or Portal, if such Participants are online at the time. However, please note that if any applicable Participant is not online at the time of execution, such Participant will see the confirmation(s) when it next logs on to the Platform.
- D. Except with respect to transfer trades, the product type, size, execution time and execution method for each Transaction will be made available on the Platform to all Participants immediately after execution of the relevant Transaction.

#### **Rule 5.6 Trading Hours**

- A. The Trading Hours of the Company, including the days and hours when the Exchange will be open for trading, shall be posted on the Website and via Participant Notices. Additional Information regarding Trading Hours applicable to any given type of Company Contract will be as specified in Chapter 12 of these Rules with any modifications posted on the Website and sent by Participant Notice.
- B. The Exchange may from time to time adopt procedures for the opening or closing of trading in any Company Contract.

#### **Rule 5.7 [Reserved]**

#### **Rule 5.8 [Reserved]**

## **CHAPTER 6 Clearing and Delivery**

### **Rule 6.1 Clearance and Substitution**

- A. Upon submission of an Order, the Company will conduct a review of the Participant's Collateral Account to ensure that the Participant can fully collateralize the Order prior to entering into any Transaction. If the Participant's Collateral Account does not have the necessary funds and/or collateral for the Order, the Company will not accept the Order.
- B. Upon the successful matching of Orders, the Company's SEF shall immediately submit the Company Contract to the Company's DCO for clearing in accordance with the Company DCO's Rulebook.
- C. [Reserved]
- D. [Reserved]
- E. If a Company Contract is rejected for clearing by the Company's Derivatives Clearing Organization for any reason, such Company Contract is void ab initio.

### **Rule 6.2 [Reserved]**

### **Rule 6.3 [Reserved]**

### **Rule 6.4 [Reserved]**

### **Rule 6.5 Deliveries**

A Participant that is required to make or accept delivery under a Company Contract agrees that it is required to provide full collateralization prior to entering any such Transaction or exercising any Company Contract so as to allow the Company to complete all necessary delivery requirements as set forth in the Rules. Deliveries will occur on the Company's books and records unless otherwise specified in the Company Contract Specifications. Any failure to deposit funds or collateral, or withdraw funds or collateral, in accordance with these rules may be deemed a default of an Obligation and an act detrimental to the interest or welfare of the Company.

### **Rule 6.6 [Reserved]**

## **Rule 6.7 Swap Data Reporting**

- A. The Company shall report Regulatory Swap Data for Swaps to a single Swap Data Repository for purposes of complying with the CEA and applicable CFTC Regulations governing the regulatory reporting of swaps. The Company shall report all data fields as required by Appendix A to Part 43 of CFTC Regulations and Appendix 1 to Part 45 of CFTC Regulations, as applicable, including, but not limited to, Swap counterparties, Company Contract type, option method, option premium, LEIs, User IDs, buyer, seller, USIs, unique product identifiers, underlying asset description, the Swap price or yield, quantity, maturity or expiration date, the size, settlement method, execution timestamp, timestamp of submission to the SDR, the CTI Code, Participant Accounts, and whether a Participant is a swap dealer, major swap participant or a financial entity. The Company shall identify each counterparty to any Transaction in all recordkeeping and all Regulatory Swap Data reporting using a single LEI as prescribed under CFTC Regulation 45.6. As soon as technologically practicable after execution, the Company also shall transmit to both Swap counterparties and the Company DCO, the USI for the Swap created pursuant to CFTC Regulation 45.5 and the identity of the SDR. For Swaps involving allocation, the Company will transmit the USI to the Reporting Counterparty and the agent as required by CFTC Regulation 45.5(d)(1).
- B. The Company shall from time to time designate a Swap Data Repository in respect of one or more Swaps and shall notify Participants of such designation.
- C. Participants that become aware of an error or omission in Regulatory Swap Data for a Transaction shall promptly submit corrected data to the Company. Participant shall not submit or agree to submit a cancellation or correction in order to gain or extend a delay in public dissemination of accurate Swap Transaction and Pricing Data or to otherwise evade the reporting requirements of Part 43 of CFTC Regulations. The Company will report any errors or omissions in Regulatory Swap Data to the same SDR to which it originally submitted the Data, as soon as technologically practicable after discovery of any such error or omission.
- D. The Company sends the Regulatory Swap Data as set forth in Rule 6.7A to the Swap Data Repository as soon as technologically practicable after a trade has been executed on the Platform, or pursuant to the Company Rules. Following the transmittal of the Data to the Swap Data Repository, the Company will make

available the Swap Transaction and Pricing Data to all Participants accessing the Platform. However, due to transmission and posting timing of the Swap Data Repository, Participants should be aware that the Swap Transaction and Pricing Data may be available on the Company Platform prior to being publicly disseminated by the Swap Data Repository.

## **CHAPTER 7 Margin**

### **Rule 7.1 Full Collateralization of Company Contracts Required**

Each Participant, or in the case of an Executing Participant, the Customer for which it is acting, shall deposit and maintain with Company funds or the applicable amount of the Underlying required to fully collateralize Orders pursuant to Company Contract Specifications, including payment of premiums, payment in exchange for delivery or to fulfill delivery obligations, as applicable, prior to submission of such Orders to the Company. Rule 7.2 of the Company's DCO rulebook sets forth requirements with respect to the sufficiency of collateral. If an Order is a Stop Limit Order, the full collateralization requirement will be measured from the point where the stop price is triggered. If a Company Contract is an option, a Participant shall not be permitted to exercise such option if the Participant (or, in the case of an Executing Participant, the Customer) has not already deposited and maintains sufficient collateral to fully collateralize the Underlying or funds necessary to complete delivery or payment of the option, as applicable. Collateral transfers made by a Participant (or, in the case of an Executing Participant, the Customer) to the Company or by the Company to a Participant (or, in the case of an Executing Participant, a Customer) are irrevocable and unconditional when effected. A Participant (or, in the case of an Executing Participant, the Customer) shall, at all times, maintain with the Company sufficient funds or the applicable amount of the Underlying necessary to fully collateralize each open position in a Company Contract.

### **Rule 7.2 [Reserved]**

### **Rule 7.3 [Reserved]**

### **Rule 7.4 [Reserved]**

## **CHAPTER 8 Business Conduct and Trading Practices**

### **Rule 8.1 Scope**

This Chapter 8 applies to all Transactions except as may be provided herein. Participants and, where applicable, Authorized Users, shall adhere to and comply fully with this Chapter 8.

### **Rule 8.2 Procedures**

- A. With respect to trading on the Platform, the Company may adopt procedures relating to Transactions and trading on the Platform, including, without limitation, procedures to:
  - 1. determine the daily settlement price of a Company Contract;
  - 2. disseminate the prices of bids and offers on, and trades in, Company Contracts;
  - 3. record, and account for, Company Contracts and activity on the Company;
  - 4. perform market surveillance and regulation on matters affecting Company Contracts and activity on the Company;
  - 5. establish limits on the number and/or size of Orders that may be submitted by a Participant on the Platform;
  - 6. establish limits on the number of Company Contracts that may be held by a Participant; and
  - 7. establish a limit on the maximum daily price fluctuations for any Company Contract and provide for any related restriction or suspension of trading in the Company Contract.
- B. The Company may, in its discretion and at any time, amend any procedures adopted pursuant to Rule 8.2A, and will publish the amendments in a Participant Notice and on the Website.

### **Rule 8.3 Prohibited Trading Activity; Prohibitions on Fictitious Transactions, Fraudulent Activity and Manipulation**

No Person shall engage in any of the following activities in connection with or related to any Company activity:

- A. any fraudulent act or scheme to defraud, deceive, trick or mislead;

- B. trading ahead of a Customer or front-running;
- C. fraudulent trading;
- D. trading against a Customer Order or entering into a cross-trade, except as permitted by Rule 8.11;
- E. accommodation trading;
- F. fictitious Transactions;
- G. pre-arranged or non-competitive Transactions (except for Transactions specifically authorized under these Rules);
- H. cornering, or attempted cornering, of any Company Contract;
- I. violations of bids or offers;
- J. spoofing;
- K. any manipulation proscribed under CEA Section 9(a)(2) or CFTC Regulations 180.1(a) or 180.2, whether attempted or completed;
- L. demonstrating intentional or reckless disregard for the orderly execution of Transactions during the closing period;
- M. making fictitious or trifling bids or offers, offering to enter into a Company Contract at a price variation less than the minimum price fluctuation permitted for such Company Contract under the Rules, or knowingly making any bid or offer for the purpose of making a market price that does not reflect the true state of the market; or
- N. other conduct that constitutes a disruptive trading practice or is otherwise prohibited under CEA Section 4c(a)(5) or applicable CFTC Regulations.

**Rule 8.4 Prohibition on Money Passing, Pre-Arranged, Pre-Negotiated and Non-Competitive Trades**

- A. No Person may enter Orders for the purpose of entering into Transactions without a net change in either party's open positions but a resulting profit to one party and a loss to the other party, commonly known as a "money pass".
- B. No Person shall pre-arrange or pre-negotiate any purchase or sale or non-competitively execute any Transaction, except to effect a Negotiated Trade Order.

Pre-execution communications related to the material terms of a Negotiated Trade Order must take place on the Company Telecommunication Systems.

**Rule 8.5 Acts Detrimental to the Welfare or Reputation of the Company Prohibited**

No Participant, Authorized Representative, Authorized User or ISV shall engage in any Company activity that tends to impair the welfare, reputation, integrity or good name of the Company.

**Rule 8.6 Misuse of the Platform**

Misuse of the Platform is strictly prohibited. It shall be deemed an act detrimental to the Company to permit unauthorized use of the Platform, to assist any Person in obtaining unauthorized access to the Platform, to trade on the Platform without an agreement, to alter the equipment associated with the Platform (except with the Company'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 these Rules.

**Rule 8.7 Supervision; Information Sharing**

- A. A Participant shall be responsible for establishing, maintaining and administering reasonable supervisory procedures to ensure that its Authorized Users comply with these Rules and Applicable Law, and such Participant may be held accountable for the actions of such Authorized Users with respect to the Company.
- B. Participants and Authorized Users shall cooperate fully with the Company or a Regulatory Agency in any investigation, call for information, inquiry, audit, examination or proceeding.
- C. Participants and Authorized Users shall ensure that any information disclosed to the Company is accurate, complete and consistent. No existing or prospective Participant or Authorized User shall make any false statements or misrepresentations in any application, report or other communication to the Company.

**Rule 8.8 Business Conduct**

- A. Conducting trading activities in an honorable and principled manner consistent with these Rules is the essence of ethical conduct with respect to the Company. Participants, Authorized Users and other Persons subject to the Company's jurisdiction shall act with ethical integrity with regard to their Company activity, and shall adhere to the following ethical standards:

1. A Participant, Authorized User and any other Person subject to the Company's jurisdiction shall abstain from engaging in conduct that is a violation of these Rules or Applicable Law, and will conduct its business in accordance with Applicable Law, and in good faith, with a commitment to honest dealing.
2. No Participant, Authorized User or other Person subject to the Company's jurisdiction shall engage in any fraudulent act or engage in any scheme to defraud, deceive, trick or mislead in connection with or related to any Company activity.
3. No Participant, Authorized User or other Person subject to the Company's jurisdiction shall knowingly enter, or cause to be entered, bids or offers on the Platform other than in good faith for the purpose of executing bona fide Transactions.

#### **Rule 8.9 Trading Practices**

- A. No Participant, Authorized User or other Person subject to the Company's jurisdiction shall knowingly effect or induce the purchase or sale of any Company Contract for the purpose of creating or inducing a false, misleading, or artificial appearance of activity in such Company Contract, or for the purpose of unduly or improperly influencing the market price of such Company Contract or for the purpose of making a price which does not reflect the true state of the market in such Company Contract. No such Participant, Authorized User or other Person shall arrange and execute simultaneous offsetting buy and sell Orders in a Company Contract with the intent to artificially affect reported revenues, trading volumes or prices.
- B. No Participant, Authorized User or other Person subject to the Company's jurisdiction shall attempt to manipulate, or manipulate the market, in any Company Contract or Underlying. No such Participant, Authorized User or other Person shall directly or indirectly participate in or have any interest in the profit of a manipulative operation or knowingly manage or finance a manipulative operation. This includes any pool, syndicate, or joint account, whether in corporate form or otherwise, organized or used intentionally for the purposes of unfairly influencing the market price of any Company Contract.

- C. Orders entered on the Platform for the purpose of upsetting the equilibrium of the market in any Company Contract or creating a condition in which prices do not or will not reflect fair market values are prohibited, and any Person who makes or assists in entering any such Order with knowledge of the purpose thereof or who, with such knowledge, in any way assists in carrying out any plan or scheme for the entering of any such Order, will be deemed to have engaged in an act detrimental to the Company.
- D. No Participant, Authorized User or other Person subject to the Company's jurisdiction shall engage in any trading, practice, or conduct that constitutes a disruptive or a manipulative trading practice, as defined by the CEA, CFTC Regulations or in any interpretive guidance issued by the Commission.
- E. No Participant, Authorized User or other Person subject to the Company's jurisdiction shall make any knowing misstatement of a material fact to the Company, any Company Official, or any Board committee.
- F. No Participant, Authorized User or other Person subject to the Company's jurisdiction shall knowingly disseminate false or misleading reports regarding Transactions, the Company or one or more markets in any Company Contract.
- G. Abusive trading practices are prohibited on the Platform. No Participant, Authorized User or other Person subject to the Company's jurisdiction shall place or accept buy and sell Orders in the same product and expiration month, and for options, the same strike, when they know 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 that are entered with the intent to negate market risk or price competition shall be deemed to violate the prohibition on wash sales. Additionally, no Participant, Authorized User or other Person subject to the Company's jurisdiction shall knowingly execute or accommodate the execution of such Orders by direct or indirect means.
- H. No Participant, Authorized User or other Person subject to the Company's jurisdiction shall disclose an Order to buy or sell, except to a Company Representative or official of the CFTC or as necessary to efficiently execute the Order, nor shall any such Participant, Authorized User or other Person solicit or

induce another Person to disclose Order information. No Participant, Authorized User or other Person shall take action or direct another to take action based on non-public Order information, however acquired, except as permitted by Rule 8.4B. 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 8.10 Customer Order Priority**

- A. No Participant, Authorized User or other Person subject to the Company's jurisdiction shall knowingly enter an Order on 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 (a "Discretionary Order"), including, without limitation, an Order allowing discretion as to time and price, when such Person is in possession of a Customer Order that can be but has not been entered on the Platform.
- B. For purposes of this Rule 8.10, a Person shall not be deemed to knowingly buy or sell a Company Contract or execute a Discretionary Order if:
  - 1. such Person is a corporate or other legal entity consisting of more than one individual trader;
  - 2. such Person has in place appropriate "firewall" or separation of function policies and procedures; and
  - 3. the Person or Authorized User buying or selling the Company Contract or executing the Discretionary Order in question has no direct knowledge of the Order to buy or sell the same Company Contract for any other Person at the same price or at the market price or of the Customer Order for the same Company Contract, as the case may be.
- C. Nothing in this Rule 8.10 limits the ability of an "eligible account manager" to bunch Orders in accordance with CFTC Regulation 1.35(b)(5).

#### **Rule 8.11 Trading Against Customer Orders**

- A. 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. The foregoing restriction does not prohibit permissible pre-execution discussions conducted in accordance with Rule 8.4.

#### **Rule 8.12 Prohibition on Withholding of Customer Orders**

No Executing Participant shall withhold or withdraw from the market any Customer Order, or any part of an Order, for the benefit of any Person other than the Customer.

#### **Rule 8.13 Execution Priority**

- A. Executable Customer Orders must be entered on the Platform immediately upon receipt. An Executing Participant that receives a Customer Order that is not immediately entered on the Platform must create a non-erasable record of the Order, including the Order instructions, account designation, date, time of receipt and any other information that may be required by the Company.
- B. Customer Orders received by an Executing Participant shall be entered on the Platform in the sequence received. Customer Orders that cannot be immediately entered on the Platform must be entered when the Orders become executable in the sequence in which the Orders were received.
- C. Non-discretionary Customer Orders received by an Executing Participant shall be entered on the Platform in the sequence in which they were received. Non-discretionary Customer Orders that cannot be immediately entered on the Platform must be entered when the Orders become executable in the sequence in which the Orders were received.

#### **Rule 8.14 Crossing Orders**

Independently initiated Orders on opposite sides of the market for different beneficial account owners that are immediately executable against each other may be entered without delay. Orders must not involve pre-execution communications, except as permitted by Rule 8.4B.

#### **Rule 8.15 Position Limits**

- A. To reduce the potential threat of market manipulation or congestion, the Company shall adopt for each of its Company Contracts, as is necessary and appropriate, position limitations or position accountability levels for speculators. The Company may establish position limits for one or more Company Contracts at a level not higher than any limit set by the CFTC for any Company Contract. The position limit levels shall be set forth in a Position Limit and Position Accountability Level

Table as may be amended from time to time by the Company in a Participant Notice and on the Website. The Company may grant exemptions from position limits in accordance with CFTC Regulations.

- B. A Participant seeking an exemption from position limits, including position limits established pursuant to a previously approved exemption, must file the required application with the Company in the form and manner as the Company may require from time to time and receive approval before exceeding such position limits. Notwithstanding the foregoing, a Participant who establishes an exemption-eligible position in excess of position limits and files the required application with the Company shall not be in violation of this Rule, provided the filing occurs within one Settlement Bank Business Day after assuming the position. In the event that the positions in excess of the position limits are not deemed to be exemption-eligible, the applicant and the Executing Participant, if any, will be in violation of speculative position limits for the period of time in which the excess positions remained open.
- C. A Participant who owns or controls aggregate positions in a Company Contract in excess of the reportable levels set forth in the Position Limit and Position Accountability Level Table or where such Person otherwise holds substantial positions in Company Contracts shall:
  - 1. keep records, including records of such Participant's activity in the Underlying and related derivative markets, and make such records available, upon request, to the Company;
  - 2. provide to the Company, in a timely manner upon request by the Company and in a form and manner acceptable to the Company, information relating to the positions owned or controlled by such Participant, including but not limited to the nature and size of the position, the trading strategy employed with respect to the position, and hedging information, if applicable;
  - 3. be deemed to have consented, when so ordered by the Company, in its sole discretion, not to further increase the positions, to comply with any prospective limit which exceeds the size of the position owned or controlled, or to liquidate any open position which exceeds position limits; and
  - 4. liquidate Company Contracts, if applicable, in an orderly manner.

- D. This Rule 8.15 shall not limit the jurisdiction of the Company to take action that it determines necessary or appropriate in respect of any positions on the Company, including but not limited to the Company taking steps to liquidate such Company Contracts on behalf and at the expense of such Participant to the extent necessary to eliminate such excess.

**Rule 8.16 Position Accountability Levels**

- A. The Company shall establish position accountability levels for Company Contracts not subject to position limits pursuant to Rule 8.15. The position accountability levels shall be set forth in a Position Limit and Position Accountability Level Table as may be amended from time to time by the Company in a Participant Notice and on the Website.
- B. A Participant that owns or controls aggregate positions in a Company Contract in excess of the reportable levels set forth in the Position Limit and Position Accountability Level Table or where such Participant otherwise holds substantial positions in Company Contracts shall:
  - 1. keep records, including records of such Person's activity in the Underlying and related derivative markets, and make such records available, upon request, to the Company;
  - 2. provide to the Company, in a timely manner upon request by the Company and in a form and manner acceptable to the Company, information relating to the positions owned or controlled by such Person, including but not limited to the nature and size of the position, the trading strategy employed with respect to the position, and hedging information, if applicable;
  - 3. be deemed to have consented, when so ordered by the Company, in its sole discretion, not to further increase the positions, to comply with any prospective limit which exceeds the size of the position owned or controlled, or to liquidate any open position which exceeds position accountability levels; and
  - 4. liquidate Company Contracts, if applicable, in an orderly manner.
- C. This Rule shall not limit the jurisdiction of the Company to take action that it determines necessary or appropriate in respect of any positions on the Company,

including but not limited to the Company taking steps to liquidate such Company Contracts on behalf and at the expense of such Participant to the extent necessary to eliminate such excess.

#### **Rule 8.17 Aggregation of Positions**

- A. For purposes of Rule 8.15 and Rule 8.16, all positions in Company Contracts must be aggregated as required by CFTC Regulations. Aggregation of positions shall apply to:
  - 1. All positions in accounts for which a Person by power of attorney or otherwise directly or indirectly owns the positions or controls the trading of the positions. Position limits shall apply to positions held by two or more Persons acting pursuant to an expressed or implied agreement or understanding, in the same as if the positions were held by, or the trading of the positions was done by, a single Person.
  - 2. Any Person holding positions in more than one account, or holding accounts or positions in which the Person by power of attorney or otherwise directly or indirectly has a ten percent or greater ownership or equity interest, must aggregate all such accounts or positions unless such Person is exempted from aggregating such positions by CFTC Regulations.
- B. Any Participant seeking an exemption from aggregation of positions must (1) satisfy the exemptive requirements in CFTC Regulations; and (2) apply for a Company-approved exemption in the form and manner as may be prescribed by the Company from time to time.

#### **Rule 8.18 Large Trader Reporting**

- A. Each Participant shall submit to the Company (i) a daily report of all positions that exceed the reportable position levels set forth on the Website and (ii) a copy of the CFTC Form 102 (Identification of Special Accounts, Volume Threshold Accounts and Consolidated Accounts and which shall include a Series S filing made pursuant to CFTC Regulation 20.5) filed by the Participant or Executing Participant with the CFTC for such Participant's or Executing Participant's Customers' reportable accounts. The Form 102 shall be submitted to the Company no later than the Settlement Bank Business Day following the date on which the account becomes reportable.

- B. Positions in Company Contracts at or above the reportable level set forth on the Website trigger reportable status. For a Participant in reportable status, all positions, regardless of size, in relevant Company Contracts must be reported to the Company, in addition to any regulatory obligations a Participant may have separate and apart from these Rules.
- C. All large trader reports shall be submitted in the form and manner specified by the Company. The Company may require that more than one large trader report be submitted daily. The Regulatory Oversight Committee may require certain Participants to provide reports on a lesser number of positions than otherwise required by the Company.

#### **Rule 8.19 Compliance**

Each Participant shall have a compliance program commensurate with the size and scope of its trading activities on the Company and designed to ensure appropriate, timely and ongoing review of trading practices and compliance with the Rules. Each Participant shall act in accordance with these practices for compliance and monitoring with regard to its Company activity:

- A. Provide for proper training of personnel on the provisions of the Rules;
- B. Maintain internal policies and procedures to promote compliance with the Rules;
- C. Promptly disclose to the Company the details of any violations of the Rules involving a Participant's activities on the Company, including its own activities or those of another Participant, and a Participant shall promptly disclose to the Company the details of any disciplinary sanctions, fines or other related determinations made by a Regulatory Agency or another market on which such Participant trades, or provision of market information to the Company or any of its Affiliates;
- D. Provide an environment that encourages employees to engage in safe and confidential discussions and to disclose to senior management any trading practices that might violate the Rules;
- E. Require any consultant, contractor and subcontractor to disclose all financial affiliations and conflicts of interest. Ensure that consultants, contractors or subcontractors do not cause any disclosure of information in violation of the Rules,

including this code of conduct, and that confidentiality agreements are in effect where appropriate; and

- F. Establish clear lines of accountability for trading practices, including provisions relating to the responsibilities of corporate officers, with appropriate oversight by the board of directors or other senior corporate management committee.

## **CHAPTER 9 Discipline and Enforcement**

### **Rule 9.1 General**

#### **A. Market Monitoring**

1. The Company shall record and store a record of all data entered into the Platform, including the Participant's and Authorized User's identity, information on Transactions and any other information required and in accordance with the Company's policies.
2. The Company shall conduct market surveillance and trade practice surveillance by monitoring and reviewing data entered into the Platform using programs designed to alert the Company of potentially unusual or violative trading activity.
3. The Company, through the Compliance Department, shall initiate a review of unusual or violative trading activity and, where appropriate, investigate such activity. The Compliance Department will also conduct investigations when Compliance Department staff at any time has reason to believe that inappropriate activity of any sort is taking place on the Company, Platform or Website.

#### **B. All Persons within the Company's jurisdiction are subject to this Chapter 9 if they are alleged to have violated, to have aided and abetted a violation, to be violating, or to be about to violate, any Rule or any provision of Applicable Law for which the Company possesses disciplinary jurisdiction.**

#### **C. Compliance Department**

1. The Company has a Compliance Department consisting of one or more compliance staff. The Chief Compliance Officer is responsible for overseeing the Compliance Department and shall report to the Regulatory Oversight Committee and the CEO.
2. The Compliance Department shall investigate unusual trading activity or other activity that the Compliance Department has reasonable cause to believe could constitute a violation of these Rules, and shall enforce the Rules and prosecute possible Rule violations within the Company's disciplinary jurisdiction.

3. The Compliance Department shall conduct at least annual reviews of all Participants to verify compliance with Company Rules. The Compliance Department may conduct periodic reviews of all persons and firms subject to the Company's Rules to verify compliance with the Company Rules. Such reviews may include, but are not limited to, reviews of randomly selected samples of audit trail data, reviews of the process by which User ID records are maintained, reviews of usage patterns associated with User IDs, and reviews of account numbers and Customer Type Indicator Codes.
- D. The Company, through the Compliance Department, Disciplinary Panel and Appeals Committee, shall 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 9. Any Person subject to the Company's jurisdiction under Rule 3.1 is subject to the Company's disciplinary authority set forth in this Chapter 9.
- E. The Company, through the Compliance Department, will commence an investigation upon (i) the discovery or receipt of information that indicates a reasonable basis for finding that a violation may have occurred or will occur, or (ii) the receipt of a request from Commission staff.
- F. No Company Official shall interfere with or attempt to influence the process or resolution of any Disciplinary Action, except to the extent provided under these Rules with respect to a proceeding in which a Person is a member of the relevant Disciplinary Panel or Appeals Committee.
- G. Representation by Counsel
  1. All parties and witnesses to a disciplinary action have the right to retain and be represented by legal counsel or any other representation of their choosing, except any Director or a member of the Disciplinary Panel or person substantially related to the underlying investigations, such as material witnesses or respondents during such proceedings.
  2. In the event of any appeal that requires the Company to retain legal counsel, the Respondent shall be responsible for the reasonable attorney's fees incurred by the Company if the Respondent does not prevail in the dispute.

- H. The Company may hold a Participant liable for, and impose sanctions against such Participant, for such Participant's own acts and omissions that constitute a violation as well as for the acts and omissions of each Authorized User, Authorized Representative or other Person using a User ID of such Participant, or other agent or representative of such Participant (other than an Executing Participant acting as agent for such Participant), in each case, that constitute a violation as if such violation were that of the Participant.
- I. Ex Parte Communications
  - 1. A Respondent (and any counsel or representative of such Respondent) and the Compliance Department (and any counsel or representative of the Compliance 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 Appeals Committee that hears such proceeding.
  - 2. Members of a Disciplinary Panel or Appeals Committee 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 Respondent (and any counsel or representative of such Respondent) or the Compliance Department (and any counsel or representative of the Compliance Department).
  - 3. Any Person who receives, makes or learns of any communication that is prohibited by this Rule 9.1I shall promptly give notice of such communication and any response thereto to the Compliance Department and all parties to the proceeding to which the communication relates.
  - 4. A Person shall not be deemed to have violated this Rule 9.1I if the Person refuses an attempted communication concerning the merits of a proceeding as soon as it becomes apparent that the communication concerns the merits.

## **Rule 9.2 Investigations**

- A. The Compliance Department will endeavor to complete any investigation within 12 months of the time unusual trading activity or a potential Rule violation is

suspected, unless there exists significant reason to extend the investigation beyond such period. Upon the conclusion of any investigation, the Compliance Department shall draft a report detailing the facts that led to the opening of the investigation, the facts that were found during the investigation, and the Compliance Department's analysis and conclusion. Such internal report shall be maintained in accordance with Rule 2.14.

B. The Compliance Department has the authority to:

1. initiate and conduct inquiries and investigations;
2. examine books and records of any Person subject to the Company's jurisdiction under Rule 3.1;
3. prepare investigative reports and make recommendations concerning initiating disciplinary proceedings;
4. issue a Notice of Charges to a Respondent;
5. prosecute alleged violations within the Company's disciplinary jurisdiction; and
6. represent the Company on appeal from any disciplinary proceeding, summary imposition of fines, summary suspension or other summary action.

C. Each Person subject to the jurisdiction of the Company:

1. is obligated to appear and testify and respond in writing to interrogatories within the time period required by the Compliance Department in connection with:
  - a. any Rule;
  - b. any inquiry or investigation; or
  - c. any preparation by and presentation during a Disciplinary Action;
2. is obligated to produce books, records, papers, documents or other tangible evidence in its possession, custody or control within the time period required by the Compliance Department in connection with:
  - a. any Rule;

- b. any inquiry or investigation; or
  - c. any preparation by and presentation during a Disciplinary Action; and
- 3. may not impede or delay any Disciplinary Action.

### **Rule 9.3 Disciplinary Panel**

- A. If the Respondent disputes the Compliance Department's findings with respect to a Disciplinary Action, the Company shall convene a Disciplinary Panel to adjudicate the findings by the Compliance Department that are under dispute. The Chief Compliance Officer or an individual designated by the Chief Compliance Officer may be appointed to argue the matter on behalf of the Company.
  - 1. Members of the Disciplinary Panel shall be individuals that do not have a direct interest (financial, personal or otherwise) in the matter, but in no event may be members of the Compliance Department or any Persons involved in adjudicating any other stage of the same proceeding.
  - 2. In the event that members of the Disciplinary Panel do not satisfy the requirements of this Rule 9.3A.2, then the Regulatory Oversight Committee may substitute a new member for the Disciplinary Panel or act as the Disciplinary Panel, to the extent that the substituted member or the Regulatory Oversight Committee, as the case may be, does not have a direct interest (financial, personal or otherwise) in the matter.
- B. Members of the Disciplinary Panel and the Compliance Department may not communicate regarding the merits of a matter brought before the Disciplinary Panel without informing the Respondent who is the subject of the communication of the substance of such communication and allowing the Respondent an opportunity to respond. The Compliance Department may compel testimony, subpoena documents, and require statements under oath from any Respondent or, to the extent the Respondent is a Participant, any of its Authorized Users, Authorized Representatives or other employees or agents.
- C. The Compliance Department and other Company Representatives working under the supervision of the Compliance Department may not operate under the direction or control of any Participant, Authorized User, Authorized Representative or any

other representative of a Participant, or trade, directly or indirectly, in any commodity interest traded on or subject to the rules of any Designated Contract Market or Swap Execution Facility.

#### **Rule 9.4 Notice of Charges**

- A. If the Compliance Department determines that there is reasonable cause to believe that a Respondent has violated these Rules or Applicable Law, the Compliance Department shall issue a Notice of Charges to a Respondent by electronic mail. If the Respondent fails to acknowledge receipt of the electronic mail, the Compliance Department shall also notify the Respondent via the U.S. Postal Service to that Respondent's last known address. The Notice of Charges shall include:
1. the reason the investigation was initiated;
  2. the Rule or Rules alleged to have been violated;
  3. the Respondent's response, if any, or a summary of the response;
  4. a summary of the investigation conducted;
  5. findings of fact and the Compliance Department's conclusions as to each charge, including which of these Rules the Respondent violated, if any;
  6. a summary of the Respondent's, and any relevant Authorized User's or Authorized Representative's, disciplinary history, if any;
  7. the penalty, if any, proposed by the Compliance Department; and
  8. the Respondent's right to a hearing.
- B. If the Compliance Department institutes an investigation of any Affiliate of the Company, the Chief Compliance Officer shall notify the Commission's Division of Market Oversight, or its successor division, of that fact. At the conclusion of any such investigation, the Chief Compliance Officer shall provide the Commission's Division of Market Oversight, or its successor division, with a copy of the report or other documentation specified in Rule 9.2.

#### **Rule 9.5 Contesting and Appeals**

- A. The Respondent subject to the investigation may contest the Notice of Charges by submitting an answer to the Notice of Charges by electronic mail to the Compliance Department within 15 days of receipt of the Notice of Charges. The Respondent's

answer must contain a detailed response to the findings and conclusions as to each charge and any other information the Respondent believes is relevant.

- B. After a Notice of Charges is issued, the Respondent has a right to examine all relevant books, documents, or other evidence in the possession or under the control of the Compliance Department, except that the Compliance Department may withhold from inspection any documents that:
  - 1. are privileged or that constitute attorney work product;
  - 2. were prepared by any Company Representative but which will not be offered in evidence in the disciplinary proceedings;
  - 3. may disclose a technique or guideline used in examinations, investigations, or enforcement proceedings; or
  - 4. disclose the identity of a confidential source.
- C. If the Respondent fails to answer a Notice of Charges, then such failure shall be deemed an admission to the findings in the Notice of Charges, and the Compliance Department's findings and conclusions shall become final and the Compliance Department shall impose the penalty (if any) that it proposes. The Compliance Department shall notify the Respondent of the imposition of any penalty and send a copy of the Notice of Charges by electronic mail. If the Respondent fails to acknowledge receipt of the electronic mail, the Compliance Department shall also notify the Respondent via the U.S. Postal Service to that Respondent's last known address.
- D. If the findings of the Compliance Department are contested, the Compliance Department's report and the Respondent's response will be submitted to a Disciplinary Panel.
- E. The Disciplinary Panel will conduct a fair hearing with the Compliance Department or other Company Representative and the Respondent within 15 calendar days of receipt of the Participant's answer to the Notice of Charges contesting such Notice of Charges. Parties may attend telephonically. The formal rules of evidence shall not apply, but the hearing procedures must not deny a fair hearing.
  - 1. The hearing shall be recorded, and all information submitted by the parties and the recording of the hearing shall be preserved by the Compliance

Department, along with the Disciplinary Panel's findings, as the record of the proceedings (the "hearing record") in accordance with Rule 2.14.

2. The hearing record shall be transcribed if requested by the Commission or Respondent, if the decision is appealed pursuant to these Rules, or if the Commission reviews the decision pursuant to Section 8c of the CEA or Part 9 of CFTC Regulations.
- F. Prior to the Disciplinary Panel's hearing, the parties may (but need not) submit proposed findings, briefs, and exhibits (including affidavits), and during the hearing the parties may present witnesses. The Respondent is entitled to cross-examine witnesses. Persons within the Company's jurisdiction who are called as witnesses must participate in the hearing and produce evidence. The Compliance Department shall use reasonable efforts to secure the presence of all other witnesses whose testimony would be relevant.
- G. Within 15 days after the Disciplinary Panel's hearing, the Disciplinary Panel shall issue a decision, which shall be delivered to the Respondent by electronic mail. If the Respondent has not made an appearance in the Disciplinary Action and fails to acknowledge receipt of the electronic mail, then the Compliance Department shall also notify the Respondent via the U.S. Postal Service to the Respondent's last known address. The findings of the Disciplinary Panel shall contain the following information:
1. the Notice of Charges or a summary thereof, and any answer to the charges or a summary thereof;
  2. a summary of the evidence received;
  3. findings and conclusions with respect to each charge, and a complete explanation of the evidence and other basis for such findings and conclusions;
  4. an indication of each specific rule that the Respondent was found to have violated;
  5. a declaration of any penalty to be imposed on the Respondent as the result of the findings and conclusions, including the basis for such penalty;
  6. the effective date and duration of that penalty; and

7. a statement that the Respondent has the right to appeal any adverse decision by the Disciplinary Panel to the Appeals Committee within 15 calendar days of receipt of the Disciplinary Panel's decision.
- H. The Disciplinary Panel's decision shall be final on the date it is signed by the members of the Disciplinary Panel, the finality of which shall be effective on the day after the last day of the appeal period.
- I. Either the Participant or the Compliance Department or the Company Representative may appeal the decision of the Disciplinary Panel within 15 calendar days by filing an appeal by electronic mail with the Appeals Committee and forwarding a copy to the other parties to the appeal. The Appeals Committee may review a decision on its own initiative. Any penalties shall be stayed pending appeal unless the Regulatory Oversight Committee determines that a stay pending appeal would likely be detrimental to the Company, other Participants, or the public. The Appeals Committee shall review the hearing record and any information submitted by the Compliance Department or the Company Representative and the Respondent on appeal and issue a decision, which shall be final on the date of such issuance. The Respondent shall be notified of the Appeals Committee's decision by electronic mail. If the Respondent has not made an appearance in the Disciplinary Action and fails to acknowledge receipt of the electronic mail, the Compliance Department shall also notify the Respondent via the U.S. Postal Service to the Respondent's last known address. The hearing record, any information submitted on appeal, and the Appeals Committee's decision shall be preserved as the record on appeal in accordance with Rule 2.14. The decision shall contain the information listed in Rule 9.5 except for 9.5(G)(7), and will also contain:
1. a statement that any Person aggrieved by the action may have a right to appeal the action pursuant to Part 9 of the Commission's Regulations, within 30 calendar days of service; and
  2. a statement that any Person aggrieved by the action may petition the Commission for a stay pursuant to Part 9 of the Commission's Regulations, within ten calendar days of service.

## **Rule 9.6 Settlements**

- A. The Company may enter into settlements with any Respondent any time during the disciplinary process, including prior to the issuance of a Notice of Charges and prior to any final decision by the Appeals Committee. The Respondent may initiate a settlement offer, but only a written offer of settlement that is supported by both parties shall be submitted by the CCO to the Disciplinary Panel for consideration. A settlement offer may be withdrawn at any time, by any party, before it is accepted by the Disciplinary Panel.
- B. The Disciplinary Panel may accept or reject a proposed settlement, and the decision of the Disciplinary Panel shall be final. The Disciplinary Panel must issue a written decision within 15 days of receipt of a settlement offer by the CCO.
- C. Any settlement under this Rule shall be in writing and shall state:
  - 1. the Notice of Charges, if yet served, or a summary thereof;
  - 2. the Respondent's answer, if any, or a summary thereof;
  - 3. a summary of the investigation conducted;
  - 4. findings and conclusions as to each charge, including each act the Respondent was found to have committed or omitted, be committing or omitting, or be about to commit or omit, and each of these Rules or Applicable Law that such act or practice violated, is violating, or is about to violate;
  - 5. any penalty imposed and the penalty's effective date; and
  - 6. where customer harm is found to exist, full customer restitution where it can be reasonably determined.
- D. Failed settlement negotiations, or withdrawn settlement offers, will not prejudice a Respondent or otherwise affect subsequent procedures in the Rule enforcement process.

## **Rule 9.7 Notice of Decision**

- A. The Compliance Department shall provide to the Respondent notice of the Disciplinary Action, decision of the Disciplinary Panel or Appeals Committee, or settlement in which sanctions are imposed, no later than two Settlement Bank

Business Days after it becomes final. Notice shall be provided by electronic mail, unless the Respondent has not made an appearance in the Disciplinary Action and fails to acknowledge receipt of the electronic mail, in which case the Compliance Department shall also notify the Respondent via U.S. Postal Service at the Respondent's last known address.

- B. The Compliance Department shall provide to the NFA for inclusion in its Internet-accessible database of disciplinary matters within two Settlement Bank Business Days after a decision becomes final, notice of any decision providing that a Respondent is suspended, expelled, disciplined or denied access to the Company.
- C. The Compliance Department shall make public notice of the Disciplinary Action when the Disciplinary Action becomes final by posting on its Website the information required by CFTC Regulation 9.11, for a period of five consecutive Settlement Bank Business Days in accordance with CFTC Regulation 9.13.

#### **Rule 9.8 Penalties**

As a result of a Disciplinary Action or as part of a settlement, the Compliance Department may impose one or more of the following penalties, commensurate with the violation committed, in consideration with the Respondent's disciplinary history, and including full customer restitution where customer harm is found and where such restitution can be reasonably determined:

- A. a letter of warning, censure, or reprimand (although no more than one such letter may be issued to the same Person found to have committed the same Rule violation within a rolling 12-month period);
- B. a fine or penalty for each Rule or Applicable Law violation sufficient to deter recidivism plus the monetary value of any benefit received as a result of the violation or the cost of damages to the unoffending counterparty;
- C. suspension of Participant or Authorized User status or privileges for a specified period, including partial suspension of such privileges (for example, suspension of Trading Privileges in particular types of Company Contracts or of placement of certain types of orders);
- D. a prohibition against Executing Participants from entering Transactions on behalf of a Customer who has violated these Rules, the CEA or CFTC Regulations or other Applicable Law; and

- E. revocation of Participant or Authorized User status or privileges, including partial revocation of such privileges (for example, revocation of Trading Privileges in particular types of Company Contracts or of placement of certain types of orders).

#### **Rule 9.9 Summary Suspension**

- A. The Compliance Department may summarily suspend or restrict a Participant's or an Authorized User's privileges if the Chief Compliance Officer believes suspension or restriction is necessary to protect the swaps, commodity futures or options markets, the Company, the public, or other Participants.
- B. All access denials, suspensions, expulsions and other restrictions imposed upon a Participant or Authorized User by the Compliance Department pursuant to these Rules shall restrict with equal force and effect, access to, and use of, the Company.
- C. The Compliance Department may deny or terminate the status of a Participant, including an Executing Participant or Liquidity Provider, and any Authorized User if (i) such Person is unable to demonstrate its ability to satisfy the applicable criteria set forth in Chapter 3 of these Rules; (ii) such Person is unable to demonstrate its compliance with all other applicable Rules; (iii) such Person's inability to demonstrate compliance with such criteria or Rules would, in the Company's sole discretion, bring the Company into disrepute or cause the Company to fail to be in compliance with the CEA or CFTC Regulations or other laws and regulations; (iv) such Person or any of its Authorized Users, as applicable, has committed a violation of the Rules; or (v) other good cause is shown as the Company may reasonably determine in its discretion.
- D. Upon any suspension or revocation of an Executing Participant, any open Order on the Platform for such Executing Participant's Customer(s) shall be cancelled by the Company.
- E. Whenever practicable the Compliance Department shall notify the Participant or Authorized User whose privileges are to be summarily suspended by electronic mail before the action is taken. If prior notice is not practicable, the Participant or Authorized User shall be served with notice by electronic mail at the earliest opportunity. This notice shall:
  - 1. state the action taken or to be taken;

2. briefly state the reasons for the action;
  3. state the time and date when the action became or becomes effective and its duration; and
  4. state that any Person aggrieved by the action may petition the Commission for a stay of the effective date of the action pending a hearing pursuant to Part 9 of CFTC Regulations, within ten calendar days of service.
- F. The Participant or Authorized User whose privileges are to be summarily suspended shall be given an opportunity for appeal under the procedures outlined in Rule 9.5I. The decision affirming, modifying, or reversing the summary suspension shall be furnished by electronic mail to the suspended Participant or Authorized User, and to the Commission no later than one Settlement Bank Business Day after it is issued. The decision shall contain:
1. a description of the action taken and the reasons for the action;
  2. a brief summary of the evidence received during the appeal process;
  3. findings and conclusions;
  4. a determination as to whether the summary action that was taken should be affirmed, modified, or reversed;
  5. a declaration of any action to be taken against the suspended Participant or Authorized User as the result of that determination;
  6. the effective date and duration of that action;
  7. a determination of the appropriate relief based on the findings and conclusions;
  8. a statement that any Person aggrieved by the action may have a right to appeal the action pursuant to Part 9 of the Commission's Regulations, within 30 calendar days of service; and
  9. a statement that any Person aggrieved by the action may petition the Commission for a stay pursuant to Part 9 of the Commission's Regulations, within ten calendar days of service.

#### **Rule 9.10 Reporting Violations to the Commission**

- A. Whenever the Company suspends, expels, fines or otherwise disciplines or denies any Person access to the Platform, the Company will make the disclosures required by Commission Regulations. Without limiting the generality of the foregoing, upon rendering a final decision regarding a disciplinary or access denial action, the Company shall provide notice to the Commission by filing with NFA's BASIC.
- B. The Company will submit to the Commission a schedule listing all those Company Rule violations which constitute disciplinary offenses as defined in paragraph (a)(6)(i) of CFTC Regulation 1.63 and, to the extent necessary to reflect revisions, will submit an amended schedule within thirty days of the end of each calendar year. The Company will maintain the schedule required by this section, and post the schedule on the Company's website.
- C. The Company will submit to the Commission within thirty days of the end of each calendar year a certified list of any Participants or Persons who have been removed from any Disciplinary Panel, the Board or any Company committee pursuant to these Rules or Applicable Law during the prior year.
- D. Whenever the Company finds by final decision that a Participant or Person has violated a Rule or otherwise committed a disciplinary offense and such finding makes such person ineligible to serve on the Company's Disciplinary Panels, Company committees, or the Board, the Company shall inform the Commission of such finding and the length of the ineligibility in a notice it is required to provide to the Commission pursuant to either CEA Section 17(h)(1) or CFTC Regulation 9.11.

## **CHAPTER 10 Arbitration**

### **Rule 10.1 In General**

- A. If so elected by a Customer, any Claim by the Customer against a Participant (including any related counterclaims) shall be settled by arbitration in accordance with this Chapter 10.
- B. Any Claim by a Participant against another Participant (including any related counterclaims) shall be settled by arbitration in accordance with this Chapter 10. Arbitration proceedings invoked pursuant to this paragraph shall be independent of, and shall not interfere with or delay the resolution of Customers' Claims submitted for arbitration pursuant to paragraph A.
- C. Notwithstanding paragraph B, the arbitration panel, in its sole and absolute discretion, may decline to take jurisdiction of, or, having taken jurisdiction may at any time decline to proceed further with, any Claim or any other dispute, controversy or counterclaim, other than such as may be asserted under paragraph A.
- D. A Claim brought pursuant to this Rule 10.1 shall be adjudicated by qualified arbitrators appointed in accordance with Rule 10.5 below.
- E. Persons to a dispute resolved in accordance with this Chapter 10 shall have the right to retain and be represented by legal counsel or any other representation of its choosing, except any Director or a member of the Disciplinary Panel or person substantially related to the underlying investigations, such as material witnesses or respondents during such proceedings. Persons to a dispute resolved in accordance with this Chapter 10 shall be responsible for their own costs, expenses and attorneys' fees incurred in connection with the dispute. Notwithstanding the foregoing, the Person that prevails shall be entitled to recover from the other party all costs, expenses and reasonable attorneys' fees incurred in any arbitration arising out of or relating to this Chapter 10, and in any legal action or administrative proceeding to enforce any arbitration award or relief.
- F. Any award or relief granted by the arbitrators hereunder shall be final and binding on the parties hereto and may be enforced by any court of competent jurisdiction.

- G. Notwithstanding the foregoing, this Chapter 10 does not apply to disputes between Participants where:
1. such Persons are required by the rules of a non-Company Self-Regulatory Organization to submit to the dispute resolution procedures of that Self-Regulatory Organization; or
  2. such Persons have, by valid and binding agreement, committed to arbitrate or litigate in a forum other than the Company.
- H. For purposes of this Chapter 10, the term “Claim” means any dispute which arises out of any Transaction, which dispute does not require for adjudication the presence of essential witnesses or third parties over whom the Company does not have jurisdiction or who are otherwise not available. The term “Claim” does not include disputes arising from underlying commodity transactions which are not a part of, or directly connected with, any Transaction.

#### **Rule 10.2 Fair and Equitable Arbitration Procedures**

- A. A Person desiring to initiate an arbitration as provided in Rule 10.1 shall file a notice of arbitration (a “Notice”) within two years from the time the Claim arose. The Notice must set forth the name and address of the party or parties against whom the Claim is being asserted, the nature and substance of the Claim, the relief requested and the factual and legal bases alleged to underlie such relief.
- B. The Notice shall be accompanied by a non-refundable check payable to the Company in payment of the arbitration fee. The amount of the fee shall be (i) \$500 for a Claim requesting relief totaling less than \$25,000 in the aggregate or (ii) \$1,000 for a Claim requesting relief totaling \$25,000 or more in the aggregate.
- C. Upon receipt, the Company shall promptly convene an arbitration panel in accordance with Rule 10.5. The Company shall deliver a copy of the Notice to each other party and to the arbitration panel.
- D. Within 20 days following the delivery of the Notice, each respondent shall file a written response (a “Response”) with the Company, with a copy to the claimant, setting forth its or his position and any counterclaims, as applicable. If the Response sets forth one or more counterclaims, the claimant shall file within 20

days a written reply to such counterclaims with the Company, with a copy to the claimant.

- E. Once each party has had an opportunity to respond to the Claim and all counterclaims, the arbitration panel shall promptly schedule a hearing. Notwithstanding, Claims requesting relief totaling less than \$5,000 in the aggregate may, in the interests of efficiency and economy, be resolved without hearing.
- F. The chairman of the arbitration panel shall preside over the hearing and shall make such determinations on the relevancy and procedure as will promote a fair and expeditious adjudication.
- G. The arbitration panel shall consider all relevant, probative testimony and documents submitted by the parties. The arbitration panel shall not be bound by the formal rules of evidence.
- H. The final decision of the panel shall be by majority vote of the arbitrators, as applicable.
- I. Within 60 days after the termination of the hearing, the arbitration panel shall render its final decision in writing and deliver a copy thereof either in person or by first-class mail to each of the parties. The arbitration panel may grant any remedy or relief which it deems just and equitable, including, without limitation, the awarding of interest and the arbitration fee.
- J. The final decision of the arbitration panel shall not be subject to appeal within the Company.
- K. No verbatim record shall be made of the proceedings, unless requested by a party who shall bear the cost of such record.

### **Rule 10.3 Withdrawal of Arbitration Claim**

Any Notice may be withdrawn at any time before the Response is filed in accordance with this Chapter 10. If a Response has been filed, any withdrawal shall require consent of the party against which the Claim is asserted.

### **Rule 10.4 Penalties**

- A. Any failure on the part of a Person to arbitrate a dispute subject to this Chapter 10, or the commencement by any such Person of a suit in any court prior to arbitrating

a case that is required to be arbitrated pursuant to this Chapter 10, violates these Rules and shall subject such Person to disciplinary proceedings pursuant to Chapter 9. Any Person that does not arbitrate a dispute pursuant to Chapter 10 shall not be deemed to have violated these Rules.

- B. The Chief Compliance Officer, in consultation with the Regulatory Oversight Committee, may summarily suspend, pursuant to Rule 9.9, a Participant that fails to timely satisfy an arbitration award rendered in any arbitration pursuant to this Chapter 10.

#### **Rule 10.5 Arbitration Panel**

- A. On an as-needed basis, the Company shall convene an arbitration panel to adjudicate an arbitration claim under this Chapter 10. For a Claim requesting relief totaling less than \$25,000 in the aggregate, the arbitration panel shall consist of one individual. For a Claim requesting relief totaling \$25,000 or more in the aggregate, the arbitration panel shall consist of three individuals.
- B. Members of the arbitration panel shall be individuals that do not have a direct interest (financial, personal or otherwise) in the matter.
- C. Any member of the arbitration panel may disqualify himself for any reason he deems appropriate.
- D. Each member of the arbitration panel shall conduct himself in a manner consistent with the American Bar Association/American Arbitration Association's "Code of Ethics for Arbitrators in Commercial Disputes," which the Company hereby adopts as its own code of ethics for arbitrators.
- E. Each member of the arbitration panel must have no less than five years' experience in the financial services industry, and no less than one arbitrator must have no less than five years' experience in the commodity futures or swap industry.
- F. In the event that members of the arbitration panel do not satisfy the requirements of this Rule 10.5, then the Regulatory Oversight Committee may substitute a new member for the arbitration panel or act as the arbitration panel, to the extent that the substituted member or the Regulatory Oversight Committee, as the case may be, does not have a direct interest (financial, personal or otherwise) in the matter.

## **CHAPTER 11 Miscellaneous**

### **Rule 11.1 Adjustments Necessitated by Material Changes in the Underlying**

In the event that, prior to or during the term of a Series, changes beyond the control of the Company occur in the availability of the Underlying or in the way the Underlying is calculated, or a value for the Underlying is unavailable or undefined in light of intervening events, the Company may delay listing Series or adjust the terms of outstanding Series as it deems appropriate in its discretion to achieve fairness to holders of Company Contracts of the affected Series.

### **Rule 11.2 Prohibition on Trading by Company Personnel; Misuse of Material, Non-Public Information**

- A. Terms used in this Rule 11.2 and not otherwise defined in these Rules shall have the meanings set forth in CFTC Regulations 1.3 and 1.59.
- B. Company Personnel may not trade, directly or indirectly any Company Contract or any related financial instrument.
- C. Company Representatives may not trade, directly or indirectly any Company Contract or financial instrument where such Company Representative has access to material, non-public information concerning such Company Contract or financial instrument.
- D. The Chief Compliance Officer (or, in the case of the Chief Compliance Officer, the Board) may grant exemptions in accordance with the provisions of this Rule 11.2 to Company Personnel on a case-by-case basis under circumstances where the Company Personnel is participating in pooled investment vehicles and the Company Personnel has no direct or indirect control over Transactions effected by or for the account of the pool.
- E. For the avoidance of doubt, participation by Company Personnel in a retirement plan sponsored by the Company shall not be deemed to constitute trading directly or indirectly in a Company Contract or financial instrument, notwithstanding such plan's trading of Company Contracts or financial instruments.
- F. Any exempt Company Personnel that has received an exemption under Rule 11.2D must:

1. furnish to the Company (or, in the case of the Chief Compliance Officer, to the Board) account statements and other documents relevant to the trading activities that are so exempted; and
  2. inform the Chief Compliance Officer (or, in the case of the Chief Compliance Officer, the Board) within one Settlement Bank Business Day of any material change of information that may affect such Company Personnel's qualification for such exemption.
- G. Company Representatives are prohibited from disclosing material, non-public information obtained as a result of their employment, agency relationship or engagement with the Company for any purpose inconsistent with such Person's duties or responsibilities as an employee, agent, independent contractor, Director or Committee member.

### **Rule 11.3 Property Rights**

- A. Each Participant on behalf of itself and each of its Affiliates, Authorized Users and other Persons affiliated with any of the foregoing, hereby acknowledges and agrees that the Company owns and shall retain all right, title and interest in and to the Company, all components thereof, including, without limitation, all related applications, all application programming interfaces, user interface designs, software and source code and any and all intellectual property rights therein, including, without limitation, all registered or unregistered, as applicable, (a) copyright, (b) trademark, (c) service mark, (d) trade secret, (e) trade name, (f) data or database rights, (g) design rights, (h) moral rights, (i) inventions, whether or not capable of protection by patent or registration, (j) rights in commercial information or technical information, including know-how, research and development data and manufacturing methods, (k) patent, and (l) other intellectual property and ownership rights, including applications for the grant of any of the same, in or to the Company and all other related proprietary rights of the Company and/or any of its Affiliates (together, with any and all enhancements, corrections, bug fixes, updates and other modifications to any of the foregoing and any and all data or information of any kind, other than Proprietary Data and Personal Information, transmitted by means of any of the foregoing, including, without limitation, market data, the "Proprietary Information"). Each Participant on behalf of itself and each of its Affiliates, Authorized Users and other Persons affiliated with any of the

foregoing, further acknowledges and agrees that the Proprietary Information is the exclusive, valuable and confidential property of the Company. Each Participant acknowledges and agrees that it shall not and shall not permit its Affiliates, Authorized Users and other Persons affiliated with any of the foregoing to reverse engineer, copy, bug fix, correct, update, transfer, reproduce, republish, broadcast, create derivative works based on or otherwise modify, in any manner, all or any part of the Company or the Proprietary Information. Each Participant further agrees to and to cause each of its Affiliates, Authorized Users and other Persons affiliated with any of the foregoing to keep the Proprietary Information confidential and not to transfer, rent, lease, copy, loan, sell or distribute, directly or indirectly, all or any portion of the Company or any Proprietary Information.

- B. Subject to the provisions of this Rule 11.3, each Participant on behalf of itself and each of its Affiliates, Authorized Users, and other Persons affiliated with any of the foregoing hereby acknowledges and agrees that the Company is the owner of all rights, title and interest in and to all intellectual property and other proprietary rights (including all copyright, patent, trademark or trade secret rights) in market data, and all derivative works based thereon, and further agree not to distribute, create derivative works based on, or otherwise use or commercially exploit market data and any such derivative works, provided that Participants, Affiliates, Authorized Users, and such other Persons may use market data for their own internal business purposes. Without limiting the generality of the foregoing, Participants, Affiliates, Authorized Users, and other Persons affiliated with any of the foregoing may not distribute, sell or retransmit market data exchange to any third party.
- C. Notwithstanding any other provision of this Rule 11.3, each Participant and Authorized User retains such rights as it may enjoy under applicable law with respect to market data solely in the form such market data was submitted to the Company by such Participant or Authorized User.
- D. Transaction Data shall not be disclosed publicly other than on an aggregated or anonymous basis, or in a manner that does not directly or indirectly identify any market participant who has submitted such data.
- E. The Company shall not condition access to the Company upon a Participant's consent to the use of Proprietary Data and Personal Information for business or marketing purposes. Proprietary Data and Personal Information may not be used

by the Company for business and marketing purposes unless the market participant has clearly consented to the use of Proprietary Data and Personal Information in such manner. The Company, where necessary, for regulatory purposes, may share Proprietary Data and Personal Information with one or more Designated Contract Markets or Swap Execution Facilities. Nothing in this Rule shall preclude the Company from disclosing Proprietary Data and Personal Information: (1) as required by Applicable Law or legal process; (2) as the Company may deem necessary or appropriate in connection with any litigation affecting the Company; (3) to any Company Representative authorized to receive such information within the scope of his or her duties; (4) to a third party performing regulatory or operational services for the Company, provided that such party has executed a confidentiality and non-disclosure agreement in a form approved by the Company; (5) to a duly authorized representative of the CFTC lawfully requesting Proprietary Data and Personal Information; (6) in a manner in which a market participant consents to such disclosure; (7) pursuant to the terms of an information-sharing agreement; or (8) as permitted by CFTC Regulations.

#### **Rule 11.4 Signatures**

Rather than rely on an original signature, the Company may elect to rely on a signature that is transmitted, recorded or stored by any electronic, optical, or similar means (including but not limited to telecopy, imaging, photocopying, electronic mail, electronic data interchange, telegram, or telex) as if it were (and the signature shall be considered and have the same effect as) a valid and binding original.

#### **Rule 11.5 Governing Law**

The Rules, and the rights and Obligations of the Company and Participants under the Rules, shall be governed by, and construed in accordance with, the laws of the State of New York without regard to any provisions of New York law that would apply the substantive law of a different jurisdiction. The State of New York is the “securities intermediary’s jurisdiction” within the meaning of Section 8-110(e) of the UCC for all purposes of the UCC.

#### **Rule 11.6 Legal Proceedings**

- A. Any action, suit or proceeding against the Company, its Officers, Directors, limited liability company members, employees, agents, or any member of any committee must be brought within one year from the time that a cause of action has accrued.

Any such action, suit or proceeding shall be brought in the State or Federal courts located within the City of New York, New York. Each Participant and Authorized User expressly consents to the jurisdiction of any such court, waives any objection to venue therein, and waives any right it may have to a trial by jury.

- B. In the event that a Participant or Authorized User or an Affiliate of such Person who fails to prevail in a lawsuit or other legal proceeding instituted by such Participant or such Affiliate against (i) the Company or (ii) any Affiliate of the Company or any of its respective officers, directors, equity holders, employees, agents, or any member of any committee, and related to the business of the Company, such Participant or Authorized User shall pay to the Company all reasonable costs and expenses, including attorneys' fees, incurred by the Company in the defense of such proceeding. This Rule 11.7 shall not apply to Company disciplinary actions, appeals thereof, or an instance in which the Board has granted a waiver of the provisions hereof.
- C. The Company will provide to the Commission copies of documents pertaining to Company-related pending legal proceedings as required under CFTC Regulation 1.60.

**Rule 11.7 LIMITATION OF LIABILITY; NO WARRANTIES**

- A. EXCEPT AS OTHERWISE SET FORTH IN THE RULES, OR DUE TO COMPANY OBLIGATIONS ARISING FROM THE ACT OR CFTC REGULATIONS, INCLUDING, WITHOUT LIMITATION, PART 37 OF THE CFTC REGULATIONS, OR OTHERWISE UNDER APPLICABLE LAW, NEITHER THE COMPANY NOR ANY OF ITS COMPANY REPRESENTATIVES, AFFILIATES OR AFFILIATES' REPRESENTATIVES SHALL BE LIABLE TO ANY PERSON, OR ANY PARTNER, DIRECTOR, OFFICER, AGENT, EMPLOYEE, AUTHORIZED USER OR AUTHORIZED REPRESENTATIVE THEREOF, FOR ANY LOSS, DAMAGE, INJURY, DELAY, COST, EXPENSE, OR OTHER LIABILITY OR CLAIM, WHETHER IN CONTRACT, TORT OR RESTITUTION, OR UNDER ANY OTHER CAUSE OF ACTION, SUFFERED BY OR MADE AGAINST THEM AS A RESULT OF THEIR USE OF SOME OR ALL OF THE PLATFORM, THE WEBSITE, AND BY MAKING USE OF THE PLATFORM OR THE WEBSITE, SUCH PERSONS EXPRESSLY AGREE TO ACCEPT ALL LIABILITY ARISING FROM THEIR USE OF SAME.

- B. EXCEPT AS OTHERWISE SET FORTH IN THESE RULES OR DUE TO COMPANY OBLIGATIONS ARISING FROM THE ACT OR CFTC REGULATIONS, INCLUDING, WITHOUT LIMITATION, PART 37 OF THE CFTC REGULATIONS, OR OTHERWISE UNDER APPLICABLE LAW, NEITHER THE COMPANY NOR ANY OF ITS COMPANY REPRESENTATIVES, AFFILIATES OR AFFILIATES' REPRESENTATIVES SHALL BE LIABLE TO ANY PERSON, OR ANY PARTNER, DIRECTOR, OFFICER, AGENT, EMPLOYEE, AUTHORIZED USER OR AUTHORIZED REPRESENTATIVE THEREOF, FOR ANY LOSS, DAMAGE, INJURY, DELAY, COST, EXPENSE, OR OTHER LIABILITY OR CLAIM, WHETHER IN CONTRACT, TORT OR RESTITUTION, OR UNDER ANY OTHER CAUSE OF ACTION, SUFFERED BY OR MADE AGAINST THEM, ARISING FROM (A) ANY FAILURE OR NON-AVAILABILITY OF THE PLATFORM OR WEBSITE; (B) ANY ACT OR OMISSION ON THE PART OF THE COMPANY, COMPANY REPRESENTATIVES, AFFILIATES OR AFFILIATES' REPRESENTATIVES INCLUDING WITHOUT LIMITATION A DECISION OF THE COMPANY TO SUSPEND, HALT, OR TERMINATE TRADING OR TO VOID, NULLIFY OR CANCEL ORDERS OR TRADES IN WHOLE OR IN PART; (C) ANY ERRORS OR INACCURACIES IN INFORMATION PROVIDED BY THE COMPANY, AFFILIATES, THE PLATFORM, OR THE WEBSITE; (D) UNAUTHORIZED ACCESS TO OR UNAUTHORIZED USE OF THE PLATFORM OR WEBSITE BY ANY PERSON; (E) ANY FORCE MAJEURE EVENT, INCLUDING, BUT NOT LIMITED TO, THE UNAVAILABILITY OF THE BLOCKCHAIN AS REASONABLY DETERMINED BY THE COMPANY, AFFECTING THE COMPANY OR A COMPANY CONTRACT; OR (F) ANY LOSS TO ANY PARTICIPANT RESULTING FROM A PARTICIPANT'S OWN SECURITY OR THE INTEGRITY OF A PARTICIPANT'S TECHNOLOGY OR TECHNOLOGY SYSTEMS. THIS LIMITATION OF LIABILITY WILL APPLY REGARDLESS OF WHETHER OR NOT THE COMPANY, ANY COMPANY REPRESENTATIVES, ANY COMPANY AFFILIATES OR AFFILIATES' REPRESENTATIVES (OR ANY DESIGNEE THEREOF) WAS ADVISED OF OR OTHERWISE MIGHT HAVE ANTICIPATED THE POSSIBILITY OF SUCH DAMAGES.
- C. A PERSON'S USE OF THE PLATFORM OR THE WEBSITE, COMPANY PROPERTY AND ANY OTHER INFORMATION AND MATERIALS PROVIDED

BY THE COMPANY IS AT THE PERSON'S OWN RISK, AND THE PLATFORM, THE WEBSITE, THE COMPANY PROPERTY AND ANY OTHER INFORMATION AND MATERIALS PROVIDED BY THE COMPANY HEREUNDER ARE PROVIDED ON AN "AS IS" AND "AS AVAILABLE" BASIS, WITHOUT WARRANTIES OR REPRESENTATIONS OF ANY KIND, EXPRESS OR IMPLIED, BY STATUTE, COMMON LAW OR OTHERWISE, INCLUDING ALL IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE AND NON-INFRINGEMENT, AND ANY WARRANTIES ARISING FROM A COURSE OF DEALING, USAGE OR TRADE PRACTICE. THE COMPANY DOES NOT GUARANTEE THAT (A) THE COMPANY PROPERTY, THE PLATFORM, OR THE WEBSITE WILL OPERATE IN AN ERROR-FREE, SECURE OR UNINTERRUPTED MANNER; (B) ANY INFORMATION OR MATERIALS PROVIDED BY THE COMPANY OR ACCESSIBLE THROUGH THE COMPANY PROPERTY, THE PLATFORM, OR THE WEBSITE WILL BE ACCURATE, COMPLETE, RELIABLE, OR TIMELY; OR (C) THE COMPANY PROPERTY OR ANY ASPECTS OF THE PLATFORM OR THE WEBSITE WILL BE FREE FROM VIRUSES OR OTHER HARMFUL COMPONENTS. THE COMPANY SHALL HAVE NO LIABILITY FOR THE CREDITWORTHINESS OF ANY PERSON OR FOR THE ACTS OR OMISSIONS OF ANY PERSON UTILIZING THE PLATFORM, THE WEBSITE, OR ANY ASPECT OF THE COMPANY, PLATFORM, OR WEBSITE. A PERSON ACCESSING THE COMPANY IS SOLELY RESPONSIBLE FOR THE SECURITY AND INTEGRITY OF THE PERSON'S TECHNOLOGY. A PERSON'S ACCESS TO THE COMPANY MAY BE INTERNET-BASED AND THE COMPANY HAS NO CONTROL OVER THE INTERNET OR A PERSON'S CONNECTIONS THERETO. ANY PERSON ACCESSING THE COMPANY ACKNOWLEDGES THAT THE INTERNET, COMPUTER NETWORKS, AND COMMUNICATIONS LINKS AND DEVICES NECESSARY TO ENABLE A PERSON TO ACCESS AND USE THE PLATFORM AND THE WEBSITE ARE INHERENTLY INSECURE AND VULNERABLE TO ATTEMPTS AT UNAUTHORIZED ENTRY AND THAT NO FORM OF PROTECTION CAN ENSURE THAT A PARTICIPANT'S DATA, HARDWARE, OR SOFTWARE OR THE PLATFORM OR OTHER COMPANY PROPERTY WILL BE FULLY SECURE. FURTHERMORE, THE COMPANY

SHALL HAVE NO OBLIGATION TO MONITOR OR VERIFY ANY INFORMATION DISPLAYED THROUGH THE PLATFORM OR THE WEBSITE.

- D. A PARTICIPANT THAT DEPOSITS COLLATERAL FOR ITS BENEFIT WITH THE COMPANY PURSUANT TO THESE RULES SHALL HOLD THE COMPANY HARMLESS FROM ALL LIABILITY, LOSSES AND DAMAGES WHICH MAY RESULT FROM OR ARISE WITH RESPECT TO THE CARE AND SALE OF SUCH COLLATERAL PROVIDED THAT THE COMPANY HAS ACTED REASONABLY AND IN ACCORDANCE WITH APPLICABLE LAW UNDER THE CIRCUMSTANCES. FURTHERMORE, THE COMPANY HAS NO RESPONSIBILITY FOR ANY ACT OR OMISSION OF ANY THIRD PARTY SERVICE PROVIDER THAT THE COMPANY HAS CHOSEN WITH REASONABLE CARE. THE COMPANY HAS NO RESPONSIBILITY OR LIABILITY FOR ANY LOSS OF COLLATERAL THAT RESULTS, DIRECTLY OR INDIRECTLY, FROM A BREACH TO A PARTICIPANT'S SECURITY OR ELECTRONIC SYSTEMS, INCLUDING BUT NOT LIMITED TO CYBER ATTACKS, OR FROM A PARTICIPANT'S NEGLIGENCE WITH RESPECT TO A WALLET, ADDRESS OR THE RECEIPT OF COLLATERAL UPON THE REQUEST OF A WITHDRAWAL, OR FROM A PARTICIPANT'S DEPOSIT, MISTAKE, ERROR, NEGLIGENCE, OR MISCONDUCT WITH RESPECT TO ANY COLLATERAL TRANSFERS A PARTICIPANT MAKES OR ATTEMPTS TO MAKE TO THE COMPANY.
- E. NO PARTICIPANT, AUTHORIZED USER, AUTHORIZED REPRESENTATIVE OR ANY OTHER PERSON SHALL BE ENTITLED TO COMMENCE OR CARRY ON ANY PROCEEDING AGAINST THE COMPANY, ANY OF ITS COMPANY REPRESENTATIVES, AFFILIATES OR AFFILIATES' REPRESENTATIVES, IN RESPECT OF ANY ACT, OMISSION, PENALTY OR REMEDY IMPOSED PURSUANT TO THE RULES OF THE COMPANY. THIS SECTION SHALL NOT RESTRICT THE RIGHT OF SUCH PERSONS TO APPLY FOR A REVIEW OF A DIRECTION, ORDER OR DECISION OF THE COMPANY BY A COMPETENT REGULATORY AUTHORITY.
- F. NOTWITHSTANDING ANYTHING TO THE CONTRARY HEREIN, IN NO EVENT SHALL THE COMPANY OR ANY OF ITS COMPANY REPRESENTATIVES, AFFILIATES OR AFFILIATES' REPRESENTATIVES BE LIABLE FOR ANY

INDIRECT, INCIDENTAL, CONSEQUENTIAL, PUNITIVE OR SPECIAL DAMAGES (WHETHER OR NOT THE COMPANY OR ANY SUCH PERSON HAD BEEN INFORMED OR NOTIFIED OR WAS AWARE OF THE POSSIBILITY OF SUCH DAMAGES).

- G. ANY CLAIM FOR REDRESS OR DAMAGES HEREUNDER SHALL BE FILED IN A COURT OF COMPETENT JURISDICTION WITHIN ONE YEAR OF THE DATE ON WHICH SUCH CLAIM ALLEGEDLY AROSE. FAILURE TO INSTITUTE LITIGATION WITHIN SUCH TIME PERIOD SHALL BE DEEMED TO BE A WAIVER OF SUCH CLAIM AND THE CLAIM SHALL BE OF NO FURTHER FORCE OR EFFECT. THE ALLOCATIONS OF LIABILITY IN THIS **RULE 11.7** REPRESENT THE AGREED AND BARGAINED FOR UNDERSTANDING OF THE PARTIES, AND EACH PARTY ACKNOWLEDGES THAT THE OTHER PARTY'S RIGHTS AND OBLIGATIONS HEREUNDER REFLECT SUCH ALLOCATIONS. THE PARTIES AGREE THAT THEY WILL NOT ALLEGE THAT THIS REMEDY FAILS ITS ESSENTIAL PURPOSE.
- H. THE LIMITATIONS ON LIABILITY IN THIS **RULE 11.7** SHALL NOT PROTECT ANY PARTY FOR WHICH THERE HAS BEEN A FINAL DETERMINATION (INCLUDING EXHAUSTION OF ANY APPEALS) BY A COURT OR ARBITRATOR TO HAVE ENGAGED IN WILLFUL OR WANTON MISCONDUCT OR FRAUD. ADDITIONALLY, THE FOREGOING LIMITATIONS ON LIABILITY OF THIS RULE SHALL BE SUBJECT TO THE CEA AND THE REGULATIONS PROMULGATED THEREUNDER, EACH AS IN EFFECT FROM TIME TO TIME.

#### **Rule 11.8 Error Trade Policy**

The Company shall have the discretion to delete Orders, adjust prices, cancel trades or suspend the market in the interest of maintaining a fair and orderly market, in accordance with this Rule 11.8.

- A. In normal circumstances, the Company will only adjust prices or cancel trades on the basis that the price traded is not representative of market value. The Company will make the final decision on whether a trade price is adjusted, or a trade is cancelled or is allowed to stand. In determining whether a trade has taken place at an unrepresentative price, certain factors will be taken into account. They may include, but not be limited to:

1. price movements in other expiration months of the same Company Contract;
  2. current market conditions, including levels of activity and volatility;
  3. time period between different quotes and between quoted and traded prices;
  4. information regarding price movement in related contracts, the release of economic data or other relevant news just before or during electronic Trading Hours, as applicable;
  5. manifest error;
  6. whether there is any indication that the trade in question triggered stops or resulted in the execution of spread trades;
  7. whether another market user or client relied on the price;
  8. whether a transaction cancellation or price adjustment will adversely impact market integrity, facilitate market manipulation or other illegitimate activity, or otherwise violate applicable rules or regulations;
  9. whether any Participants to the trade in question request that any action be taken; and
  10. any other factor which the Company, in its sole discretion, may deem relevant.
- B. The Company, when applicable, may establish price and/or volume reasonability levels ("Reasonability Levels") within the system for each Company Contract. The Company may also establish alert levels ("Alert Levels") as applicable, beyond which the Company will send an alert ("Alert") to the relevant Participants via the Participant Portal or API. These Reasonability Levels and Alert Levels necessarily are flexible to take account of prevailing market conditions. The Company incorporates Reasonability Levels in determining Alert Levels for issuing Alerts for items such as "fat finger" type errors. Reasonability Levels and Alert Levels are set by the Company and may be varied from time to time according to market conditions. The Company will notify Participants of any modifications to the Reasonability Levels. Upon receipt of any Alert, Participant can choose whether or not to proceed with entry and execution of the applicable Order. If the applicable

Participants approve the volume and/or price following receipt of the Alert, the Company will attempt to execute the Order and the trade will be finalized.

- C. Any trade executed at a price outside of the No Cancellation Range (as defined below), if identified to the Company within the designated time period, may be considered an alleged error trade.
- D. The Reasonability Levels applicable to each Company Contract will be listed on the Company's website.
- E. Any trade which is alleged to be an error trade and subsequently is cancelled due to the determination that it has been executed at an unrepresentative price may be investigated by the Company.
- F. There is a defined "no cancellation range" ("No Cancellation Range") for each Company Contract. Trades executed within this price range will not be cancelled or price adjusted. A component of market integrity is the assurance that once executed, except in exceptional circumstances, a trade will stand and not be subject to cancellation or price adjustment. Any trades that do not have an adverse effect on the market should not be able to be cancelled or price adjusted, even if executed in error.
- G. In applying the No Cancellation Range, the Company shall determine the fair market price for the Company Contract. The Company may consider any relevant information including, but not limited to, the bid, the ask, the bid size, the ask size, and the spot price.
- H. The No Cancellation Range will be determined per Company Contract and will be available on the Company's website.
- I. If a trade takes place within the No Cancellation Range and is alleged to be an error, the trade will not be cancelled.
- J. Trades executed outside of the No Cancellation Range may be reported to or considered by the Company as an error.
- K. Market users have ten (10) minutes from the time of the original trade in which to allege a trade has been executed in error.
- L. The Company will notify the market immediately through its website that an error has been alleged, giving details of the trade, including Company Contract month,

price and volume. The Company also will notify the Participants involved via e-mail. The Company will then notify all Participants through a Participant Notice whether the price is adjusted or the trade is cancelled or stands. The Company will then contact those parties involved in the trade to explain the Company's decision.

- M. In order to assist the Company in determining whether the trade alleged to be an error has taken place at an unrepresentative price, the Company may contact/consult Participants and other market Participants. The Company will not disclose to the parties to the alleged error trade the identity of their counterparty. In addition, the identities of the counterparties to the alleged error trade will not be disclosed to any Participant or other Person the Company may consult with. The Company will take into account a variety of market factors in its determination. Each error situation will be assessed on its individual circumstances.
- N. If the Company determines that a trade price is outside the No Cancellation Range for a Company Contract, the trade price may be adjusted to a price that equals the fair value market price for that Company Contract at the time the trade under review occurred. The Company may consult and obtain the consent of the parties to the price adjustment or may determine a price adjustment is appropriate regardless of any party's consent or lack thereof. The Company, at its discretion, may allow the trades to stand or cancel the trades rather than adjusting the price. The decision of the Company is final.
- O. If the Company determines that the price differential of a spread trade is not representative of the market for that spread trade at the time of execution, then the differential of such spread trade may be adjusted to the price differential for that spread trade at the time the trade under review occurred. The Company, at its discretion, may allow the trades to stand or cancel the trades rather than adjusting the price differential. The decision of the Company is final.
- P. The Company will make every attempt to ensure that a decision on whether an alleged error trade will have its price adjusted, will stand or be cancelled will be communicated to the market as soon as reasonably possible after the time of the original trade.
- Q. The Company has the unilateral right to cancel any Order, adjust the price of a trade and cancel any trade which it considers to be at an unrepresentative price,

even where there has been no referral or request from a Participant or other Person, in the interest of maintaining a fair and orderly market. The Company aims to exercise this right within thirty (30) minutes after the trade has been identified. The Company also reserves its right to cancel any Order, adjust the price of a trade and cancel any trade due to any market disrupting event caused by (i) an error in Orders submitted to the Platform or (ii) a technology failure or system malfunction, even where there has been no referral or request from a Participant or other Person, in the interest of maintaining a fair and orderly market and aims to exercise this right within thirty (30) minutes after the system or technology failure has been identified. The Company reserves its right to consider each alleged error trade situation on its individual merits and may therefore amend these policies in light of the circumstances of each individual case. The decision of the Company is final.

- R. Cancelled trades and prices that have been adjusted will be noted as such in the Company's official record of time and sales. A special marker will indicate trades that have been priced adjusted in the official record of time and sales at the adjusted trade price.
- S. NEITHER THE COMPANY NOR ANY OF ITS REPRESENTATIVES, ITS AFFILIATES OR ITS AFFILIATES' REPRESENTATIVES SHALL BE LIABLE TO ANY PERSON, OR ANY PARTNER, DIRECTOR, OFFICER, AGENT, EMPLOYEE, AUTHORIZED USER OR AUTHORIZED REPRESENTATIVE THEREOF, FOR ANY LOSS, DAMAGE, INJURY, DELAY, COST, EXPENSE, OR OTHER LIABILITY OR CLAIM, WHETHER IN CONTRACT, TORT OR RESTITUTION, OR UNDER ANY OTHER CAUSE OF ACTION, SUFFERED BY OR MADE AGAINST THEM ARISING FROM ANY ACT OR OMISSION ON THE PART OF THE COMPANY, ITS REPRESENTATIVES, ITS AFFILIATES OR ITS AFFILIATES' REPRESENTATIVES RELATING TO ANY DECISION BY THE COMPANY TO, OR TO NOT, VOID, NULLIFY OR CANCEL ORDERS OR TRADES OR ADJUST THE PRICES OF ANY TRADES IN WHOLE OR IN PART. THIS LIMITATION OF LIABILITY WILL APPLY REGARDLESS OF WHETHER OR NOT THE COMPANY, ITS REPRESENTATIVES, ITS AFFILIATES OR ITS AFFILIATES' REPRESENTATIVES (OR ANY DESIGNEE THEREOF) WERE ADVISED OF OR OTHERWISE MIGHT HAVE ANTICIPATED THE POSSIBILITY OF SUCH DAMAGES.

### **Rule 11.9 Company Contacts**

All requests to cancel Orders or trades must be directed to the Company via the Participant Portal or the Company telephone number posted on the website. Any such request for the removal of Orders will be acted upon on a best-efforts basis by the relevant Company Personnel.

### **Rule 11.10 Reasonability Levels**

The Error Trade Policy includes Reasonability Levels and No Cancellation Ranges for all Company Contracts on the Platform.

#### **A. Benchmark:**

1. If there exists a last price in the applicable Company Contract in the last 48 hours, then such price will be used as the benchmark; or
2. If there exists no last price but there is a bid AND an ask in the last 48 hours, then the Company will use the midpoint of the most recent bid & most recent ask as the benchmark.

#### **B. Reasonability Levels:**

1. If Benchmark 1 or 2 is applicable, then the Reasonability Level = 50% of the Benchmark; or
  - a. If neither Benchmark 1 nor 2 apply, then there will be no alerts generated for this Company Contract and error trades are subject to the No Cancellation Range and Company discretion with respect to adjusting or cancelling trades.

### **Rule 11.11 No Cancellation Ranges**

#### **A. Benchmark:**

1. If there exists a last price in the applicable Company Contract in the last 48 hours, then such price will be used as the benchmark; or
2. If there exists no last price but there is a bid AND an ask in the last 48 hours, then the Company will use the midpoint of the most recent bid and most recent ask as the benchmark.

#### **B. No Cancellation Range:**

1. If Benchmark 1 or 2 is applicable, then the No Cancellation Range = 20% of the Benchmark; or
2. If neither Benchmark 1 nor 2 apply, then there is not a No Cancellation Range for that Company Contract at that time and the Company will evaluate each error alleged error trade situation on its individual merits and the facts and circumstances of each individual case.

#### **Rule 11.12 Amendments to the Rules**

These Rules may be amended or repealed, or new Rules may be adopted. An amendment to a Rule, repeal of a Rule or adoption of a new Rule shall be effective on a date set forth by the Company, and set forth in a Participant Notice and on the Website.

#### **Rule 11.13 [Reserved]**

#### **Rule 11.14 Digital Currency Fork Policy**

At some point in the future, there may be a change, or anticipated change, to the relevant operating rules, protocols, processes, or standards applicable to a Digital Currency underlying a Company Contract, including without limitation a hard fork, a user activated soft fork, or other events resulting in a split, division, alteration, conversion, replacement, or substitution of a Digital Currency into another form, a restriction on the transfer of the Digital Currency (such as a lockup or freeze), or a distribution of another asset to existing holders of the Digital Currency (such as an airdrop). Such an event may result in the creation of an asset that is subject to the Securities Act of 1933 (the “’33 Act”), as amended, and is subject to the jurisdiction of the SEC.

In the event of such change, or anticipated change, the Company shall have the sole discretion to take such action, including (without limitation) emergency action under Rule 2.12, that it deems appropriate. Such action may include (without limitation) revising delivery obligations under the Company Contract (such as providing for the delivery of one or more assets resulting from such an event), revising other terms of the Company Contract, determining who should receive a newly created digital assets, assigning newly listed Company Contracts to Participants whose positions have been, or are anticipated to be affected, or refusing to transfer a newly created asset that is or may be subject to the ’33 Act or the jurisdiction of the SEC. The Company shall endeavor to provide reasonable notice to market participants and take action in consultation with market participants, where reasonably possible and appropriate, and shall endeavor to align the exposures of Participants holding positions in open Company Contracts with exposures in the spot market.

## CHAPTER 12 Company Contract Specifications

### Rule 12.1 [Reserved]

### Rule 12.2 [Reserved]

### Rule 12.3[Reserved]

### Rule 12.4 [Reserved]

A.

### Rule 12.5 [Reserved]

### Rule 12.6 [Reserved]

### Rule 12.7 USD/ETH Deci Options

- A. Contract Description.** A Participant may enter into a Company Contract as the buyer or the seller of a call or put option contract on ETH. For both call and put options, on the Initial Payment Date the buyer must pay the Premium in USD and the seller's Participant Account will be credited with the Premium in USD. On the Final Payment Date, the buyer may elect to exercise the contract, at which point the Company Contract will be settled as described in Rule 6.2. All Company Contracts referencing Underlying Digital Currency, are subject to the LedgerX Digital Currency Fork Policy found in Rule 11.14.
- B. Ethereum.** Ethereum is a computer network and protocol that allows digital currency to be stored and transferred in a distributed manner without the need for a central intermediary. The Ethereum network is a form of blockchain, which allows consensus to be built and maintained on a distributed, decentralized basis by parties with no inherent reason to trust one another. Each individual Ethereum transaction is validated by the network of decentralized parties, or nodes, over a period of time and then added to a "block", which is then cryptographically linked to the immediately preceding block (over time, creating a chain, or a "blockchain").
- C. Trading Hours.** The trading hours that are applicable to this Company Contract will be as stated in Company Rule 5.6.
- D. Currency.** The currency applicable to USDETH Deci Options will be United States dollars, which will be expressed in dollars and cents per ETH.

- E. Underlying.** The underlying applicable to USDETH Deci Options will be Ethereum (sometimes referred to as “ETH”).
- F. Contract Size.** Each USDETH Deci Option will be for 1/10 Underlying (i.e., one-tenth ETH).
- G. Listing Cycle.** LedgerX shall post in a location on its website available to Participants a list of Company Contracts that are available for trading as may be determined by LedgerX.
- H. Strike Prices and Intervals.** For each expiration date on which Company Contracts are listed, LedgerX shall list strike prices denominated in U.S. dollars as follows:

For the nearest four weeks for listed Company Contracts, LedgerX shall list Company Contracts with at least five strike prices at each expiry. Those strike prices shall be separated by equal intervals of at least \$10, or such other greater amount determined by LedgerX that is at least 20% above and below the spot market trading range over the prior 4-week period.

For listed Company Contracts with later expiries, LedgerX shall list at least three strike prices at each expiry in intervals determined at the discretion of LedgerX based on its assessment of the movements of the ETH spot market.

- I. Exercise Style.** European (Exercise available only on the day of expiration per the terms of this contract specification).
- J. Exercise Instructions and Procedures.** For the buyer of a USDETH Deci Option contract to exercise that contract, the buyer must submit exercise instructions to the Exchange prior to the Final Payment Day/Time, and have sufficient collateral available for trading in buyer’s account at that time to satisfy buyer’s Settlement obligation. See Rules 7.1 and 7.2. USDETH Deci Option contracts will not be exercised automatically. See Rule 6.2.E.
- K. Expiration.** If a buyer of a USDETH Deci Option does not exercise that option timely, or lacks sufficient collateral available for trading to satisfy buyer’s Settlement obligation, then the option shall expire valueless.
- L. Position Limits.** As of any date of determination, no person will own or control positions in excess of 1,000,000 USDETH Deci Options.

**M. Collateral.** All Company Contracts will be fully collateralized. Before the Exchange will accept a buy order for an USDETH Deci Option from a Participant, such Participant must have sufficient USD available for trading in its account to satisfy its obligation to pay the Premium on such Company Contract(s). Additional collateral is required from buyer to exercise the option, as described above. Before the Exchange will accept a sell order for one or more USDETH Deci Options from a Participant, such Participant must have the following: (i) for call options, the seller must have sufficient ETH available for trading in its account to satisfy its delivery obligations on such Company Contract at Settlement; or (ii) for put options, the seller must have sufficient USD available for trading in its account to satisfy its payment obligations at Settlement.

**N. Conventions.**

- a. *Trade Date.* With respect to any USDETH Deci Option, the date on which the Exchange, in its sole discretion accepts a buy or sell order, as the case may be.
- b. *Effective Date.* With respect to any USDETH Deci Option, the Trade Date applicable thereto.
- c. *Strike Price.* As of any Trade Date, the agreed price in U.S. dollars to be paid at expiration for ETH.
- d. *Minimum Price Fluctuation.* With respect to any USDETH Deci Option, \$0.01.
- e. *Initial Payment Date.* With respect to any USDETH Deci Option, the Trade Date applicable thereto. The buyer of a USDETH Deci Option will pay the agreed amount of such Company Contract on the Trade Date thereof.
- f. *Premium.* With respect to any USDETH Deci Option, the Buyer thereof will pay the premium thereon on the Initial Payment Date.
- g. *Last Trading Day/Time.* Up to but not including 4:00 pm New York time (adjusted for daylight savings) on the Friday of the week and month of expiry for that contract, or as otherwise determined by the Exchange in its sole discretion.
- h. *Final Payment Day/Time.* 5:00 pm New York time (adjusted for daylight savings) on the Friday of the week and month of expiry for that contract.
- i. *Settlement.* Physical delivery on the *Final Payment Day/Time*.

## **Rule 12.8 Day-Ahead USD/ETH Deci Swaps**

- A. Contract Description.** The term “swap” is a generic one that covers many types of instruments, including (among other things) any agreement, contract or transaction that is for the purchase or sale of any one or more currencies or commodities. A Participant may enter into a Company Contract as a buyer, whereby such Participant will pay USD and receive ETH, or as a seller, whereby such Participant will pay ETH and receive USD. This Rule 12.17 pertains to swaps on Ether (as described further herein) (the “Day-ahead USD/ETH Deci Swaps”) and contains general terms and conditions. The Day-ahead USD/ETH Deci Swap requires that a buyer pay USD on the Initial Payment Date, and that the seller pay ETH on the Final Payment Date. All Company Contracts referencing Underlying Digital Currency, are subject to the LedgerX Digital Currency Fork Policy found in Rule 11.14.
- B. Ethereum.** Ethereum is a computer network and protocol that allows digital currency to be stored and transferred in a distributed manner without the need for a central intermediary. The Ethereum network is a form of blockchain, which allows consensus to be built and maintained on a distributed, decentralized basis by parties with no inherent reason to trust one another. Each individual Ethereum transaction is validated by the network of decentralized parties, or nodes, over a period of time and then added to a “block”, which is then cryptographically linked to the immediately preceding block (over time, creating a chain, or a “blockchain”).
- C. Trading Hours.** The trading hours that are applicable to this Company Contract will be as stated in Company Rule 5.6.
- D. Currency.** The currency applicable to Day-Ahead USD/ETH Deci Swaps will be United States dollars, which will be expressed in dollars and cents per ETH.
- E. Underlying.** The underlying applicable to Day-Ahead USD/ETH Deci Swaps will be Ethereum (sometimes referred to as “ETH”).
- F. Contract Size.** Each Day-Ahead USD/ETH Deci Swap will be for 1/10 Underlying (i.e., one-tenth ETH).

- G. Listing Cycle.** LedgerX shall post in a location on its website available to Participants a list of Company Contracts that are available for trading as may be determined by LedgerX.
- H. Prices and Intervals.** LedgerX shall list prices denominated in U.S. dollars. Those prices shall be separated by equal intervals of at least \$10, or such other greater amount determined by LedgerX that is at least 20% above and below the spot market trading range over the prior 1-week period.
- I. Position Limits.** As of any date of determination, no person will own or control positions in excess of 1,000,000 Day-Ahead USD/ETH Deci Swaps.
- J. Collateral.** All Company Contracts will be fully collateralized. Before the Exchange will accept a buy order for a Day-Ahead USD/ETH Deci Swap from a Participant, such Participant must have sufficient USD available for trading in its account to satisfy its obligation to pay the Premium on such Company Contract(s). Before the Exchange will accept a sell order for one or more Day-Ahead USD/ETH Deci Swaps from a Participant, such Participant must have sufficient ETH available for trading in its account to satisfy its delivery obligations on such Company Contract at Settlement.
- K. Conventions.**
- a. *Trade Date.* With respect to any Day-Ahead USD/ETH Deci Swap, the date on which the Exchange, in its sole discretion accepts a buy or sell order, as the case may be.
  - b. *Effective Date.* With respect to any Day-Ahead USD/ETH Deci Swap, the Trade Date applicable thereto.
  - c. *Minimum Price Fluctuation.* With respect to any Day-Ahead USD/ETH Deci Swap, \$0.01.
  - d. *Initial Payment Date.* With respect to any Day-Ahead USD/ETH Deci Swap, the Trade Date applicable thereto. The buyer of a Day-Ahead USD/ETH Deci Swap will pay the agreed Premium of such Company Contract on the Trade Date thereof.
  - e. *Premium.* With respect to any Day-Ahead USD/ETH Deci Swap, the Buyer thereof will pay the premium thereon on the Initial Payment Date. In the context

of a Day-Ahead USD/ETH Deci Swap, the agreed amount is equal to the Premium.

- f. *Last Trading Day/Time.* Up to but not including 4:00 pm New York time (adjusted for daylight savings) on the Business Day immediately preceding Settlement.
- g. *Final Payment Day/Time.* 4:00 pm New York time (adjusted for daylight savings) on the Last Trading Day.
- h. *Settlement.* Physical delivery on the *Final Payment Day/Time*.

## CHAPTER 13 – [RESERVED]