Swap Execution Facility Rulebook

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ALL CLEAR MARKETS SWAP EXECUTION FACILITY PARTICIPANTS AND AUTHORIZED USERS, WHETHER SUCH PARTICIPANT OR AUTHORIZED USER ACCESSES CMSEF DIRECTLY OR THROUGH AN INTERMEDIARY, AND ANY CLEARING MEMBER WHICH GUARANTEES SWAPS TRADED ON CMSEF, HEREBY AGREE THAT THESE RULES ARE BINDING UPON ANY SUCH PERSON OR ENTITY AND ITS EMPLOYEES AND CUSTOMERS. IT IS FURTHER AGREED THAT THESE RULES ARE APPLICABLE AND THAT SUCH PERSONS ARE SUBJECT TO THE JURISDICTION OF CMSEF, THE CFTC, AND ANY RELEVANT SELF-REGULATORY ORGANIZATION. ALL SUCH PERSONS HEREBY AGREE TO COOPERATE FULLY IN THE EVENT CMSEF, THE CFTC, OR A SELF-REGULATORY ORGANIZATION CONDUCTS ANY INQUIRY, INVESTIGATION, OR AUDIT OF ANY PARTICIPANT OR ACTIVITY CONDUCTED ON THIS SWAP EXECUTION FACILITY.

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Chapter 1 Definitions

Unless otherwise specified, the following are defined terms and shall have the meanings specified below.

Acceptable Price Range means the range of prices that an order may be executed without being subject to review by the CMSEF Compliance Department and shall be published on the CMSEF website.

Account Manager means a Person that meets the criteria set forth in CFTC Rule 43.6(h)(6).

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

Affiliate means an affiliate of a Participant or a Person or entity who controls, is controlled or is directed, either directly or indirectly by another Person or Participant.

API means application programming interface.

Appeals Panel means a panel appointed by the Chief Compliance Officer under Rule 519.

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

Authorized Broker User means a type of Authorized User that is a Person who is employed or is an agent of a Registered Broker and who has been authorized by such Registered Broker to access one or more Platforms pursuant to Rule 302B and to enter Orders or execute Swaps on a Platform on behalf of Participants that have brokerage agreements with the Registered Broker.

Authorized Person means any Person who is authorized by a Participant to represent the Participant in CMSEF matters.

Authorized User means any Person who is an agent or Employee of a Participant or Customer of a Participant and is authorized by such Participant to access the SEF by any means. For the avoidance of doubt, any Authorized User of a Customer shall not be considered an Authorized User of the Sponsoring Broker providing DMA to the Customer by virtue of the DMA relationship between the two parties.

Block Trade means a publicly reportable swap transaction that meets the definition found in CFTC Regulation 43.2, or meets the requirements of CFTC No-Action Letter No. 15-60 or any extension thereof; specifically, a Block Trade:

(1) Involves a swap that is listed on CMSEF;
(2) Is executed pursuant to CMSEF's Rules and procedures;
(3) Has a notional or principal amount at or above the appropriate minimum block size applicable to such swap; and
(4) Is reported subject to the rules and procedures of CMSEF and the rules described in Part 43 of the CFTC Regulations, including the appropriate time delay requirements set forth in CFTC Regulation 43.5.

Board means the Board of Directors of CMSEF constituted in accordance with these Rules and Applicable Law.

Business Day means any day on which CMSEF is open for trading.

By-Laws mean the By-Laws of CMSEF.

Cap means an interest rate derivative under which the buyer pays a premium and receives from the seller an agreed upon formulaic payment if and when the specified floating interest rate exceeds the agreed upon strike rate.

CFTC or Commission means the Commodity Futures Trading Commission and any successor regulatory agency or authority.

CFTC Regulations means the rules and regulations of the CFTC, as amended.

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Chief Compliance Officer is described under Rule 209.

Cleared Swap means a Swap that is required to be cleared under Section 2(h)(1)(A) of the CEA and CFTC Regulation 39.5 or is accepted for clearing by a Derivatives Clearing Organization even though such Swap is not required to be cleared.

Clearing Exception means meeting the requirements for exemption from the clearing requirement set forth in Section 2(h)(1) of the Act because one counterparty to the transaction is entitled to the exception by virtue of meeting the requirements set forth in Section 2(h)(7) of the CEA, CFTC Regulations or CFTC Staff No- Action Letters.

Clearing Exception Form means a form that entitles a counterparty to enter into a swap with a Clearing Exception under the Rules of CMSEF.

Clearing House means a Derivatives Clearing Organization or non-US central clearing house approved by the CFTC that provides clearing services for Swaps traded on CMSEF.

Clearing Member means a member of a Clearing House that is authorized to clear trades for Participants or on behalf of a Participant or Authorized Users under the CMSEF Rules.

Client means a Person, other than an individual, that has provided written authority to an Account Manager to execute Swaps on CMSEF on behalf of and in the name of that Person.

CMSEF means Clear Markets North America, Inc. and its trading platform(s).

Commodity Trading Advisor has the meaning set forth in Section 1a(12) of the CEA.

Compliance Department means anyone that assists CMSEF in the surveillance and enforcement of the CMSEF Rules. This includes Employees and agents of CMSEF, including Employees and agents of the Regulatory Services Provider.

Control means the possession, direct or indirect, or the power or ability to influence or direct or cause the direction of the management and policies of an entity, whether through the ownership of securities or otherwise.

Cryptocurrency means a digital currency designed to work as a medium of exchange through a computer network that is not reliant on any central authority, such as a government or bank, to uphold or maintain it. Bitcoin (BTC) and Ether (ETH) are examples of Cryptocurrencies.

Customer has the meaning set forth in CFTC Regulation 1.3(k).

Customer Account means an account held by a Participant on behalf of a Customer.

Derivatives Clearing Organization or DCO has the meaning set forth in Section 1a(15) of the CEA.

Direct Market Access or **DMA** means an arrangement among a Sponsoring Broker, its Customer and CMSEF that allows one or more representatives of that Customer to have Trading Access using the Participant ID of the Sponsoring Broker.

Director means any member of the Board of CMSEF.

Disciplinary Offense has the meaning set forth in CFTC Regulation 1.63(a).

Disciplinary Panel means a panel appointed by the CCO pursuant to Rule 513 to conduct hearings, render decisions, and impose sanctions involving disciplinary matters pursuant to these Rules.

Disciplinary Proceedings means all actions taken by CMSEF with respect to potential violations of the Rules, as set forth in Chapter 5 of this Rulebook.

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DMA Customer means a Customer of a Sponsoring Broker where representatives of the Customer that are Persons are designated by the Sponsoring Broker to have Trading Access to the SEF Platform using the Participant ID of the Sponsoring Broker and where such Customer signs the DMA Customer Documentation.

DMA Customer Documentation means the agreements (together with any applicable schedules, exhibits or appendices thereto required by CMSEF) in form and substance acceptable to CMSEF, that are required to be executed and delivered to CMSEF before a DMA Customer may access the SEF Platform.

DMA Order means an Order or RFQ placed by a DMA Customer using the Participant ID of the Sponsoring Broker.

Eligible Contract Participant or ECP means a Participant as defined by Section 1a(18) of the CEA.

Emergency means any occurrence or circumstance that, in the opinion of the Board, or a Person or Persons duly authorized to issue such an opinion on behalf of the Board under circumstances and pursuant to procedures that are specified, requires immediate action and threatens or may threaten such things as the fair and orderly trading in, or the liquidation of or delivery pursuant to, any agreements, contracts, swaps or transactions or the timely collection and payment of funds in connection with clearing and settlement by a derivatives clearing organization, including: (a) any manipulative or attempted manipulative activity; (b) any actual, attempted or threatened corner, squeeze, congestion or undue concentration of positions; (c) any circumstances which may materially affect the performance of agreements, contracts, swaps or transactions, including failure of the payment system or the bankruptcy or insolvency of any participant; (d) any action taken by any governmental body, or any other registered entity, board of trade, market or facility which may have a direct impact on trading or clearing and settlement; (e) at the request of the CFTC; and (f) any other circumstance which may have a severe, adverse effect upon the functioning of CMSEF.

Emergency Rules has the meaning set forth in Rule 419.

Employee has the meaning found in CFTC Regulation 1.59.

Exchange Act means the Securities Exchange Act of 1934, as amended.

Final Decision has the meaning set forth in CFTC Regulation 1.63(a).

Financial Entity means any Participant meeting the criteria set forth in Section 2(h)(7)(C) of the CEA.

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

Hard Fork means a change to a Cryptocurrency's protocol that makes an original and new blockchain, which are then no longer compatible.

Independent Software Vendor or ISV means a Person that provides Participants with a system or platform to route orders to CMSEF but does not provide Participants with the ability to execute swaps on system or platform. An ISV cannot be a Participant.

Investigation means a process by which the Compliance Department determines whether a violation of CMSEF Rules has occurred.

Investigation Report has the meaning as described in Rule 504.

Legal Entity Identifier has the meaning described in CFTC Regulation 45.6.

Made Available to Trade Swap means a swap subject to the mandatory trading requirement of Section 2(h)(8) of the CEA.

Major Swap Participant is defined in Section 1a(33) of the CEA.

Market Data means any data or other information contained in, displayed on, or generated by transactions entered into or executed on CMSEF.

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Market Date Vendor means a vendor who has entered into an agreement with CMSEF to distribute Market Data.

NFA means the National Futures Association.

Officer means an officer of CMSEF.

Order means an actionable bid or offer (i) in response to an RFQ, (ii) displayed in the Order Book, or (iii) modification of an RFQ or price displayed in the Order Book.

Order Book means the Central Limit Order book part of the CMSEF trading system in which all Participants have the ability to enter multiple bids or offers, observe or receive bids and offers entered by other Participants, and execute such bids and offers.

Participant means any Person that has been granted Trading Privileges under the CMSEF Rules and who may trade for its own account or for or on behalf of a Customer.

Participant Data means any and all data and other information submitted to CMSEF by the Participant.

Participant Documentation means any such agreements and subsequent addenda or amendments required by CMSEF before a Participant will be granted Trading Privileges.

Participant ID is a unique identifier assigned to each Participant by CMSEF.

Permitted Transaction means a swap transaction on the SEF that are not subject to the CFTC's trade execution mandate.

Person means any natural person or entity.

President means the Person appointed by the Board as CMSEF's chief executive officer in accordance with CMSEF's By-Laws and duties as determined by the Board.

Proprietary Account is defined by CFTC Regulation 1.3(y).

Proprietary Data means any information with respect to any Person or the identity of such Person or their transactions or trading positions.

Public Director means a director of CMSEF who is not an Employee or agent of CMSEF and whose compensation is not tied to the performance of CMSEF.

Registered Broker means a type of Participant that is registered as a Futures Commission Merchant, Introducing Broker, Commodity Trading Advisor or in another capacity that permits the Person to circulate information concerning or enter agency trades on behalf of others, or is exempt from such registration, and only enters Orders or executes Swaps on CMSEF on behalf of other Participants, but not proprietary trades on behalf of the Registered Broker.

Regulatory Oversight Committee or ROC means the committee of the Board as described in Rule 203.

Regulatory Services Agreement means the agreement by which CMSEF delegates certain market surveillance, trade practice surveillance, and other regulatory compliance related services to a Regulatory Services Provider.

Regulatory Services Provider means the organization that provides regulatory services to CMSEF under a Regulatory Services Agreement.

Reporting Counterparty means a Participant that is designated as such under CFTC Regulation 45.1 and 45.8.

Request for Quote or RFQ means a request for quote sent by a Participant to other Participants for the purpose of getting bids or offers for a specific instrument under these Rules.

Required Swap Creation Data is defined under CFTC Regulation 45.1.

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Required Transaction means any Swap transaction that is required under Section 2(h)(8) of the CEA to be executed on a SEF.

Review Panel means a panel formed for the purpose of deciding whether there has been a violation of CMSEF Rules.

Rules mean any rule adopted from time to time by CMSEF relating to the operation of or conduct of trading on CMSEF.

SEC means the Securities and Exchange Commission and any successor agency or regulatory authority.

SEF means a swap execution facility as registered with the CFTC and defined in Section 1a(50) of the CEA. CMSEF is a SEF.

Settlement Agreement has the meaning set forth in CFTC Regulation 1.63(a).

Settlement Finality means that the receiving party in a transaction has unconditional and irrevocable possession of the asset. In the context of Cryptocurrency transferred on a public blockchain, it occurs when the likelihood that the transaction will be reversed is beyond realistic possibility. In the context of Cryptocurrency transferred on the ledger of a single custodian, it occurs when the contractual agreement between the custodian and the receiving party so stipulates.

Sponsoring Broker means a Participant that designates one or more of its Customers as DMA Customers under the CMSEF Rules.

Swap means any instrument defined as a swap under Section 1a(47) of the CEA and as defined in further CFTC Regulations, and is traded on CMSEF.

Swap Data Repository or SDR means any swap data repository registered with the CFTC as defined by Section 1a(48) of the CEA.

Swap Dealer means a swap dealer as defined in Section 1a(49) of the CEA.

Trade means any executed transaction for the purchase or sale of a Swap on CMSEF.

Trading Hours means the hours during which Participants may regularly execute trades on CMSEF.

Trading Privileges means the rights granted to a Participant to enter Orders and execute Swap transactions on CMSEF.

Uncleared Swap means a swap which is not cleared by a Designated Clearing Organization such as the Chicago Mercantile Exchange. Uncleared swaps are settled directly by and between the counterparties.

User ID means a unique identifier issued to each Authorized User, which enables CMSEF to identify each individual accessing the CMSEF system.

Voice Request for Quote or VRFQ means a request for quote sent by a Participant to other Participants via a CMSEF Voice Agent for the purpose of getting bids or offers for a specific instrument under these Rules. Outside of Rule 406(ii) and Rule 416, references to RFQ shall also include VRFQ.

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Chapter 2 Governance

Rule 201 Board

(i) CMSEF shall be governed by the Board according to the By-Laws of Clear Markets North America, Inc.
(ii) At all times following the CFTC granting CMSEF permission to operate as a SEF the Board shall be composed of at least 35%, but in no case less than two, or fewer than the minimum number or percentage of Public Directors required by CFTC Regulations.
(iii) Public Directors can only be appointed or removed by an absolute majority of the members of the Board or Stockholders, either:
    a. in a meeting;
    b. by written consent of all Directors in lieu of a meeting; or
    c. by written consent of a majority of Stockholders in lieu of a meeting.
(iv) Public Directors shall serve for two-year terms from their date of election, and shall meet the following criteria:
    a. Public Directors may not be members of CMSEF;
    b. Public Directors may not be salaried Employees of CMSEF;
    c. Public Directors may not primarily perform services for CMSEF in a capacity other than as a member of the Board; and
    d. Public Directors shall not be officers, principals or Employees of a Participant of CMSEF.
(v) Members of the Board, including Public Directors must be of sufficient integrity and have relevant experience in financial markets.
(vi) Non-executive Directors and Public Directors compensation shall not be linked to the performance of CMSEF.

Rule 202 Nominating Committee

The Board shall create a Nominating Committee to identify and nominate qualified individuals to serve on the Board as required by Applicable Law. The Board shall take this action no later than the date set for compliance as set by the CFTC in order for CMSEF to operate as a SEF. The Committee shall include no fewer than the minimum number of Public Directors required by the CFTC at all times following the compliance date set by the CFTC.

Rule 203 Regulatory Oversight Committee

The Board shall create a Regulatory Oversight Committee chaired by one of the Public Directors. Currently all of the members of the Regulatory Oversight Committee are Public Directors. The Regulatory Oversight Committee shall report to the Board and shall be responsible for:

(i) overseeing CMSEF's regulatory program, including but not limited to audits, examinations, Investigations, financial reporting, market surveillance and record keeping;
(ii) monitoring compliance with all regulatory requirements, including those of the CFTC and SEC;
(iii) review the performance of the Chief Compliance Officer and the Compliance Department;
(iv) review and approve the annual compliance budget and resources;
(v) review and approve all proposed regulatory changes or changes to CMSEF's regulatory program;
(vi) review any Investigations conducted by CMSEF;
(vii) prepare an annual report to the Board and the CFTC on CMSEF's regulatory program;
(viii) monitoring the sufficiency, independence and effectiveness of the CMSEF's regulatory program; and
(ix) undertake any additional duties required under these Rules or assigned to it by the Board.

Rule 204 Additional Standing Committees

The Board may create additional standing committees as may be necessary from time to time.

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Rule 205 Ability of the Board to Review Decisions

The Board has the authority to review and affirm, modify, or overrule any and all actions taken by any Committees of the Board.

Rule 206 Ability of the Board to Amend these Rules

Subject to any required approval or filing required by the CFTC, the Board may from time to time amend, repeal or adopt new Rules. All such amendments, repeals, or new Rules shall become effective on the date specified by the Board unless otherwise directed by the CFTC.

Rule 207 Eligibility

A Person may not serve on the Board or a Disciplinary Panel, or be an Officer or Employee of CMSEF if the individual:

(i) has been convicted of a felony listed in Section 8a(2)(D)(ii) through (iv) of the CEA;
(ii) is subject to a denial, suspension or disqualification from serving on a disciplinary committee, arbitration panel, or governing board of any self-regulatory organization as that term was defined in the Exchange Act;
(iii) was found by Final Decision in the past three (3) years of a self-regulatory organization, administrative law judge, a court of competent jurisdiction, the CFTC or the SEC to have committed a disciplinary offence;
(iv) entered into a Settlement Agreement within the past three (3) years in which any of the findings or, in absence of such findings, any of the acts charged, included a Disciplinary Offense;
(v) is currently suspended from trading on any contract market, is suspended or expelled from membership with any self-regulatory organization, is serving any sentence of probation or owes any portion of any fine imposed pursuant to either (A) a finding by a Final Decision of a self-regulatory organization, an administrative law judge, a court of competent jurisdiction or the CFTC or SEC that the Person committed a disciplinary offence, or (B) a Settlement Agreement in which any of the findings or, in absence of such findings, any of the acts charged, included a disciplinary offence;
(vi) is subject to an agreement with any self-regulatory organization not to apply for membership; or
(vii) is subject to an agreement with the CFTC not to apply for registration.

In the event any of the above events occur with respect to a Board Member, member of a Disciplinary Panel, Officer, or Employee of CMSEF, the individual shall immediately disclose the occurrence to the CCO.

Rule 208 Officers

The Board shall appoint a President, Chief Compliance Officer, Chief Financial Officer, Chief Technology Officer and other such officers and the Board may deem necessary from time to time. The President shall be the Chief Executive Officer. Any Officer may also be a board member, Employee or officer of any of CMSEF's Affiliates or subsidiaries.

Rule 209 Chief Compliance Officer

The Board shall appoint an individual to serve as the CCO of CMSEF. The Board shall approve the compensation of the CCO. Removal of the CCO shall require the approval of a majority of the Board. CMSEF shall notify the CFTC of the removal of the CCO and the appointment of any new CCO, whether interim or permanent, within two business days of such appointment.

The CCO shall be an individual who:

(i) has the background and experience necessary to handle the responsibilities of the position; and
(ii) would not be disqualified from serving as a Director of CMSEF.

The CCO shall:

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(i) report directly to the Board;
(ii) meet with the Board at least annually;
(iii) meet with the Regulatory Oversight Committee at least quarterly (each such meeting may occur in person or by means of conference telephone or videoconference);
(iv) provide any information regarding the regulatory program of the SEF operated by CMSEF that is requested by the Board or the Regulatory Oversight Committee;
(v) report directly to the Chief Executive Officer or President of CMSEF;
(vi) be responsible for implementing and overseeing the SEF's compliance with the Core Principles set forth in Section 5h of the CEA and Part 37 of the CFTC Regulations;
(vii) establish and implement written policies and procedures designed to prevent violations of CFTC, and CEA regulations and take reasonable steps to ensure compliance with such regulations;
(viii) establish and administer a compliance manual which ensures compliance with all applicable laws and rules and is designed to prevent ethical violations;
(ix) supervise CMSEF's self-regulatory program. This includes market surveillance, trade practice surveillance, real-time market monitoring, compliance with the CEA and CFTC Regulations;
(x) oversee and manage the CMSEF Compliance Department;
(xi) act as a point of contact with the CFTC and other regulators regarding requests for information, including books and records requests; and
(xii) In consultation with the Board or the CEO of CMSEF, resolve any conflicts of interest that may arise, including:
  a. conflicts between business considerations and compliance requirements;
  b. conflicts between business considerations and the requirement that the SEF operated by CMSEF provide fair, open, and impartial access as set forth in CFTC Regulation 37.202; and
  c. conflicts between CMSEF's management and members of the Board.

Rule 210 Conflicts of Interest

CMSEF Officers and members of the Board, Disciplinary Panels or the Regulatory Oversight Committee shall not participate in deliberations or voting in any matter involving a situation where they have a conflict of interest.

A conflict of interest shall include situations where such individual apart from his interest in CMSEF or an affiliate:
(i) Is a named party in interest;
(ii) Is an employer, Employee, or fellow Employee of a named party in interest;
(iii) Is associated with a named party in interest through a "broker association" as defined in CFTC Regulation 156.1;
(iv) Has any other significant, ongoing business relationship with a named party in interest, not including relationships limited to executing futures or option transactions opposite of each other or to clearing futures or option transactions through the same clearing member; or
(v) Has a family relationship with a named party in interest.

It shall also include situations where the individual has a direct financial interest in the result of the deliberations or vote or has any other personal interests, which may be affected by the outcome of the vote or deliberations.

Prior to the commencement of deliberations, each member of the deliberating body shall disclose to the CCO whether such member has or believes that he may have a conflict of interest. All conflicts of interest must be documented by the CCO.

The CCO shall then determine whether any member of the relevant deliberating body has a conflict of interest.

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Regardless of the determination of the CCO, no Officer or member of the Board, Disciplinary Panel or the Regulatory Oversight Committee shall take part in deliberations and voting on any significant action if such Person has a direct or indirect substantial financial interest in the result of the deliberation or vote.

Individuals who are required to abstain from deliberations and voting pursuant to the above may participate in discussions and provide information if the other members unanimously determine that such individual's information is relevant but such individual but may not vote nor be present for voting. In determining whether the individual shall be included in discussions, the members shall consider the following:

(i) whether the individual's participation is consistent with the public interest; and
(ii) whether the member has a unique or special expertise, knowledge or experience in the matter under consideration.

Prior to any determination pursuant to the above, the deliberating body must fully consider the position information which is the basis for the member's direct and substantial financial interest in the result of a vote on a significant action pursuant to the above. No Person who is a named party or has a relationship with a named party may participate in any deliberations, regardless of any other factors.

The Board shall document that the conflicts determination procedures required by this section have been followed. Such records shall include:

(i) The names of all members who attended the meeting in person or who otherwise were present by electronic means;
(ii) The name of any member who voluntarily recused himself or herself or was required to abstain from deliberations and/or voting on a matter and the reason for the recusal or abstention, if stated; and
(iii) Information on the position information that was reviewed for each member.

In determining whether a conflict of interest exists regarding a significant action, the determining body must include a review of the following:

(i) Gross positions held at CMSEF in the member's personal accounts or "controlled accounts," as defined in CFTC Regulation 1.3(j);
(ii) Gross positions held at CMSEF in proprietary accounts, as defined in CFTC Regulation 1.17(b)(3), at the member's affiliated firm;
(iii) Gross positions held at CMSEF in accounts in which the member is a principal, as defined in CFTC Regulation 3.1(a);
(iv) Net positions held at CMSEF in "Customer" accounts, as defined in CFTC Regulation 1.17(b)(2), at the member's affiliated firm; and,
(v) Any other types of positions, whether maintained at CMSEF or elsewhere, held in the member's personal accounts or the proprietary accounts of the member's affiliated firm that CMSEF reasonably expects could be affected by the significant action.

Taking into consideration the exigency of the significant action, such determinations should be based upon:

(i) The most recent large trader reports and clearing records available to CMSEF;
(ii) Information provided by the member with respect to positions pursuant to CFTC Regulation 1.69(b)(2)(ii); and
(iii) Any other source of information that is held by and reasonably available to CMSEF.

Each Disciplinary Committee or Hearing Panel shall include sufficient different membership interests in order to ensure fairness and to prevent special treatment or preference for any Person in the conduct of its respective responsibilities.

At least one member of any Disciplinary Panel or Hearing Panel shall be a Person who is not a Participant of CMSEF whenever a Disciplinary Panel or Hearing Panel is acting with respect to a disciplinary action in which

(i) the subject of the action is a member of CMSEF's Board or a Disciplinary Panel or Hearing Panel;
(ii) any of the charged, alleged or adjudicated contract market rule violations involve:

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a. Manipulation or attempted manipulation of the price of a commodity, a futures contract or an option on a futures contract, or
b. Conduct which directly results in financial harm to a non-Participant of CMSEF.

This Rule governing Conflicts of Interest shall apply in an Emergency, as described in Rule 419.

The Board shall determine by majority vote the Person that shall fill in for the CCO in all cases where the CCO is unable to fulfill his responsibilities as CCO due to a conflict of interest. The CCO shall not participate in such deliberations.

Rule 211 Non-Public Information

No Officer, Employee, consultant, or member of the Board, a Committee, or a Disciplinary Panel shall use or disclose any non-public information obtained in connection with his or her official duties for any purpose other than the performance of his or her official duties.

When necessary or required by the CFTC or other regulators, CMSEF may share non-public information with one or more regulators, or SEFs, DCMs, or DCOs registered with the CFTC with which the member has a connection.

CMSEF is required to share information with the CFTC upon request, in a form and manner that is acceptable to the CFTC. CMSEF is also required to share any necessary information in order to perform the functions described in Section 5h of the CEA.

Rule 212 Reporting to the CFTC

The Board shall submit a written report about any of the following to the CFTC:

(i) Board rejection of a recommendation or action of the Regulatory Oversight Committee; or
(ii) the removal of a member of the Board or an Officer due to his becoming ineligible under Rule 207.

Rule 213 Reserved

Rule 214 Reserved

Rule 215 Reserved

Rule 216 Information Sharing Agreements

CMSEF shall enter into information sharing agreements or other arrangements necessary to permit CMSEF to obtain necessary information, which will enable CMSEF to establish and enforce rules, which will enable the motoring of trading and trade processing. CMSEF will provide information to the CFTC upon request. CMSEF will also participate in international information sharing agreements as may be required by the CFTC from time to time. As part of any information sharing agreements, CMSEF may:

(i) share information and documents concerning current and past Participants and/or Customers as necessary for SEF to comply with its self-regulatory organization obligations, to other markets;
(ii) assist in market surveillance with other markets as necessary for SEF to comply with its self-regulatory organization obligations, to other markets;
(iii) share information and documents concerning current and past Investigations; and/or
(iv) require current and past Participants and/or Customers to provide information and documents, which have been requested by other markets or regulators with which CMSEF has an information sharing agreement.

Rule 217 Agreements with Regulatory Services Providers

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In the future, as permitted by CEA and CFTC Rules and Regulations, CMSEF may contract with a Regulatory Services Provider (RSP) to provide some regulatory services to CMSEF. In the event CMSEF contracts with an RSP, the terms and conditions under which an RSP will provide Regulatory Services to CMSEF will be governed by a written Regulatory Services Agreement (RSA) between CMSEF and the RSP being contracted. CEA and CFTC Rules and Regulations permit CMSEF to outsource certain investigative, regulatory, and surveillance functions to an RSP. If CMSEF chooses to outsource such services, CMSEF shall retain the ultimate decision making authority with respect to any regulatory functions that are contracted to an RSP.

Rule 218 Maintenance of Books and Records

(i) CMSEF and all Participants (and DMA Customers) shall maintain all books and records (including all audit trail data and reconstructions) required to be maintained pursuant to the CEA and CFTC Regulations, including CFTC Regulations 43.3(h) and 45.2(a) and CMSEF and all Participants (and DMA Customers) must provide information to the CFTC upon request, in a form, time and manner acceptable to the CFTC. Such requests may be on a routine or non-routine basis (i.e. if the Participant is under Investigation pursuant to Chapter 5 of this Rulebook).

(ii) Such books and records shall be kept for the life of each Swap transacted pursuant to these Rules and five years following the termination of such Swap. Participants and their Customers shall make such books and records readily accessible to CMSEF for inspection, in each case in the form and manner required under the CEA and CFTC Regulations. CMSEF may request records through a written communication from CMSEF to the Person designated by the Participant as the Compliance Contact. The Participant's Business Contact will serve as a backup. CMSEF requests for books and records may be made on a routine basis and requests may also be made for non-routine data from the Participant.

(iii) CMSEF may disclose information it obtains from Participants and Customers' books and records, to any government agency, self-regulatory organization or other Person, information concerning or associated with a Participant or other Person if the CMSEF believes such disclosure is necessary and appropriate in exercising a legal or regulatory function, whether or not a formal arrangement governing the disclosure exists or a request for information was made.

Rule 219 Swap Recordkeeping

As prescribed by CFTC Regulation 45.2(a)(1), CMSEF shall keep full, complete, and systematic records, together with all pertinent data and memoranda, of all activities relating to the business of such entity or person with respect to swaps, as prescribed by the Commission. Such records shall include, without limitation, all records required by Part 37 of the CFTC Regulations.

(i) *Record retention.* As prescribed by CFTC Regulation 45.2(c), all records required to be kept pursuant to CFTC Regulation 45.2 shall be retained with respect to each swap throughout the life of the swap and for a period of at least five years following the final termination of the swap.

(ii) *Retention form.* As prescribed by CFTC Regulation 45.2(d), records required to be kept pursuant to CFTC Regulation 45.2 must be kept as follows: Records required to be kept by CMSEF may be kept in electronic form, or kept in paper form if originally created and exclusively maintained in paper form, so long as they are retrievable, and information in them is reportable, as required by CFTC Regulation 45.2.

(iii) *Record retrievability.* As prescribed by CFTC Regulation 45.2(e), records required to be kept by CMSEF pursuant to CFTC Regulation 45.2 shall be retrievable as follows: Each record required by CFTC Regulation 45.2 or any other section of the CEA to be kept by CMSEF shall be readily accessible via real time electronic access by the registrant throughout the life of the swap and for two years following the final termination of the swap, and shall be retrievable by

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CMSEF within three business days through the remainder of the period following final termination of the swap during which it is required to be kept.

(iv) *Record inspection.* As prescribed by CFTC Regulation 45.2(h), all records required to be kept pursuant to CFTC Regulation 45.2 shall be open to inspection upon request by any representative of the Commission, the United States Department of Justice, or the Securities and Exchange Commission, or by any representative of a prudential regulator as authorized by the Commission. Copies of all such records shall be provided, at the expense of CMSEF, to any representative of the Commission upon request. Copies of records required to be kept by CMSEF shall be provided either by electronic means, in hard copy, or both, as requested by the Commission, with the sole exception that copies of records originally created and exclusively maintained in paper form may be provided in hard copy only.

Chapter 3 Participants

Rule 301 Jurisdiction

All applicants of CMSEF must agree to the following in writing:

ALL CLEAR MARKETS SWAP EXECUTION FACILITY PARTICIPANTS AND AUTHORIZED USERS, WHETHER SUCH PARTICIPANT OR AUTHORIZED USER ACCESSES CMSEF DIRECTLY OR THROUGH AN INTERMEDIARY, AND ANY CLEARING MEMBER WHICH GUARANTEES SWAPS TRADED ON CMSEF, HEREBY AGREE THAT THESE RULES ARE BINDING UPON ANY SUCH PERSON OR ENTITY AND ITS EMPLOYEES AND CUSTOMERS. IT IS FURTHER AGREED THAT THESE RULES ARE APPLICABLE AND THAT SUCH PERSONS ARE SUBJECT TO THE JURISDICTION OF CMSEF, THE CFTC, AND ANY RELEVANT SELF-REGULATORY ORGANIZATION. ALL SUCH PERSONS HEREBY AGREE TO COOPERATE FULLY IN THE EVENT CMSEF, THE CFTC, OR A SELF-REGULATORY ORGANIZATION CONDUCTS ANY INQUIRY, INVESTIGATION, OR AUDIT OF ANY PARTICIPANT OR ACTIVITY CONDUCTED ON THIS SWAP EXECUTION FACILITY.

Rule 302A Trading Privileges

Subject to the requirements, procedures and conditions set forth in this Chapter and any limitation, restriction or revocation from time to time imposed by CMSEF, trading privileges and electronic access to the Platform shall be offered to Participants. Trading privileges are non-transferable, non-assignable and may not be sold or leased. By virtue of obtaining trading privileges, a Participant shall not obtain any equity or other interest in CMSEF, including voting rights or rights to receive any dividends or other distributions, whether arising from a dissolution, merger, or consolidation involving CMSEF or otherwise.

Subject to this Rule, CMSEF may deny Trading Privileges to any Person:

(i) if such Person is unable satisfactorily to demonstrate a capacity to adhere to all applicable Rules and Applicable Law;
(ii) if such Person would bring CMSEF into disrepute; or
(iii) for such other cause as the CMSEF may decide.

Subject to this Rule, CMSEF may determine not to permit any Person to keep its Trading Privileges, or may suspend, remove or limit such Trading Privileges if such Person:

(i) fails to meet any of the qualification requirements for Trading Privileges after such Trading Privileges have been approved;
(ii) fails to meet any condition placed by CMSEF on such Trading Privileges;
(iii) violates any agreement with the CMSEF, a Clearing Member or a DCO; or
(iv) has summary action taken against it by CMSEF under these Rules.

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In the case of any suspension, revocation or limitation of the Trading Privileges of any Participant pursuant to this Rule, CMSEF may also suspend, revoke or limit the Trading Privileges of such Participant's Authorized Users as CMSEF deems necessary to protect other Participants and the integrity of CMSEF.

In the case of any suspension, revocation or limitation of the Trading Privileges of any Authorized User of any Participant pursuant to this Rule, CMSEF, in its sole discretion, may also suspend, revoke or limit the Trading Privileges of such Participant or such Participant's other Authorized Users as CMSEF deems necessary or appropriate to protect other Participants and the integrity of the CMSEF.

Any decision by CMSEF to deny, suspend, revoke or limit the Trading Privileges of any Person will be undertaken by CMSEF in an impartial, transparent, fair and nondiscriminatory manner.

Rule 302B Brokered Access to CMSEF

A Registered Broker, if acting in an agency capacity on behalf of a Participant or Customer, must have an executed agreement with such Participant or Customer, in order to enter Orders on behalf of such Participants or Customers. All Orders entered by the Registered Broker must be entered in a manner consistent with the terms of this agreement.

A Registered Broker may only enter Orders on behalf of a Participant or Customer's Proprietary Account.

Rule 303A Eligibility Criteria for Participants and Access

Any ECP's access to CMSEF's Platform shall be provided in a fair, impartial and non-discriminatory manner.

To be eligible to be a Participant (including being a party to a Block Trade), an applicant must demonstrate to the satisfaction of CMSEF that it:

(i) is an ECP that is eligible to enter into Swaps it wishes to trade on CMSEF;
(ii) completed and submitted the Participant Documentation and any other documentation requested by CMSEF;
(iii) is validly organized, in good standing, and authorized to trade Swaps on CMSEF;
(iv) is not in bankruptcy;
(v) is not an affiliate of CMSEF;
(vi) holds all necessary licenses and registrations required by applicable law;
(vii) is in compliance with all registration or authorization requirements of its home country,
(viii) is in compliance with all recordkeeping requirements in these Rules and Applicable Law;
(ix) is not disqualified under Section 8a(2) of the CEA;
(x) distributed the Rules to its Authorized Persons, Authorized Users and Customers;
(xi) is not an ISV or automated trading system;
(xii) is a reputable business;
(xiii) is not an individual;
(xiv) meets any other CMSEF or CFTC criteria; and
(xv) is not disqualified in any other way.

In order to be admitted, the Participant shall represent in writing that it meets all of the eligibility criteria set forth in this Rulebook. Once admitted, the Participant shall continue to comply with all eligibility criteria and shall notify CMSEF in writing if it ceases to meet any of the applicable eligibility criteria. CMSEF shall monitor all Participants to ensure that each Participant continues to remain an ECP.

Upon request, all Participants shall provide the names of its Customers and Authorized Users to CMSEF.

Each Participant must represent in writing to CMSEF that it believes, based on reasonable efforts, that all of the Participant's Customers for whom the Participant effects transactions on CMSEF are ECPs. The Participant shall notify CMSEF immediately if it becomes aware that this representation is no longer true.

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All Participants who enter into Required Transactions (i.e. not Participants executing Caps or other Permitted Transactions) must be members of or have entered into an agreement with a DCO or registered clearing organization to clear Swaps that are executed on or pursuant to the Rules of CMSEF.

A Participant that is a Clearing Member may enter an Order, only if:

(i) the Participant has entered into any necessary documentation with its counterparty; and
(ii) the Participant otherwise meets the criteria set forth in these Rules.

Participants that are not Clearing Members and who execute transactions in Required Swaps shall be eligible to enter an Order pursuant to these Rules, only if:

(i) the Participant (if the Participant is an Account Manager, only if the Account Manager on behalf of its client account(s)) can verify on a pre-trade basis that a Clearing Member has assumed the financial responsibility to clear such Cleared Swaps for the Participant with the applicable DCO;
(ii) the Participant has entered into any necessary documentation with its counterparty; and
(iii) the Participant otherwise meets the criteria set forth in these Rules.

Participants that are not Clearing Members and who execute Permitted Transactions shall be eligible to enter an Order pursuant to these Rules, only if:

(i) the Participant has entered into any necessary documentation with its counterparty; and
(ii) the Participant otherwise meets the criteria set forth in these Rules.

Notwithstanding the above, a Participant shall be eligible to enter an Order in Uncleared Swaps pursuant to these rules if:

(i) the Participant has independently evaluated the creditworthiness of its counterparty;
(ii) the Participant has entered into necessary credit terms with, its counterparty, or accepts the terms of the Default Uncleared Crypto Swap Master Agreement in Appendix A, or in the case of Cap transactions, an ISDA master agreement deemed into existence under the swap trading relationship documentation executed by the swap dealer Participant and the Cap buyer Participant prior to the execution of the Cap transaction.;
(iii) the Participant has entered into any necessary documentation with its counterparty, including relevant instructions for settlement of Swaps;
(iv) the Participant otherwise meets the criteria set forth in these Rules; and with respect to Swaps that physically settle in a Cryptocurrency, the Participant represents to CMSEF in writing (such representation having been received before trading commences with each counterparty) that it has entered into necessary documentation in its trading and credit support bilateral agreements with each of its counterparties in order to address:
    a) liabilities caused by an event that delays settlement of the Swap;
    b) settlement of a Swap where the settlement occurs in a Cryptocurrency that has been subject to a Hard Fork; and
    c) when Settlement Finality occurs.

A Participant that is registered as a Swap Dealer must undertake and be able to discharge:

(i) any pre-trade disclosure or swap trading relationship documentation it may owe to such other Participant or such other Participant's Customer when engaging in a Swap transaction on a disclosed basis; and
(ii) any due diligence and analysis obligations it may owe to its counterparty.

Rule 303B Eligibility Criteria for Independent Software Vendors

An Independent Software Vendor (ISV) seeking to provide access to CMSEF must be an entity that is duly organized and in good standing, have no legal restrictions that would prohibit it from operating as an ISV, satisfy CMSEF's technological integrity requirements, complete the necessary ISV access documentation,

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agree to abide by the Rules and Applicable Law, consent to the jurisdiction of CMSEF, pay the fees that may be established by CMSEF from time to time, and not adversely affect CMSEF's ability to comply with Applicable Law. Access to CMSEF's Platform by any ISV shall be provided in a fair, impartial and non-discriminating manner. Persons seeking access to CMSEF or a Platform through an ISV must be a Participant or Authorized Person specifically authorized by a Participant to have such access.

ISVs affiliated with a SEF or swap broking operation must also agree to grant ISV access to CMSEF or a CMSEF affiliate chosen by CMSEF.

Rule 303C Direct Market Access

Only a Sponsoring Broker may sponsor a DMA Customer.

All trades in Cleared Swaps executed via DMA connection must be guaranteed by a Sponsoring Broker that assumes financial responsibility for all activity through the DMA connection.

Each DMA Customer must execute the DMA Customer Documentation as a condition of being granted access to CMSEF.

A Sponsoring Broker shall assist CMSEF in any Investigation into potential violations of the CMSEF Rules, CFTC Regulations or the CEA, which occur through or with respect to a DMA connection guaranteed by such Sponsoring Broker. Such assistance must be timely and may include requiring any DMA Customer to produce documents, to answer questions from CMSEF, and/or to appear in connection with an Investigation.

A Sponsoring Broker shall suspend or terminate the Trading Access of a DMA Customer or any Authorized Trader associated with such DMA Customer if CMSEF determines that the actions of the DMA Customer or any of its Authorized Traders threaten the integrity of CMSEF or liquidity of any Swap or violate any CMSEF Rule or if the DMA Customer or any of its Authorized Traders fails to cooperate in an Investigation.

Any trading activity by a DMA Customer using a Participant ID shall be considered to be trading activity by the Participant. Such Participant shall be liable for any violations in connection with such trading activity as if the Participant had engaged in trading activity.

Rule 303D Withdrawing from CMSEF

A Person that has access to CMSEF may withdraw from CMSEF at its own discretion by providing written notice. After withdrawing from CMSEF, the Person's obligations to CMSEF cease, except the Person remains under the jurisdiction of CMSEF with respect to acts and omissions made while such Person had access to CMSEF. The Person remains subject to the Participation Agreement, the CMSEF Rulebook and any other agreements with respect to acts or omissions that occur while the Person has access to CMSEF.

Rule 304 Authorized Users

All Participants must appoint at least one Employee as an Authorized User. Participants may appoint additional Employees, agents or authorized contractors who are individuals to act as Authorized Users. Participants must specify whether additional Authorized Users are entitled:

(i) to exercise Trading Privileges on behalf of the Participant; or
(ii) to access CMSEF on "view only" basis.

To add Authorized Users, Participants shall notify the CMSEF in the form and manner prescribed by CMSEF. All Authorized Users must consent to abide by these Rules and Applicable Law prior to accessing the SEF through the Participant. CMSEF may also require each Authorized User to satisfy additional requirements as CMSEF may prescribe from time to time. All Authorized Users shall be subject to the disciplinary authority of CMSEF and subject to possible fine, restriction, or revocation of Trading Privileges if they are

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found to have violated any of these Rules, or the CEA and CFTC Regulations, as they apply to swaps trading on CMSEF.

CMSEF may, in its sole discretion, revoke, suspend, or limit the designation of a Person as an Authorized User, and shall promptly notify the Participant in accordance with the procedures established by CMSEF.

Participants may at any time revoke an authorization granted to an Authorized User or a User ID granted to any other Person by the Participant by providing written notice of such revocation to CMSEF.

Participants shall take immediate and appropriate measures to ensure that, after any such revocation, the affected Authorized User shall not have access to the SEF and the affected Person shall not utilize its User ID.

All Participants agree to be bound by these Rules and these Rules shall also apply to each of a Participant's Authorized Users. Each Participant is responsible for the actions of its Authorized Users.

Rule 305 CMSEF Platform Security

Each Participant shall:

(i) be solely responsible for controlling and monitoring the use of all User IDs issued to it, or its Authorized Users by CMSEF;

(ii) ensure that each Person accessing the SEF using such User IDs is assigned a unique password and that each password is used only by the Person to whom it is assigned; and

(iii) notify CMSEF promptly upon becoming aware of any unauthorized disclosure or use of User IDs or passwords, or of any other reason for deactivating User IDs or passwords. Each Participant shall be bound by any actions taken through the use of its User IDs or passwords, including the execution of transactions, whether or not such actions were authorized by such Participant or any of its Supervised Persons, or whether or not such transactions are executed by an Authorized User of the Participant.

Rule 306 Participant Application Process

CMSEF shall require Persons who wish to become a Participant on CMSEF to:

(i) submit a complete and signed CMSEF Participant Agreement;

(ii) agree in writing to abide by CMSEF Rules and applicable law;

(iii) appoint a third-party agent acceptable to CMSEF as its US representative if the Person is located outside the United States as required under CFTC Regulation 15.05; and

(iv) provide any additional information requested by CMSEF.

CMSEF may conduct an Investigation or verify any information provided by a potential Participant.

CMSEF at its sole discretion, may reject a potential Participant's application or terminate a Participants status if:

(i) such Person is unable to satisfy the eligibility criteria set forth in these Rules;

(ii) such Person is unable to demonstrate that they can adhere to all applicable CMSEF Rules and applicable law; or

(iii) such Person could reflect poorly upon CMSEF or its other Participants.

Rule 307 Authorized Representatives

All Participants shall designate one or more individuals as Authorized Representatives who will be the official points of contact for CMSEF. Authorized Representatives shall:

(i) meet the eligibility criteria for Rule 207;

(ii) represent the Participant on CMSEF committees;

(iii) receive CMSEF notices on behalf of the Participant; and

(iv) be empowered to act on behalf of the Participant.

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Confidential Treatment Requested by Clear Markets North America, Inc.

Participants are required to keep CMSEF advised of the most current contact information for their Authorized Representatives and to notify CMSEF if an Authorized Representative is no longer qualified under Rule 207.

Rule 308 Customers of Participants

Participants are required to know their Customers and are required to act in the best interests of their Customers at all times. Participants found to not to be acting in the best interests of their Customers shall be subject to suspension or revocation of their access privileges.

Participants shall not enter an Order in the name of a Customer unless that Customer has entered into a written agreement with the Participant authorizing the Participant to enter Orders on terms that may be decided by CMSEF from time to time.

Written agreements between Participants and their Customers must contain at least:

(i) the full legal name and identifying information of the Customer;
(ii) a description of the Customer's business if acting as agent;
(iii) a representation from the Customer that it is an ECP;
(iv) that the Customer consents to the jurisdiction of CMSEF;
(v) that the Customer will comply with any applicable CMSEF Rules;
(vi) that the Customer will maintain and make available for inspection its books and records as required to enforce CMSEF Rules as they apply to CMSEF; and
(vii) consent to monitoring of its trading activities by CMSEF and CMSEF's Regulatory Services Provider.

The Customer must notify the Participant if the Customer ceases to meet the applicable ECP criteria.

Rule 309A Minimum Financial Standards for Cleared Swaps

Each Participant shall (with respect to Cleared Swaps):

(i) maintain an account with a Clearing Member that provides for the clearing of all Trades that such Participant executes on CMSEF for its own account; and
(ii) cause each Customer on whose behalf it acts to maintain an account with a Clearing Member that provides for the clearing of all Trades that Participant executes on CMSEF on behalf of such Customer.

Each Participant or Authorized User shall stay within the trading limits established for their own account by their Clearing Member. Each Participant or Authorized User shall provide notice to CMSEF of such trading limits. Each Participant or Authorized User shall provide CMSEF with immediate written notice of any change in such trading limits.

Rule 309B ECP Status and Minimum Financial Standards Reporting

At least once a year, unless each Participant or Authorized User is a SD or MSP, each Participant or Authorized User shall provide CMSEF with a written certification that:

(i) Participant is and continues to be an ECP; and
(ii) as applicable, all the Customers on whose behalf the Participant or Authorized User has executed or will execute trades are also ECPs.

Each Participant must maintain all records required by the CEA, CFTC Regulations or these Rules, including all records of trading activity in the underlying commodity and related markets as it applies to swaps traded on CMSEF. Participants must make this information available at the request of CMSEF, the CFTC or the Department of Justice.

Each Participant must notify CMSEF immediately upon becoming aware that it fails to satisfy the minimum financial requirements applicable to it, including the requirement to qualify as an ECP.

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Participants shall submit financial and related information to CMSEF or the RSP, as applicable, in the form and manner requested. A Participant that is unable to demonstrate to CMSEF that it is in compliance with such minimum financial requirements shall not engage in transactions subject to these Rules except for the purpose of closing open positions.

Participants that are registered with any self-regulatory organizations shall comply with all Applicable Law related to minimum financial reporting and recordkeeping requirements. Participants shall provide CMSEF with copies of any reports they are required to file with the CFTC pursuant to CFTC Regulation 1.12 as it applies to swaps traded on CMSEF.

Rule 310 Authority to Impose Restrictions

In order to ensure the protection of CMSEF, Customers and other Participants, CMSEF may impose restrictions on any Participants subject to early warning requirements under CFTC Regulation 1.12.

Rule 311 Mandatory Trading

Participants that are Swap Dealers or Major Swap Participants are responsible for complying with the mandatory trading requirement as defined under Section 2(h)(8) of the CEA and shall not enter into any Required Transaction outside a SEF that lists a Swap, which is Required to Trade.

Rule 312 Permitted Trading

Participants are responsible for complying with the SEF trading requirement in Section 5h of the CEA and shall not enter into any Permitted Transaction outside a SEF if the trade is effected in a manner that is required to be executed on a SEF or DCO.

Rule 313 Fees

CMSEF shall set Participant's fees and payment terms for using the CMSEF platform. CMSEF shall have the right, at its sole discretion, to terminate or suspend a Participant's access or privileges in the event a Participant fails to satisfy such payment obligation within thirty (30) days after its due date.

In the event that CMSEF suspends a Participant's access to CMSEF, a Participant shall continue to be bound by any and all other applicable Rules.

Rule 314 Communications between CMSEF and Participants

Each Participant must provide CMSEF with current contact information for each of its Authorized Persons and Authorized Users. Such information must include the Authorized Persons or Authorized User's full name, electronic mail address, and a telephone number for use during business hours.

CMSEF may, at its sole discretion, record communications between CMSEF and Participants, provided that such recording complies with all applicable regulations. This recording may include, but is not limited to, recorded telephone conversations, emails, copies of faxes or other documents exchanged between CMSEF and Participants. CMSEF's RSP's, as applicable, shall have access to such electronic records in the event it is required pursuant to a Regulatory Services Agreement.

Rule 315 Notices

CMSEF shall publish on its website and electronically notify each Participant of each addition to, modification of, or clarification of, these Rules or of any action to implement any Rules. Participants shall be notified prior to CMSEF notifying the CFTC or the effective date. In the event of an Emergency, CMSEF shall have the right to take actions without notifying its Participants in advance of such action.

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Rule 316 Reserved

Rule 317 Continuing Applicability of Jurisdiction and Rules

In the event CMSEF suspends or terminates a Participant or Authorized User's access or privileges, such Participant or Authorized User shall continue to be subject to and bound by these Rules, applicable law, and the jurisdiction of CMSEF for all acts arising from before the Participant or Authorized User's access or privileges were terminated. Participants and Authorized Users who have had access or privileges suspended shall cooperate with any Investigations or Disciplinary Proceedings related to the termination of their access.

Rule 318 Participant Trading Records

Required Records. Each Participant and Customer shall (i) prepare and keep current full, complete and systematic records and information which include all pertinent data and memoranda relating to the complete audit trail all of the Trades it executes and attempts to execute on CMSEF as are required to be kept by it pursuant to applicable law and regulation including, without limitation, all records required by CFTC Regulation 37.404, and (ii) shall keep current such other records and information and adopt such forms as CMSEF may from time to time require ("Trading Records").

Participants and Customers are required to make available to CMSEF or CMSEF's RSP (if any) any and all position and trading information relating to orders placed and trades executed on CMSEF.

Participants and Customers are also required to keep and provide records of their trading activity in the index or instrument used as a reference price, the underlying commodity and related derivatives markets for any swaps they trade on CMSEF as it applies to those swaps traded on CMSEF. CMSEF may limit the application of this requirement to Participants who conduct substantial trading on CMSEF.

Rule 319 Participant Maintenance of Records

(i) Participants, and as applicable, Authorized Users and Customers that have trading privileges on CMSEF, shall maintain all books and records that are required to be maintained pursuant to the CEA and CFTC Regulations (including, but not limited to, CFTC Regulations 1.31 and 1.35). This includes all records related to the trading of Swaps.

(ii) Such books and records shall be kept for the life of each Swap transacted pursuant to these Rules and five years following the termination of such Swap. Participants shall make copies of such books and records readily accessible to CMSEF for inspection, in each case in the form and manner required under the CEA and CFTC Regulations. During the first two years copies of such Trading Records shall be readily accessible.

(iii) CMSEF may disclose information it obtains from Participants books and records, to any government agency (foreign or domestic), self-regulatory organization or other Person as required by law, information concerning or associated with a Participant or other Person if the CMSEF believes such disclosure is necessary or appropriate in exercising a legal or regulatory function, whether or not a formal arrangement governing the disclosure exists or a request for information was made.

(iv) Participants shall make Trading Records available to the CFTC upon request and/or permit on-site inspection by duly authorized CFTC personnel.

Rule 320 Legal Certainty for CMSEF Trades

A transaction entered into on or pursuant to the CMSEF Rules shall not be void, voidable, subject to rescission, otherwise invalidated, or rendered unenforceable as a result of:

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(i) a violation by CMSEF of the provisions of Section 5h of the Act or CFTC Regulations;
(ii) any CFTC proceeding to alter or supplement a Rule, term, or condition under Section 8a(7) of the Act or to declare an emergency under Section 8a(9) of the Act; or
(iii) any other proceeding the effect of which is to:
  a. alter or supplement a specific term or condition or trading rule or procedure; or
  b. require CMSEF to adopt a specific term or condition, trading rule or procedure, or to take or refrain from taking a specific action.

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Chapter 4 Trading Standards and Practices

Rule 401 Swaps Traded on CMSEF

CMSEF shall determine which Swaps can be traded on CMSEF pursuant to these Rules and shall submit such Swaps to the CFTC as required by the CEA and CFTC Regulations. Only Swaps permitted by these Rules may be traded on CMSEF, regardless of the method of execution.

CMSEF shall determine the rules and procedures for trading Swaps on CMSEF. This includes Rules and procedures to:

(i) determine which Swaps can be traded on CMSEF;
(ii) determine the criteria for listing a Swap for trade;
(iii) disseminate bids and offers and other trading information;
(iv) recording and accounting for Swaps traded on CMSEF;
(v) monitoring the trading activities of Participants and their Customers on CMSEF;
(vi) establishing limits on the size and number of Orders that a Participant may enter into CMSEF;
(vii) establish limits on the maximum daily price movements;
(viii) establish a minimum price quoting increment for each Swap;
(ix) regulate any administrative matters affecting actives on CMSEF; and
(x) All orders shall contain the following information:
  a. the name of the Participant
  b. the name of Authorized User (Trader)
  c. the Contract Name (description)
  d. the Price
  e. the Quantity
  f. the Clearinghouse to which it will be sent for clearing, if applicable
  g. the Customer name, if applicable
  h. the Account number

CMSEF may amend, at its sole discretion any of these Rules or procedures at any time.

Rule 402 Prohibited Trading Activities

No Participant or any of its Authorized Users or Account Managers shall use the CMSEF Platform to knowingly engage in any of the following abusive trading practices:

(i) wash or enter or execute non-competitive Swaps transactions;
(ii) accommodation trading, improper cross trading, front running, trading ahead of Customers, trading against Customers;
(iii) pre-arranged trading (except for Block Trades permitted by Rule 416 or trades following communication permitted by Rule 417);
(iv) fraudulent trading or money passes;
(v) disclose information about Customer orders; or
(vi) take any action, which will disrupt the trading on CMSEF or another SEF.

No Participant or any of its Authorized Users or Account Managers shall manipulate, or attempt to manipulate, the prices on CMSEF in any form; including, without limitation, engaging in activity in violation of CEA sections 9(a)(2) and 4c(a)(5) and Commission Regulations 180.1(a) and 180.2.

Rule 403 Fraudulent Acts and Misstatements

No Participant or any of its Authorized Representatives, Authorized Users or Account Managers shall knowingly:

(i) use CMSEF to engage in any fraudulent acts or schemes to defraud or mislead other Participants or CMSEF;
(ii) withhold Customer orders;

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(iii) engage in fraudulent trading of any form; or
(iv) engage in an attempt to manipulate the market in any form.

Misstatements by Participants and their Authorized Representatives, Authorized Users or Account Managers shall be grounds for suspension or termination of CMSEF access and privileges.

Rule 404 Misuse of the CMSEF Trading Platform

CMSEF strictly prohibits misuse of the CMSEF trading platform. No Participant or any of its Authorized Users or Account Managers shall knowingly engage in unauthorized use or misuse the CMSEF platform or to assist any Person or individual from gaining access for the purposes of misuse or take any actions, which will be detrimental to CMSEF.

Misuse by Participants and their Authorized Representatives and Authorized Users shall be grounds for termination of CMSEF access and privileges.

Rule 405 Trading Hours

CMSEF shall in its sole discretion determine:
(i) the Business Days on which CMSEF will be open for trading;
(ii) the Trading Hours on such Business Days during which CMSEF will be open for trading; and
(iii) the Time Zone in which CMSEF Rules shall apply.

Unless otherwise specified in these Rules:
(i) all references to time shall be based upon local time in New York, New York;
(ii) opening times start on the first second of the minute cited; and
(iii) closing times end on the last second of the minute cited.

CMSEF reserves the right to modify all of the above without advance notice in the event of an Emergency.

Rule 406 Execution of Swaps on CMSEF

The following are the acceptable methods CMSEF provides Participants in order to execute Swaps on CMSEF:

(i) Anonymous Central Limit Order Book (Minimum Functionality):
  a. Acceptable Orders. The following kinds of orders may be entered into the Central Limit Order Book (CLOB) of the CMSEF Platform.
    I. Limit Orders. A "Limit Order" is an order to buy or sell a contract at a specified price or better.
    II. Market Orders. A "Market Order" is an order to purchase or sell a contract at the best price on the CMSEF Platform at the time the order is entered on the CMSEF Platform (only available via fix API connection).
    III. Fill or Kill. A "Fill or Kill" Order must be filled entirely or the Order is cancelled.
    IV. Immediate or Cancel. An "Immediate or Cancel" Order must be filled instantly or the Order is cancelled.
  b. Good until Time. An Order may be entered such that the Order is cancelled at a specific time if it is not executed (note that this feature is not available if accessing the system through the CMSEF website).
  c. Entry of Orders. An anonymous order may be submitted directly by the Participant for its own account or on behalf of a Customer on whose behalf such a Participant is authorized to act. Each order on the CLOB must contain the following information:
    I. Bid/Offer Indication
    II. Price
    III. Notional Amount
    IV. Instrument

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d. Time Delay Requirement. All Participants that are a broker or dealer and who, in connection with the execution of a Required Transaction, seek to either execute against a Customer's order or execute two Customers against each other through the CMSEF's CLOB shall use the following procedure:
   I. If a Participant seeks to execute an order against a Customer order, then such Participant must enter the Customer order into the CMSEF CLOB and then wait at least 15 seconds before entering the Participant's order; or
   II. If a Participant seeks to execute two Customer orders against each other, then such Participant shall enter one side of the trade into the CMSEF CLOB and wait at least 15 seconds before entering the second side of the trade for execution.

e. Time Delay Exception. The time delay requirement does not apply to DMA Orders where a broker or dealer does not engage in some form of pre-arrangement or pre-negotiation of such order.

f. Price-Time Priority. All prices received in the CLOB are sorted based on strict price-time priority protocol.

g. Trading Limits. Participants shall only enter orders for such contracts and for such amounts as is permitted within the scope of their trading limits.

h. Matching of Orders. Orders submitted will be matched as follows:
   I. Market Orders. Matching orders will be matched against all pending bids and offers in accordance with a price-time priority protocol. If any portion of the market order is not filled, the unfilled remainder will be canceled.
   II. Limit Orders. Limit orders will be matched with bids and offers that have a price that is at or better than the price of the limit order, in accordance with the price-time protocol. If any portion of the limit order is not filled, the unfilled portion of the order will remain in the market at the price and time that the order was entered.

i. Unfilled Orders.
   I. After the close of trading each Trading Day, all unfilled bids and offers will be cancelled
   II. Upon a Participant's logging out from the CMSEF Platform during the Trading Day, all unfilled bids and offers entered by such Participant will be cancelled.

j. Matching Algorithm. The CMSEF matching engine operates as a market order/limit order system. Orders are handled as follows:
   I. Market orders are executed at the top of the market and can be matched with multiple standing orders at different prices if necessary to fill the market order volume;
   II. Limit orders will execute at the requested price or better; and
   III. Any unmatched limit order (or portion of an order) becomes a standing order in the system.

k. Counterparty Anonymity.
   I. Except as otherwise required under the Act or the Commission's regulations, CMSEF shall not directly or indirectly, including through a third-party service provider, disclose the identity of a counterparty to a Swap that is executed anonymously and intended to be cleared.
   II. It is prohibited for any Participant or Authorized User, directly or indirectly, including through a third-party service provider, to disclose the identity of a counterparty to a Swap that is executed anonymously and intended to be cleared.
   III. For purposes of subsections I and II above, ''executed anonymously'' shall include a Swap that is pre-arranged or pre-negotiated anonymously, including by a Participant of CMSEF.
   IV. For a package transaction that includes a component transaction that is not a Swap intended to be cleared, disclosing the identity of a counterparty shall not violate subsections I and II above. For purposes of this paragraph, a ''package transaction'' consists of two or more component transactions executed between two or more counterparties where:
      1. Execution of each component transaction is contingent upon the execution of all other component transactions; and

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2. The component transactions are priced or quoted together as one economic transaction with simultaneous or near-simultaneous execution of all components.

(ii) Request for Quote (RFQ)

a. Orders Entry. Participants may submit RFQ inquiries on a name disclosed basis. If a Swap is Made Available to Trade (MAT) then, unless the Participant is submitting an RFQ pursuant to Rule 416, submission of RFQ inquiries must be sent to minimum of three counterparties; none of which shall be:
   I. affiliated of or controlled by the counterparty requesting the RFQ inquiry; or
   II. affiliates of or controlled by each other.
   If a Swap is a Permitted Transaction there is no minimum number of counterparties who must receive an RFQ.

b. Bids and Offers. For Required Transactions, at the same time that the requester receives the first responsive bid or offer, CMSEF shall communicate to the requester any firm bid or offer pertaining to the same instrument resting on the CLOB.

c. Responses. For Required Transactions, CMSEF shall provide the requester with the ability to execute against any firm CLOB bids or offers along with any responsive orders to the RFQ.

d. Execution of Orders. The requester may accept any response to the RFQ upon receipt. After the requester accepts an RFQ, the responding party is given a "last look" in order to execute the Order.

e. Trading Protocols. CMSEF will ensure that its trading protocols provide each Participant with equal priority in receiving RFQs and in transmitting and displaying for execution responses to RFQs. For the avoidance of doubt, Participants who are involved in the Cap market shall only receive RFQs for Cap transactions and Participants who are not involved in the Cap market will not receive RFQs for Cap transactions.

f. Submitting a Request Required Transactions. Each RFQ for a Required Transaction shall include the following information regarding the Swap when the Participant is requesting quotes:
   I. Product
   II. Pay/Receive or Buy/Sell Indication
   III. DCO (if the Swap is a cleared swap)
   IV. Currency
   V. Tenor
   VI. Frequency (if required)
   VII. Day Count (if required)
   VIII. Instrument(s)
   IX. Effective Date
   X. End Date
   XI. Business Day Conversion (if required)
   XII. Calendar (if required)
   XIII. Roll Conversion (if required)
   XIV. Notional Amount
   XV. Day Count Fraction (if required)
   XVI. Clearing FCM (if the Swap is a cleared swap)

g. Submitting a Request for Permitted Transactions. Each RFQ for a Permitted Cap Transaction shall include the following information regarding the Swap when the Participant is requesting quotes:
   I. Notional Amount
   II. Trade Date
   III. Effective Dated
   IV. Termination Date
   V. Initial Floating Rate Calculation Period (if applicable)
   VI. Floating Rate Calculation Period
   VII. Floating Rate Payer Payment Dates

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VIII. Floating Rate for Initial Calculation Period (if applicable)
IX. Designated Maturity
X. Cap Rate
XI. Fixed Rate Payer Payment Date[s]

h. Response to RFQ. Each response to an RFQ must contain a price or in the case of a Cap Transaction, a premium amount.

i. Last Look. After the RFQ requester receives a quote, the requester will be able to execute. If the requester executes the quote, the Participant that submitted the quote will have a "last look" where such Participant will confirm the quote. The last look will expire in 30 seconds and until the Participant confirms the quote the requester may cancel the quote.
Customer. The Customer requesting a quote on the RFQ system must be identified by the Participant entering the request, regardless if the Customer is the Participant or an Authorized User.

(iii) Voice Order-Entry. A Participant may enter any order on the CLOB (Rule 406(i)) or RFQ (Rule 406(ii)) systems through communication with a Voice Agent. In this manner, any action that is permissible on the CLOB or RFQ may be taken on behalf of the Participant by the Voice Agent at the direction of the Participant.

(iv) Priorities of Orders: For any bid or offer on the CLOB, and for any RFQ or response to an RFQ, each Participant shall be given equal priority in terms of when such actions shall be displayed to the relevant Participants on CMSEF. Each order submitted on the SEF shall include the following:

a. The Legal Entity Identifier of the Participant or Client placing the order;
b. A yes/no indication of whether the Participant or Client is a swap dealer with respect to the product with respect to which the order is placed.
c. A yes/no indication of whether the Participant or Client is a major swap participant with respect to the product with respect to which the order is placed.
d. A yes/no indication of whether the Participant or Client is a Financial Entity.
e. A yes/no indication of whether the Participant or Client is a U.S. Person.
f. If applicable, an indication that the Participant or Client will elect the clearing requirement exception in CEA section (2)(h)(7) for any swap resulting from the order.

(v) Brokered Orders: Participants may enter an Order through a Registered Broker for which the Participant has entered into an agreement that permits the Registered Broker to act on behalf of the Participant. Such Order are treated as if the Order was entered directly by the Participant, under the rules of CMSEF.

Rule 407A Required Transactions

Required Transactions that do not qualify as a Block Trade or a Clearing Exception shall be executed on CMSEF according to Rule 406.

Rule 407B Permitted Transactions

Permitted Transactions shall be executed on CMSEF according to Rule 406, with the following qualifications:

(i) Permitted Transactions may be entered via RFQ to any number of Participants; and
(ii) Permitted Transactions negotiated off-SEF may be entered for execution and clearing by the staff of the SEF directly, at the direction of a Registered Broker.

Rule 407C Clearing Exception for Swaps

Each Participant wishing to execute an Order under a Clearing Exception on CMSEF must submit all documentation required by Part 50 of the CFTC Regulations (the Clearing Exception Form) prior to placing an Order subject to the Clearing Exception. A Participant shall submit all required documentation supporting

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its eligibility (or the eligibility of its relevant Authorized User, as applicable) for the Clearing Exception. Any Order subject to the Clearing Exception shall be rejected if an applicable Clearing Exception Form is not on file with CMSEF.

The Clearing Exception may only be used for Orders that are not executed on the CLOB.

Rule 408 Cancellation of Orders by Participants

Participants may cancel any Order that has been entered on CMSEF, unless it has been executed or has expired.

Rule 409 Modification or Cancellation of Orders and Trades by CMSEF

Before an Order is sent to a Clearinghouse, CMSEF may cancel any Order that, if allowed to remain, would have meaningful adverse effects on the integrity of the market, if the Order is entered in a price outside a range known as the Acceptable Price Range, or a CMSEF system malfunction. The Acceptable Price Range shall be determined by CMSEF based on the market data available to CMSEF. It may change from time to time and shall be published on the CMSEF website.

Once a trade has been cleared by a Clearinghouse, CMSEF may adjust trade prices or cancel if there is a CMSEF system malfunction or with the consent of both Counterparties. Such modification or cancellation shall be effected by a pre-arranged trade or trades, consistent with CFTC No-Action Letter No. 15-24 (published by the CFTC on April 22, 2015; relief last extended May 30, 2017).

At any time, CMSEF may halt or suspend trading on its platform in order to maintain a fair and orderly market, as required by these Rules. Any halt or suspension in trading shall be communicated to Participants as soon as practicable.

If CMSEF takes action pursuant to this Rule, it will give prompt notice to affected Participants.

Rule 410A Pre-Execution Credit Checks for Cleared Swaps by Non-Clearing Members

CMSEF will verify prior to the execution of any Order for a Cleared Swap that the Participants or Authorized User have sufficient credit limits with their Clearing Members so that the trade will be able to be accepted by the Clearing House for Clearing. CMSEF will not permit Participants or Authorized User to execute transactions if their credit limits are insufficient.

All Orders for Cleared Swaps will be prescreened on an order-by-order basis. A Clearing Member may reject an Order pre-execution or post-execution. If an Order is rejected by the Clearing Member post-execution, such Order shall be *void ab initio.*

It is the responsibility of the Participants or Authorized User to evaluate the credit quality of their Prime Broker, FCM, and/or Clearinghouse, and their counterparty on Uncleared swaps.

Rule 410B Confirmation of Agreements Between Counterparties

The terms of the Swap, which shall serve as a confirmation of the transaction, will be sent at the time of execution of the Swap. Specifically, upon the execution of a Swap, CMSEF will provide each counterparty to a transaction that is entered into on or pursuant to the rules of the SEF with a written record of all of the terms of the Swap, which shall legally supersede any previous agreement and serve as a confirmation of the transaction; provided, that specific Customer identifiers for accounts included in bunched orders involving Swaps will not be included in confirmations provided by CMSEF if the applicable requirements of CFTC Regulation 1.35(b)(5) are met. Confirmations of Swaps delivered to counterparties shall not include any information that violates Rule 406(i)(k).

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Rule 411 Cleared Swaps

The following does not apply with respect to swaps subject to the clearing requirement exception in CEA section (2)(h)(7) for which a counterparty has elected such exception.

Each Cleared Swap shall be cleared through the Clearing House indicated in the Swap Specification in accordance with the CEA and the CFTC Regulations.

For each Cleared Swap a Participant expects to enter into via the SEF Platform or subject to CMSEF Rules, the Participant or a Client or Customer of the Participant must establish a clearing account with the Clearing House or with a Clearing Member of the Clearing House, in each case, designated in the Swap Specification for such Cleared Swap.

Submission of executed trades to the applicable DCO shall be the responsibility of CMSEF.

Rule 412 Position Limits and Accountability

To reduce the potential threat of market manipulation or congestion, SEF shall adopt for each of the contracts of the facility, as is deemed necessary and appropriate by SEF, position limitations or position accountability levels for speculators.

Rule 413A Position Limits

In accordance with CFTC Regulations, CMSEF may from time to time adopt position limits and grant exceptions from position limits as may be necessary.

CMSEF shall not set position limits in excess of CFTC limits.

In the event CMSEF adopts position limits, Participants may request an exemption from such limits by filing an application with CMSEF's Market Monitor Team. Participants may not exceed such limits until they have received written approval from CMSEF. Applications to exceed position limits must be filed in a form acceptable to CMSEF and must at a minimum include:

(i) the name and contact information of the Participant;
(ii) a description of the exemption being requested;
(iii) whether the exemption is for
  a. bona fide hedging as defined in CFTC Regulation §1.3(z)(1),
  b. risk management, or
  c. arbitrage/spread positions; and
(iv) a description of the complete underlying exposure related to the exemption request.

In the event that CMSEF agrees to provide the requested exemption, the Participant must agree to:

(i) provide CFSEF with any information or documentation requested by CMSEF;
(ii) to comply with any and all terms, conditions or limitations imposed by CMSEF;
(iii) permit CMSEF modify or revoke the exemption at any time;
(iv) agree to initiate and liquidate positions in an orderly manner; and
(v) agree to immediately notify CMSEF of any material change to the information provided to CMSEF.

CMSEF reserves the right to take any actions necessary in response to any Emergency situation that may arise including forcing any Participant to reduce any outstanding positions.

Rule 413B Position Accountability

All Participants shall be bound by CMSEF's position accountability levels for Required Transactions. CMSEF will set these levels in accordance with appropriate CFTC Regulations.

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In the event a Participant holds or controls aggregate positions in a Swap in excess of CMSEF position accountability levels, the Participant shall be subject to the following:

(i) The Participant shall promptly provide any information requested by CMSEF concerning size and type of the position and any efforts to hedge the position.

(ii) The Participant shall, if directed by CMSEF, liquidate in an orderly manner, or not increase further the positions, which exceed CMSEF's position accountability levels.

(iii) The Participant shall, upon request by CMSEF, identify the beneficial owner and or any controlling parties for such positions.

CMSEF reserves the right to take any actions necessary in response to any Emergency situation that may arise, including forcing any Participant to reduce any outstanding positions.

Rule 414 Real-Time Market Monitoring and Surveillance

Real-time monitoring of trading on CMSEF for compliance purposes shall be conducted by CMSEF's Compliance Department. CMSEF will monitor and surveil participants and market data on an ongoing and real time basis to ensure compliance with all applicable laws, rules, regulations and the CMSEF rulebook. If CMSEF believes a violation may be occurring or about to occur CMSEF may take actions including, but not limited to, halting a Participant's ability to execute trades on CMSEF.

(i) CMSEF shall monitor and evaluate data on:
   a. an ongoing basis in order to detect and prevent manipulation, price distortion, and where necessary disruptions in the cash-settlement process, and
   b. general market data in order to detect and prevent manipulative activity that would result in the failure of the market price to reflect the normal forces of supply and demand, unusual trading volumes, and impairments to market liquidity.

(ii) In addition, CMSEF may protect market integrity through use of the following safeguards to prevent the entry of orders in any of the following circumstances:
   a. pre-trade quantity limits on individual orders to screen for order quantities not within acceptable parameters;
   b. pre-trade price collars to screen for orders outside of current market conditions; and
   c. pre-trade check to screen for risk based limits set by the clearing member.

Such pre trade quantity and risk limits shall be posted on CMSEF's web site.

Rule 415 Mishandled Customer Orders

CMSEF shall not be held liable for any Customer Orders, which are mishandled by Participants. Participants will be solely responsible for all remedial actions in the event a Participant mishandles a Customer Order.

Rule 416A Block Trades

CMSEF's appropriate minimum block sizes shall be consistent with appropriate minimum block sizes set by the CFTC. CMSEF shall not permit Participants to execute Swaps as Block Trades below the appropriate minimum block size set by the CFTC.

The following Block Trade Rules shall apply to Block Trades executed on CMSEF:

(i) Block Trades shall be trades that are at or in excess of the appropriate minimum block size set by the CFTC and may be executed on CMSEF by RFQ by requesting a price from fewer than three RFQ Receivers.

(ii) Block Trades must trade at prices that are fair and reasonable in the context of:
   (i) market conditions;
   (ii) other transactions in the market at the time; and

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(iii) the nature of the Participants to the Block Trade.

(iii) Block Trades shall not affect resting orders.

(iv) Participants shall not aggregate Orders for different accounts to create Block Trades unless permitted by CFTC Regulation 43.6(h)(6).

(v) Block Trades executed off CMSEF must be reported by the Participants to CMSEF as soon as practicable but no later than five (5) minutes before the time such Block Trade would be reported by an SDR. The actual notional or principal amount of the Block Trade shall be reported to CMSEF, which shall report the Block Trade as set forth in CFTC Regulation 43.6 and Appendices B, D, E, and F to Part 43 of the CFTC Regulations.

CMSEF reserves the right to investigate all Block Trades to ensure that they comply with all applicable CMSEF Rules and CFTC Regulations.

A Participant transacting a Block Trade on behalf of a Customer must receive prior written instruction or consent from the Customer in order to do so. Such instruction or consent may be provided in the power of attorney or similar document by which the customer provides the person with discretionary trading authority or authority to direct the trading in its account.

The parties to a publicly reportable swap transaction on CMSEF that has a notional amount at or above the appropriate minimum block size shall notify CMSEF of its election to have the publicly reportable swap transaction treated as a Block Trade. CMSEF, pursuant to these Rules, shall notify the SDR of such a Block Trade election when transmitting swap transaction and pricing data to such SDR in accordance with CFTC Regulation 43.3(b)(1).

Rule 416B Execution of Block Trades Through RFQ for Cleared Swaps by Non-Clearing Members

Block Trades shall only be executed on CMSEF using the RFQ system, and only if the conditions of CFTC No-Action Letter No. 15-60 (published by the CFTC on November 2, 2015; relief expires November 15, 2016) are met. These requirements are as follows:

(i) the Block Trade must meet the definition found in this Rulebook, and must be executed under the Rules of CMSEF;
(ii) a pre-trade credit check must be completed at the time the order for a block trade enters the Block Trade on the RFQ system; and
(iii) all Block Trades are subject to void ab initio requirements if swap is rejected on the basis of credit.

Rule 417A Pre-Trade Communications

A Participant or Authorized User, acting on behalf of a Customer, must have the Customer's consent before engaging in pre-arrangement communication with a counterparty. The Participant or Authorized User may not disclose such communications to any third party and may not use such communications to enter into alternative transactions other than the transaction permitted by this Rule. In any case in which a transaction is agreed upon as the result of pre-arrangement communication, the Participant or Participants must allow a 15-second delay between orders entered on the SEF. There is no mechanism on the CMSEF system that prevents a trade from being submitted before such 15-second delay has occurred and therefore any applicable Order that is executed without the delay shall be a violation of these Rules and CFTC Regulations.

Rule 417B Information Obtained in Pre-Trade Communications

All Participants or Authorized Users party to the pre-arrangement communication permitted by Rule 417A are prohibited from disclosing such communications to any third party and may not use such communications to enter into alternative transactions other than the transaction permitted by this rule.

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Rule 418A Dissemination of Prices and Trading Information

CMSEF shall publish information daily on its website regarding prices, volume, and other data as required by the CFTC Regulations.

For Required Transactions, CMSEF will also make available a central pricing screen on CMSEF with a real-time view of resting bids and offers.

CMSEF may make available to Participants an indicative, non-attributed pricing page on CMSEF for certain types of Swaps of the most commonly traded tenors within such type of Swap.

CMSEF shall choose, at its sole discretion, SDRs. As required by CFTC Regulation 37.901(a), CMSEF shall transmit swap transaction and pricing data for each Swap executed pursuant to these Rules to the appropriate SDR in the form and manner required. At this time, all Swap trades on CMSEF will be reported to KOR Financial, Inc. or to DTCC Data Repository (U.S.) LLC.

CMSEF may provide such swap transaction and pricing data to Participants and Authorized Users no earlier than the time it transmits such information to an SDR and in a form that does not disclose the identities, or otherwise facilitate identification, of the parties to the Swap.

Rule 418B Publicly Reportable Swap Transactions

Pursuant to Part 43 and Appendix A to Part 43 of the CFTC Regulations and Part 45 and Appendix 1 to Part 45 of the CFTC Regulations, CMSEF shall transmit swap transaction and pricing data and minimum primary economic terms to a registered SDR as soon as technologically practicable after the publicly reportable swap transaction has been executed on or pursuant to the rules of CMSEF.

CMSEF and Participants shall not submit or agree to submit a cancellation or correction for the purpose of re-reporting Swap transaction and pricing data in order to gain or extend a delay in public dissemination of accurate Swap transaction or pricing data or to otherwise evade the reporting requirements in Part 43 of the CFTC Regulations.

Rule 418C Reporting Counterparties

For all swaps executed on CMSEF, each swap counterparty shall provide sufficient information to CMSEF to enable CMSEF to report all Required Swap Creation Data to enable CMSEF to report all Required Swap Creation Data. To achieve this, each Participant placing an order with respect to any Swap traded on CMSEF must include in the order the information required by CMSEF Rule 406(iii).

In the event that the Reporting Counterparty cannot otherwise be determined because either (a) both counterparties are swap dealers, (b) both counterparties are major swap participants, (c) both counterparties are a financial entities as defined by Section 2(h)(7)(C) of the CEA but not a swap dealer or a major swap participant, or (d) both counterparties are neither a swap dealer nor a major swap participants nor a financial entity as defined by Section 2(h)(7)(C) of the CEA, then the reporting counterparty shall be the buyer.

All Reporting Counterparties are required to notify CMSEF in the event the Reporting Counterparty becomes aware that an error or omission in reporting has occurred.

Rule 419 Emergency Rules

In the event of an Emergency, CMSEF may implement temporary Emergency procedures and Emergency Rules, subject to the applicable provisions of the CEA and CFTC Regulations. Implementation of Emergency Rules shall be done in consultation with the CFTC. Emergency Rules may require or authorize CMSEF, the

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Board, any committee of the Board, the President, or any other Officer to take actions necessary or appropriate to respond to the Emergency, including the following actions:

(i) suspending or curtailing trading or limiting trading to liquidation only (in whole or in part)
(ii) extending or shortening the last trading date for Swaps;
(iii) ordering the fixing of a settlement price;
(iv) ordering the liquidation or transfer of an open position in any Swap, or the
(v) reduction of positions;
(vi) extending, limiting or changing the Trading Hours;
(vii) imposing or modifying intraday market restrictions;
(viii) transferring Customer contracts and the margin in an Emergency;
(ix) imposing special margin requirements;
(x) extending or shortening the expiration date of a Swap;
(xi) altering any Swap's settlement terms and conditions;
(xii) imposing or modifying price limits; and/or
(xiii) imposing, modifying or reducing position limits.

Before any Emergency Rule may be adopted and enforced, a required vote of the Board must approve the implementation of such Emergency Rule at a duly convened meeting requested by the President or any other Officer. Directors may attend such a meeting by teleconference. Each Director participating in such meeting shall be subject to CMSEF's Conflict of Interest Rules. If the CEO or CMSEF determines that Emergency Rules must be implemented with respect to an Emergency before a meeting of the Board can reasonably be convened, then the CEO shall have the authority, without Board action, to implement any Emergency Rules with respect to such Emergency that he or she deems necessary or appropriate to respond to such Emergency.

Whenever CMSEF, the Board, any committee of the Board, or the President takes actions necessary or appropriate to respond to an Emergency (including the actions set forth above), an Authorized Representative of CMSEF will post a Notice to Participants regarding such Emergency, as soon as practicable. When the Board, any committee of the Board or the CEO determines that the Emergency is no longer in effect, permitting the SEF operated by CMSEF to resume normal functioning; any such actions responding to an Emergency will be terminated.

CMSEF will use reasonable efforts to notify the CFTC prior to implementing, modifying or terminating an Emergency Rule. If such prior notification is not possible or practicable, CMSEF will notify the CFTC as soon as possible or reasonably practicable, but in all circumstances within twenty-four (24) hours of the implementation, modification or termination of such Emergency Rule.

Upon taking any action in response to an Emergency, CMSEF will document the decision-making process related to such action. Such documentation will be kept for at least five years following the date on which the Emergency ceases to exist or to affect the SEF operated by CMSEF, and all such documentation will be provided to the CFTC upon request.

Chapter 5 Disciplinary Rules

Rule 501 General

All Participants, Authorized Persons, Authorized Users, Clearing Members, and Participant's Customers shall be subject to the CMSEF's jurisdiction. Participants, Authorized Persons, Authorized Users, Clearing Members, and Participant's Customers are subject to this Chapter 5 if they, or with respect to a Participant, any other Person using any of its User IDs, are alleged to have violated, or to have aided and abetted a violation of, or are about to violate, any Rule or any provision of applicable law for which CMSEF possesses disciplinary jurisdiction.

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CMSEF, through its Compliance Department and the Disciplinary Panel, will conduct Investigations, Disciplinary Proceedings and appeals from Disciplinary Proceedings, summary impositions of fines, summary suspensions or other summary actions in accordance with this Chapter.

No CMSEF member of the Board, Officer, Employee, or Agent will interfere or attempt to interfere with any Investigation, disciplinary hearing, or summary imposition of a judgment or other summary action.

CMSEF shall permit Participants, Authorized Persons, Authorized Users, Clearing Members, or Participant's Customers to be represented by counsel during any Investigation, disciplinary hearing, or imposition of a fine or summary judgment.

CMSEF may hold a Participant or Authorized User liable for, and impose sanctions against such Participant or Authorized User for such Person's own acts and omissions, or those of its agents, representatives or any Person or API using a User ID of such Participant or Authorized User. CMSEF may additionally hold a Participant liable for the acts and omissions of its Authorized Users.

CMSEF may delegate any or all of its powers or responsibilities under this Chapter 5 to the RSP, which may take any action on behalf CMSEF that the CMSEF is permitted to take hereunder; provided, however, that the CMSEF shall retain supervisory authority with respect to such powers and responsibilities and will document instances where its actions differ in any material respect from those recommended by the RSP.

Rule 502 CMSEF's Right to Inspect Books, Records and Systems

CMSEF's Compliance Department and CMSEF's RSP (if any) will have the right to inspect the books, records, systems, equipment, and software of Participants, Authorized Persons, Authorized Users, Clearing Members and Participant's Customers.

CMSEF's Compliance Department and CMSEF's RSP (if any) will have the right to obtain position and trading information directly from Participants as necessary to perform CMSEF's Oversight functions as set forth in this Rulebook.

Rule 503 Investigations

CMSEF's Compliance Department or Disciplinary Panels will investigate any matter within CMSEF's disciplinary jurisdiction of which it becomes aware. The Compliance Department will determine the nature and scope of its Investigations within its sole discretion and will function independently of any commercial interests of CMSEF. An Investigation will be initiated if the Compliance Department or other CMSEF Departments determines that a violation of CMSEF may have occurred. The Compliance Department may informally contact Participants in order to obtain information.

Notwithstanding the above, CMSEF will commence an Investigation at the request of the CFTC.

CMSEF's Compliance Department has the authority to:

(i) initiate and conduct Investigations;
(ii) prepare Investigation Reports and make recommendations concerning initiating Disciplinary Proceedings;
(iii) allege violations within CMSEF's disciplinary jurisdiction;
(iv) prosecute alleged violations within CMSEF's disciplinary jurisdiction; and
(v) represent CMSEF on an appeal to an Appeal Panel of any Disciplinary Proceeding, summary imposition of fines, summary suspension or other summary action.

Each Participant's, Authorized Person's, Authorized User's, Clearing Member's, and Participant's Customers:

(i) are obligated to appear, testify and respond in writing to interrogatories within the time period required by the Compliance Department in connection with any Rule, any Investigation; or any preparation by and presentation during a Disciplinary Proceeding or

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appeal from a decision in a Disciplinary Proceeding, summary imposition of fines, summary suspension or other summary action by CMSEF;

(ii) are obligated to produce books, records, papers, documents or other tangible evidence in his possession, custody or control within the time period required by the Compliance Department in connection with any Rule, any Investigation, any preparation by and presentation during a Disciplinary Proceeding or appeal from a decision in any Disciplinary Proceeding, summary imposition of fines, summary suspension or other summary action by CMSEF; and

(iii) may not impede or delay any Investigation, Disciplinary Proceeding, appeal from a Disciplinary Proceeding, summary imposition of fines, summary suspension or other summary action.

Rule 504 Reports of Investigations

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

Any Investigation Report will include the reasons for initiating the Investigation (including a summary of the complaint, if any), all relevant facts and evidence gathered and the analysis, conclusions and recommendation of the Compliance Department. For each potential respondent, the Compliance Department will recommend either:

(i) closing the Investigation without further action;
(ii) entering into a summary action;
(iii) resolving the Investigation through an informal disposition, including the issuance by the Compliance Department of a warning letter (provided that no more than one warning letter for the same violation may be issued to the same potential respondent during a rolling 12-month period);
(iv) initiating Disciplinary Proceedings; or
(v) negotiating a settlement.

An informal disposition (including the issuance of a warning letter by the Compliance Department) will not constitute a finding of a violation or a sanction.

CMSEF's Compliance Department shall provide the Investigation Report to the Chief Compliance Officer, who shall determine whether the Investigation Report is complete.

CMSEF's Compliance Department shall complete each Investigation in a timely manner and, absent mitigating factors, no later than 12 months after the date that such Investigation was opened.

Rule 505 Opportunity to Respond to Investigation Reports

After completing the Investigation Report, if the evidence gathered during an Investigation forms a reasonable basis to believe that a violation within CMSEF's jurisdiction has occurred or is about to occur, CMSEF's Compliance Department may, upon approval of the Chief Compliance Officer, notify each potential respondent that the Compliance Department has recommended formal disciplinary charges against each such potential respondent.

The potential respondents shall be notified in writing and shall have fourteen days to respond, unless extenuating circumstances require a response sooner.

CMSEF's Compliance Department may allow a potential respondent to propose a settlement of the matter or to submit a written statement explaining why either a Disciplinary Proceeding should not be instituted or one

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or more of the potential charges should not be brought. The potential respondent shall submit such written statement within the time limit established by the Compliance Department.

Rule 506 Review of Investigation Reports

CMSEF's Compliance Department will, within 30 days, take one of the following actions:

(i) If CMSEF's Compliance Department determines that no reasonable basis exists to believe that a violation within CMSEF's jurisdiction has occurred or is about to occur, it may direct that no further action be taken. Upon such determination, the Compliance Department will provide a written statement setting forth the facts and analysis supporting the decision.

(ii) If CMSEF's Compliance Department determines that Disciplinary Proceedings are unwarranted, it may issue a warning letter setting forth, in writing, the facts and analysis supporting the decision.

(iii) If CMSEF's Compliance Department determines that additional inquiries or evidence is needed to decide whether a reasonable basis exists to believe that a violation within CMSEF's jurisdiction has occurred or is about to occur, it will continue the Investigation.

(iv) If CMSEF's Compliance Department determines that a reasonable basis exists to believe that a violation within CMSEF's jurisdiction has occurred or is about to occur, the potential respondent will be served with a notice of charges and proceed in accordance with this Chapter 5.

Rule 507 Warnings

CMSEF's Compliance Department is authorized to issue a warning letter to an individual or entity subject to an Investigation. If a warning letter is issued by the CMSEF's Compliance Department, it shall not be considered an indication that a violation has occurred. Only one warning letter may be issued to the same individual or entity per violation per year.

Rule 508 Notice of Charges

If CMSEF's Compliance Department authorizes Disciplinary Proceedings pursuant to these Rules, it will prepare, and serve in accordance with these Rules, a notice of charges.

A notice of charges will:

(i) state the acts, practices or conduct in which the respondent is alleged to have engaged;
(ii) state the Rule alleged to have been violated or about to be violated;
(iii) advise the respondent of its right to a hearing and its right to be represented by legal counsel or any other representative of its choosing (other than a Director, Officer or Employee of CMSEF, any member of the Disciplinary Panel or any Person substantially related to the Disciplinary Proceedings such as a material witness or other respondent) in all succeeding stages of the disciplinary process;
(iv) state the period of time within which the respondent can request a hearing on the notice of charges, which will not be less than 20 days after service of the notice of charges;
(v) advise the respondent that any failure to request a hearing within the period stated, except for good cause, will be deemed to constitute a waiver of the right to a hearing; and
(vi) advise the respondent that any allegation in the notice of charges that is not expressly denied will be deemed to be admitted.

Rule 509 Service of Notice of Charges

CMSEF shall serve notice of charges or other documents contemplated to be served pursuant to this Chapter 5 to a contact designated by each Participant. CMSEF may serve such notice (and service shall be deemed complete) to the respondent personally, or by deposit in the United States mail, postage prepaid, via registered or certified mail addressed to the respondent at the address as it appears in records of CMSEF. Notice of Charges may also be served by electronic mail to the respondent's electronic mail address as it appears on

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the books and records of CMSEF, if followed by a hard copy of the document sent promptly thereafter by registered or certified mail addressed to the respondent at the respondent's address as it appears in records of CMSEF.

Rule 510 Answer to Notice of Charges

If the respondent determines to answer a notice of charges, the respondent must file an answer within 20 days after being served with such notice, or within such other time period determined appropriate by the Chief Compliance Officer.

To answer a notice of charges, the respondent must in writing:

(i) for each allegation set forth in the notice of charges, admit such allegation, deny such allegation, or affirmatively state that the respondent does not have and is unable to obtain sufficient information to admit or deny such allegation, which shall have the effect of a denial of such allegation;
(ii) specify any specific facts that contradict the notice of charges;
(iv) specify any affirmative defenses to the notice of charges;
(iv) sign and serve the answer on the Chief Compliance Officer; and
(v) if applicable, request a hearing before a Disciplinary Panel.

Any failure by the respondent to serve a timely answer to a notice of charges will be deemed to be an admission to the allegations in such notice. Any failure by the respondent to answer one or more allegations in a notice of charges will be deemed to be an admission of that allegation or those allegations. Any allegation in a notice of charges that the respondent fails to deny will be deemed to be admitted. A general denial by the respondent, without more, will not satisfy the requirements of the second paragraph of this Rule.

If a respondent admits or fails to specifically deny any of the allegations in the notice of charges, the Disciplinary Panel shall find that the violations set forth in such allegations have been committed and shall impose a sanction for such violations. The Disciplinary Panel shall promptly notify the respondent in writing of any sanction imposed pursuant to this Rule and advise the respondent that the respondent may request a hearing on such sanction within 20 days of the respondent being served with such notice. Any failure by the respondent to do so will be deemed to be an acceptance of the sanctions in such notice and waiver of any right to appeal such sanctions.

A respondent shall be granted a hearing before a Disciplinary Panel for every instance in which such respondent either denies an allegation and requests a hearing in accordance with this Rule; or requests a hearing in accordance with this Rule.

Rule 511 Right to a Hearing

All respondents who have denied a charge shall be afforded the opportunity for a hearing. The hearing must concern only those charges, which the respondent has denied.

Rule 512 Settlements

A respondent or potential respondent may at any time propose in writing an offer of settlement to anticipated or instituted Disciplinary Proceedings. Any offer of settlement should contain proposed findings and sanctions and be signed by the respondent or potential respondent and submitted to the Compliance Department, and shall take into account, among other things, the disciplinary history of the respondent or potential respondent. A respondent or potential respondent may offer to settle Disciplinary Proceedings without admitting or denying the findings contained in the order of the Disciplinary Proceedings but must accept the jurisdiction of CMSEF over it and over the subject matter of the proceedings and consent to the entry of the findings and sanctions imposed.

If a respondent or potential respondent submits an offer of settlement in accordance with paragraph (a) of this Rule, the Compliance Department will forward the offer to the Disciplinary Panel with a recommendation

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on whether to accept or reject the offer. The respondent or potential respondent may withdraw such offer of settlement at any time before acceptance by the Disciplinary Panel, but may not withdraw such offer at any time after acceptance by the Disciplinary Panel.

The Disciplinary Panel may accept the offer of settlement, but may not alter the terms of a settlement offer unless the respondent or potential respondent agrees.

If an offer of settlement is accepted by the Disciplinary Panel, it shall issue a written decision specifying:

(i) the Rule violations it has reason to believe were committed, including the basis or reasons for its conclusions;

(ii) any sanction to be imposed, which must include full Customer restitution where Customer harm has been demonstrated; and

(iii) if applicable, that the respondent has accepted the sanctions imposed without either admitting or denying the Rule violations.

In the event that the Disciplinary Panel accepts an offer of settlement without the agreement of the Compliance Department, the decision must adequately support such acceptance.

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

If the offer of settlement of a respondent or potential respondent is not accepted by the Disciplinary Panel, fails to become final or is withdrawn by the respondent or potential respondent before its acceptance by the Disciplinary Panel, the matter will proceed as if the offer had not been made and the offer and all documents relating to it will not become part of the record. Neither a respondent or potential respondent nor the Compliance Department may use an unaccepted offer of settlement as an admission or in any other manner at a hearing of, or appeal from, Disciplinary Proceedings.

Rule 513 Disciplinary Panels

The Disciplinary Panel shall conduct hearings in connection with any Disciplinary Proceedings (except for summary impositions of fines pursuant to these Rules), to make findings, render decisions, and impose sanctions pursuant to this Chapter 5.

Each Disciplinary Panel shall be composed of three individuals selected by the Chief Compliance Officer. Except in cases limited to the timely submission of accurate records, each Disciplinary Panel shall consist of an individual who would not be disqualified from serving as a Public Director, who shall chair the Disciplinary Panel.

No member of the Compliance Department may serve on a Disciplinary Panel.

Except as may otherwise be provided in these Rules, the Board may at any time remove any member of a Disciplinary Panel for cause.

Within 10 days of being notified of the appointment of the Disciplinary Panel, a respondent may seek to disqualify any individual named to the Disciplinary Panel for the reasons identified in these Rules, by serving written notice on the Chief Compliance Officer and providing a copy thereof to the chairman of the Disciplinary Panel. By not timely filing a request for disqualification, the respondent will be deemed to have waived any objection to the composition of a Disciplinary Panel. The Chief Compliance Officer will decide in his sole discretion the merits of any request for disqualification. Any such decision will be final and not subject to appeal.

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

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by law. No individual shall serve on a Disciplinary Panel unless that individual has agreed in writing that he will not publish, divulge, or make known in any manner facts or information regarding the business of any Person or other information which may come to his or her attention in his official capacity as a member of the Disciplinary Panel, except:

a. when reporting to the Board or to a Standing Committee concerned with such information;
b. when reporting to the Compliance Department;
c. when requested by the CFTC or other government agency; or
d. when compelled to testify in any judicial or administrative proceeding.

Rule 514 Convening Hearings of Disciplinary Proceedings

All Disciplinary Proceedings (except for summary impositions of fines pursuant to these Rules) will be conducted at a hearing before a Disciplinary Panel. Hearings will be conducted fairly, privately and confidentially. Notwithstanding the confidentiality of hearings, the Disciplinary Panel may appoint an expert to attend any hearing and assist in deliberations if such expert agrees to be subject to an appropriate confidentiality agreement.

After reasonable notice to each respondent, the Disciplinary Panel will promptly convene a hearing to conduct the Disciplinary Proceedings with respect to such respondent. Parties to a Disciplinary Proceeding include each respondent and the Compliance Department.

The chairman of the Disciplinary Panel may continue, adjourn or otherwise conduct the hearing, as he may deem appropriate. The chairman of the Disciplinary Panel will determine all procedural and evidentiary matters, including the admissibility and relevance of any evidence proffered. In determining procedural and evidentiary matters, the chairman of the Disciplinary Panel will not be bound by any evidentiary or procedural rules of law. Once admitted during the hearing, the Disciplinary Panel may consider, and attach the weight it believes appropriate to, evidence or other materials. CMSEF's internal or external lawyers may provide guidance to the chairman of the Disciplinary Panel on the conduct of the hearing.

Except for procedural and evidentiary matters decided by the chairman of the Disciplinary Panel pursuant to these Rules, unless each respondent otherwise consents, the entire Disciplinary Panel must be present during the entire hearing and any related deliberations.

Rule 515 Respondent Review of Evidence

Prior to the commencement of a hearing, each respondent will be given the opportunity, subject to the sections below, to review all books, records, documents, papers, transcripts of testimony and other tangible evidence in the possession or under the control of CMSEF that the Compliance Department will use to support the allegations and proposed sanctions in the notice of charges or which the chairman of the Disciplinary Panel deems relevant to the Disciplinary Proceedings. Notwithstanding the foregoing, no respondent will have the right to review, and CMSEF will have no obligation to disclose, any information protected by attorney-client privilege. All requests for such information must be made not less than 10 days prior to the scheduled hearing date, unless the chairman of the Disciplinary Panel agrees otherwise.

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

Notwithstanding anything in this Rule to the contrary, the Compliance Department:

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

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(ii) will provide the respondent with access to the information and portions of the documents that the Compliance Department intends to rely on to support the allegations or proposed sanctions in the notice of charges.

For purposes of these Rules, information that could adversely affect competitive positions includes positions in Swaps currently held, trading strategies employed in establishing or liquidating positions, the identity of any Participant or Authorized User and the personal finances of the Person providing the information.

The respondent shall treat as confidential all data and information provided to it pursuant to these Rules, and shall not disclose any such data or information, except as necessary to the respondent's defense of notice of charges and any appeal of the decision of the Disciplinary Panel.

Rule 516 Conducting Hearings of Disciplinary Proceedings

At a hearing conducted in connection with any Disciplinary Proceedings, the Compliance Department will present its case supporting the allegations and proposed sanctions in the notice of charges to the Disciplinary Panel. If a respondent has timely filed an answer to the notice of charges in accordance with these Rules, the respondent is entitled to attend and participate in the hearing.

At a hearing conducted in connection with any Disciplinary Proceedings, the Compliance Department and each respondent may:

(i) present evidence and facts determined relevant and admissible by the chairman of the Disciplinary Panel;
(ii) call and examine witnesses; and
(iii) cross-examine witnesses called by other parties.

If the respondent fails to file an answer, has filed a general denial, or if any or all of the allegations in the notice of charges are not expressly denied in the respondent's answer, the chairman of the Disciplinary Panel may limit evidence concerning any allegations not expressly denied in determining the sanctions to impose. If a respondent fails to file an answer but appears at the hearing, the respondent may not participate in the hearing (by calling or cross-examining witnesses, testifying in defense, presenting evidence concerning the notice of charges, or otherwise) unless the Disciplinary Panel determines that the respondent had a compelling reason for failing to file a timely answer. If the Disciplinary Panel determines that the respondent had a compelling reason for failing to file a timely answer, the Disciplinary Panel will adjourn the hearing and direct the respondent to promptly file the written answer in accordance with these Rules.

Any Person entitled, or required or called upon, to attend a hearing before a Disciplinary Panel pursuant to this Rule will be given reasonable notice, confirmed in writing, specifying the date, time and place of the hearing, and the caption of the Disciplinary Proceedings. CMSEF will require all Authorized Persons and Authorized Users that are called as witnesses to appear at the hearing and produce evidence. CMSEF will make reasonable efforts to secure the presence of all other Persons called as witnesses whose testimony would be relevant.

If during any Disciplinary Proceedings the Disciplinary Panel determines that a reasonable basis exists to believe that the respondent violated a Rule or a provision of applicable law other than the violations alleged in the notice of charges, the Disciplinary Panel may consider those apparent violations after providing the respondent with an opportunity to answer the additional allegations in accordance with these Rules. In connection with considering apparent violations pursuant to this Rule, the Disciplinary Panel may request that the Compliance Department provide the Disciplinary Panel with any additional information.

The Disciplinary Panel may summarily impose sanctions on any Participant, Authorized Person, or Authorized User that impedes or delays the progress of a hearing.

CMSEF will arrange for any hearing conducted in connection with Disciplinary Proceedings to be recorded verbatim, or substantially verbatim, in a manner capable of accurate transcription. The record shall not be transcribed unless requested by CTFC staff or the respondent or the decision is appealed. If the respondent

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requests a copy of all or portions of the recording of a hearing, the chairman of the Disciplinary Panel may within his sole discretion order the respondent to pay the costs for transcribing the recording of the hearing.

No interlocutory appeals of rulings of any Disciplinary Panel or chairman of the Disciplinary Panel are permitted.

Rule 517 Decision of Disciplinary Panel

As promptly as reasonable following a hearing, the Disciplinary Panel will issue an order rendering its decision based on the weight of the evidence contained in the record of the Disciplinary Proceedings. A decision by a majority of the Disciplinary Panel will constitute the decision of the Disciplinary Panel.

CMSEF will serve a copy of the order of the Disciplinary Panel on the respondent and the Compliance Department. The order will include:

(i) the notice of charges or summary of the allegations;
(ii) the answer, if any, or a summary of the answer;
(iii) a brief summary of the evidence introduced at the hearing (or, where appropriate, incorporation by reference of the Investigation Report);
(iv) findings of fact and conclusions concerning each allegation, including each specific Rule that the respondent is found to have violated;
(v) the imposition of sanctions, if any, the basis for the sanctions, and effective date of each sanction; and
(vi) notice of the respondent's right to appeal pursuant to these Rules.

A Disciplinary Panel shall be dissolved automatically when it has decided the matter for which it was appointed and has notified the respondent and the Chief Compliance Officer in writing of its decision.

Unless a timely notice of appeal is filed pursuant to these Rules, the order of the Disciplinary Panel will become final upon the expiration of 20 days after the order is served on the respondent and a copy thereof is provided to the Compliance Department.

CMSEF will notify the Person subject to a Disciplinary Panel decision within thirty days of the action taken against such Person.

Rule 518 Sanctions

After notice and opportunity for hearing in accordance with these Rules, CMSEF will impose sanctions if any Participants, Authorized Persons, Authorized Users, Clearing Members, and Participant's Customers, or other Person using any of the Participant's User IDs is found to have violated or to have attempted to violate a Rule or provision of applicable law for which CMSEF possesses disciplinary jurisdiction. Any such sanctions shall take into account the respondent's disciplinary history (if any). CMSEF may impose one or more of the following sanctions or remedies:

(i) a warning letter, provided that no more than one warning letter may be issued to the same respondent found to have committed the same rule violation within a rolling 12-month period;
(ii) censure;
(iii) limitation, restriction or qualification of Trading Privileges or other activities, functions or operations;
(iv) suspension of Trading Privileges for a period not to exceed 12 months;
(v) fine (subject to this Rule);
(vi) restitution or disgorgement (in the event of a Customer harm, full Customer restitution, except where the amount of restitution or to whom it should be provided cannot reasonably be determined);
(vii) termination of Trading Privileges;
(viii) expulsion; or
(ix) any other sanction or remedy deemed to be appropriate.

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CMSEF will consider the severity of the violation and the deterrent effect when determining an appropriate sanction.

CMSEF may impose a fine of up to $100,000 for each violation. If a fine or other amount is not paid within 30 days of the date that it becomes payable, then interest will accrue on the sum from the date that it became payable at the quoted prime rate plus three per cent. CMSEF has sole discretion to select the bank on whose quotations to base the prime rate. Each Participant will be responsible for paying any fine or other amount imposed on, but not paid by, any of its Authorized Persons or Authorized Users.

Rule 519 Appeal from Disciplinary Panel Decision, Summary Impositions of Fines and Other Summary Actions

Each respondent found by the Disciplinary Panel to have violated (or, in the case of a Participant, whose Authorized User, Clearing Member or other Person using its User ID was found to have violated) a Rule or who is subject to any summary fine imposed pursuant to these Rules or any summary action imposed pursuant to these Rules may appeal the decision within 20 days of receiving the order of the Disciplinary Panel or the notice of summary action, as the case may be, by filing a notice of appeal with the Chief Compliance Officer.

The Compliance Department may appeal all or any part of a decision of the Disciplinary Panel, including any sanctions that may or may not have been imposed by the Disciplinary Panel, within 20 days of receiving the order of the Disciplinary Panel, by filing a notice of appeal with the Chief Compliance Officer.

While an appeal is pending, the effect of the order of the Disciplinary Panel or the summary action (including any sanctions, remedies or costs imposed thereby) shall be suspended.

The notice of appeal must state in writing the grounds for appeal, including the findings of fact, conclusions or sanctions to which the respondent objects. An appellant may appeal the order of the Disciplinary Panel or any summary action on the grounds that:

(i) the order or summary action was arbitrary, capricious, an abuse of discretion, or not in accordance with these Rules;
(ii) the order or summary action exceeded the authority or jurisdiction of the Disciplinary Panel, the Chief Compliance Officer or CMSEF;
(iii) the order or summary action failed to observe required procedures;
(iv) the order or summary action was unsupported by the facts or evidence; or
(v) the sanctions, remedies or costs, which were imposed, were inappropriate or unsupported by the record.

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

In connection with any appeal, the Compliance Department will furnish to the Chief Compliance Officer and to the respondent/appellant a transcript of the hearing, any exhibits introduced at the hearing, the notice of appeal and briefs filed to support and oppose the appeal.

No later than 30 days after the last submission filed pursuant to this Rule, the Chief Compliance Officer will appoint an Appeals Panel to consider and determine the appeal. An Appeals Panel shall be comprised of three individuals, none of whom shall be a member of the Compliance Department or have been a member of any Disciplinary Panel involved in the matters on appeal. The chairman of the Appeals Panel shall be an individual who would not be disqualified from serving as a Public Director.

Within 10 days of being notified of the appointment of the Appeals Panel, a respondent may seek to disqualify any individual named to the Appeals Panel for the reasons identified in these Rules, by serving written notice

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on the Chief Compliance Officer. By not filing a timely request for disqualification, the respondent will be deemed to have waived any objection to the composition of the Appeals Panel. The Chief Compliance Officer will decide the merits of any request for disqualification within his or her sole discretion. Any such decision will be final and not subject to appeal.

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

The Appeals Panel will only consider on appeal the record before the Disciplinary Panel or, in the case of a summary action, the record considered by the Chief Compliance Officer, the notice of appeal, the briefs filed in support and opposition of the appeal, and any oral arguments of the parties. The Appeals Panel may only consider new evidence when the Appeals Panel is satisfied that good cause exists for why the evidence was not introduced during the Disciplinary Proceeding or when imposing the summary action.

After completing its review, the Appeals Panel may affirm, modify or reverse any order of the Disciplinary Panel or summary action under appeal, in whole or in part, including increasing, decreasing or eliminating any sanction or remedy imposed, imposing any other sanction or remedy authorized by these Rules, or remanding the matter to the same or a different Disciplinary Panel for further Disciplinary Proceedings or for reconsideration by the Chief Compliance Officer in the case of summary action. The Appeals Panel may order a new hearing for good cause or if the Appeals Panel deems it appropriate.

As promptly as reasonably possible following its review, the Appeals Panel will issue a written decision on appeal rendering its decision based on the weight of the evidence before the Appeals Panel. The decision of the Appeals Panel will include a statement of findings of fact and conclusions for each finding, sanction, remedy and cost reviewed on appeal, including each specific Rule and provision of applicable law that the respondent is found to have violated, if any, and the imposition of sanctions, remedies and costs, if any, and the effective date of each sanction, remedy or cost.

The Appeals Panel's written order on appeal (including findings of fact and conclusions and the imposition of sanctions, remedies and costs, and the effective date of any sanction, remedy cost) will be the final action of CMSEF and will not be subject to appeal within CMSEF.

Rule 520 Summary Imposition of Fines

The Chief Compliance Officer may summarily impose a fine against a Participant (on behalf of itself or any of its Authorized Persons, Authorized Users, or Customers, or other Persons using any of its User IDs), Clearing Member, or Authorized User for failing:

(i) to timely pay fees, cost, charges or fines to CMSEF or a DCO;
(ii) to make timely and accurate submissions to CMSEF of notices, reports or other information required by these Rules; and
(iii) to keep any books and records required by these Rules.

The Compliance Department, acting on behalf of the Chief Compliance Officer, will give notice of any fine imposed pursuant to this Rule to each Participant or Authorized User subject thereto. The notice will specify:

(i) the violation of these Rules for which the fine is being imposed;
(ii) the date of the violation; and
(iii) the amount of the fine. Within 20 days of serving the notice of fine, the Participant, or Authorized User, as the case may be, must either pay or cause the payment of the fine or file notice of an appeal pursuant to these Rules. Unless timely notice of appeal is filed pursuant to these Rules, the fine will become final upon the expiration of 20 days after the notice of fine is served on the Participant, or Authorized User, as the case may be.

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CMSEF will set the amount of any fines imposed pursuant to this Rule, with the maximum fine for each violation not to exceed $5,000. Summary imposition of fines pursuant to this Rule will not preclude CMSEF from bringing any other action against the Participant, or Authorized User, as the case may be.

Rule 521 Summary Suspensions and Other Summary Actions

Notwithstanding anything in these Rules to the contrary, if the Chief Compliance Officer reasonably believes that immediate action is necessary to protect the best interests of CMSEF or the marketplace, the Chief Compliance Officer may, after consultation with the Regulatory Oversight Committee summarily suspend, revoke, limit, condition, restrict or qualify the Trading Privileges of a Participant or Authorized User and take other summary action against a Participant or any of its Authorized Users in accordance with these Rules.

Whenever practicable, the Compliance Department, acting on behalf of the Chief Compliance Officer, shall provide prior written notice to the party against whom any action in accordance with this Rule shall be taken. If prior notice is not practicable, CMSEF will give notice at the earliest possible opportunity to the respondent against whom the action is brought. The Compliance Department, acting on behalf of the Chief Compliance Officer, will prepare a notice of summary action (which will state the action, the reasons for the action, and the effective time, date and duration of the action) and serve the notice on such party and advise the recipient of the notice of its right to a prompt hearing before a Disciplinary Panel and its right to be represented by legal counsel or other representative at such hearing. A request by the recipient of the notice for such a hearing shall not delay the effectiveness of the summary action.

At the request of CMSEF, a respondent against whom a summary action is brought pursuant to this Rule must provide books and records over which the respondent has access or control and must furnish information to, or appear or testify before, CMSEF or the Disciplinary Panel with the enforcement of any Rule.

If a hearing is requested pursuant to this Rule, the Disciplinary Panel will promptly convene a hearing to be conducted in accordance with these Rules.

As promptly as reasonably possible after the hearing, the Disciplinary Panel will issue to the respondent a written order affirming, modifying, or reversing the summary action. The order will include a description of the summary action taken, a summary of the evidence introduced at the reinstatement hearing, a statement of findings of fact and conclusions, a description of any action taken or to be taken by CMSEF, and the effective date, time and duration thereof.

Any decision of a Disciplinary Panel pursuant to this Rule will be the final action of CMSEF, and not subject to appeal within CMSEF upon serving the respondent with a copy of the decision.

Rule 522 Reinstatement after Summary Suspension

A respondent whose Trading Privileges are suspended, revoked, limited, conditioned, restricted or qualified pursuant to these Rules may apply for reinstatement by filing with the Compliance Department a written request stating the applicant's reasons for seeking reinstatement. CMSEF will not consider a respondent's request for reinstatement if the respondent

(i) owes any fines, fees, charges or costs to CMSEF,
(ii) continues to fail to appear at Disciplinary Proceedings without good cause or
(iii) continues to impede the progress of Disciplinary Proceedings.

Within a reasonable period after the filing of a request for reinstatement, the Appeals Panel will conduct a hearing to consider the request. At the hearing for reinstatement, the respondent will present its, his case supporting the reinstatement and the Compliance Department, acting on behalf of the Chief Compliance Officer may, in its discretion, present its case opposing or supporting the reinstatement and each may present relevant and admissible evidence and facts and call, examine and cross-examine witnesses. At the hearing for reinstatement, CMSEF may require Participants, Authorized Persons, Authorized Users, Clearing

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Members, or Participant's Customers to appear as witnesses and produce evidence if the Appeals Panel determines that the evidence is relevant.

As promptly as reasonably possible after a reinstatement hearing, the Appeals Panel will issue an order reinstating, denying the reinstatement, or placing conditions on the reinstatement of the Trading Privileges of the respondent. The order will include a brief summary of the evidence introduced at the reinstatement hearing; and, if applicable, findings of fact and conclusions not contained in the notice of summary action issued pursuant to these Rules. The order of the Appeals Panel may not be appealed.

Rule 523 Rights and Responsibilities after Suspension or Termination

When the Trading Privileges of a Participant or Authorized User are suspended for a period of 12 months or less, none of its rights and Trading Privileges (including the right to hold oneself out to the public as a Participant or Authorized User or enter Orders or RFQs into the SEF and receive Participant rates for fees, costs, and charges and deposit margin at Participant levels) will apply to such Participant, Authorized Person or Authorized User during the period of the suspension, except for the right to assert claims against others as provided in these Rules. Any such suspension will not affect the rights of creditors under these Rules or relieve the Participant or Authorized User of its obligations under these Rules to perform any Swaps entered into before the suspension, or for any Company fees, costs, or charges incurred during the suspension. CMSEF may discipline a suspended Participant, Authorized Person or Authorized User under this Chapter 5 for any violation of a Rule or provision of applicable law committed by the Participant or Authorized User before, during or after the suspension.

When the Trading Privileges of a Participant or Authorized User are terminated, all of its rights and Trading Privileges will terminate, except for the right of the Participant, Authorized Person or Authorized User in question to assert claims against others, as provided in these Rules. Any such termination will not affect the rights of creditors under these Rules. A terminated Participant or Authorized User may only seek to reinstate his Trading Privileges by providing CMSEF with satisfactory evidence that he complies with these Rules. CMSEF will not consider the application of a terminated Participant or Authorized User if such Participant or Authorized User, as the case may be, fails to appear at Disciplinary Proceedings without good cause or impedes the progress of Disciplinary Proceedings.

A suspended or terminated Participant or Authorized User remains subject to these Rules and the jurisdiction of CMSEF for any acts or omissions prior to the suspension or termination, and must cooperate in any Investigation, Disciplinary Proceeding, appeal from Disciplinary Proceedings, summary suspension or other summary action as if the suspended or terminated Participant or Authorized User still had Trading Privileges.

Rule 524 Notice of Disciplinary Proceedings

CMSEF will provide written notice of Disciplinary Proceedings to the parties and the RSP consistent with applicable CFTC Regulations. Whenever CMSEF suspends, expels, fines or otherwise disciplines, or denies any Person access, to CMSEF, CMSEF will make the public disclosures required by CFTC Regulations.

Rule 525 CFTC Review of CMSEF Actions

The review by the CFTC, pursuant to section 8c of the Act, as amended, of any suspension, expulsion, disciplinary or access denial action, or other adverse action by CMSEF, shall be governed by Part 9 of the CFTC's Regulations.

Chapter 6 Miscellaneous

Rule 601 Gifts and Gratuities

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Except with the prior written approval of the Chief Compliance Officer, no Participant, Authorized Person, or Authorized User shall, directly or indirectly, give or permit to be given anything of value, including gifts and gratuities, to any CMSEF member of the Board, Officer, Employee, or Agent of CMSEF.

Rule 602 Rule Violations

CMSEF shall consider it a violation of these Rules for a Participant, Authorized Person, Authorized User, or Customer of a Participant to knowingly violate the terms of any agreement made with CMSEF.

Rule 603 Market Data

CMSEF owns 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 any and all Market Data, and all derivative works based thereon, generated in the course of the operations of CMSEF.

Participants, and other Persons affiliated with any of the foregoing may not distribute, sell or retransmit Market Data to any third party without the consent of CMSEF, with the exception of information about specific trades executed on CMSEF by the Participant or other Person affiliated with the Participant.

CMSEF may share such proprietary data or personal information with one or more registered entities (as such term is defined in CFTC Regulations).

CMSEF is prohibited from the use any proprietary data or personal information obtained through the course of its regulatory role to further any commercial any business interest, without express permission. Such information includes, but is not limited to:

1. Records or data obtained through CMSEF's surveillance of Participants;
2. Records or data obtained related to a CMSEF Enforcement Action or Investigation; and
3. Records or data obtained from Participants by request

Access to the SEF may not in any way be conditioned upon the Participant agreeing to allow CMSEF to use its proprietary records or data. Such agreement must be in the form of independent, affirmative consent via separate signature from the Participant that CMSEF is collecting data or personal information for CMSEF's regulatory role.

Rule 604 Publication of Trading Information

As required by SEF Core Principle 9 and Parts 37 and 16 of the CFTC Regulations, CMSEF will publish information about trading activities on CMSEF. CMSEF will publish such information in a timely manner.

Rule 605 Anti-Money Laundering

CMSEF requires all of its Participants to ensure that they "know their Customers and Employees". CMSEF requires that all Participants, their Approved Persons and Approved Users agree to not knowingly assist any money laundering or other illicit business and will not knowingly assist or be a conduit for terrorist financing.

CMSEF may require that Participants provide evidence to prove that Participants' Customers are not Specifically Designated Nations or Blocked Persons as designated by the Office of Foreign Assets Control of the U.S. Department of the Treasury.

Rule 606 Swaps Trading by CMSEF Officials

CMSEF prohibits members of the Board, Officers, Employees, and independent contractors from trading, directly or indirectly, any Swap traded on CMSEF or any other SEF where such individual has access to material non-public information concerning such Swap. Swaps traded by retirement plans or retirement

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investments where the individual is not involved in the decision making process shall not be deemed to constitute trading directly or indirectly in a Swap.

Rule 607 Confidentiality

With the following exceptions, CMSEF shall hold in confidence all non-public information provided by a Participant, Customer of a Participant or Authorized User:

(i) when legally requested by a Government Agency or the regulatory authority (foreign or domestic);
(ii) to a SDR, DCO, or other entity for the purposes of clearing a Swap;
(iii) to a Regulatory Services Provider;
(iv) when required as part of a legal proceeding;
(v) as part of an Investigation into market abuses or Disciplinary Proceedings;
(vi) with the consent of the Participant; and
(vii) any other reason permitted by these Rules.

Rule 608 Information-Sharing Agreements

As required by applicable law, from time to time CMSEF may enter into information-sharing agreements to coordinate surveillance with domestic or foreign regulators, self-regulatory organizations, clearing organizations, exchanges, markets or other execution facilities to share information.

Under such information-sharing agreements, CMSEF may:

(i) share information about current and former Participants;
(ii) share information about current and ongoing Investigations;
(iii) share information about CMSEF market activity; and
(iv) require Participants to provide detailed information about their activities, Customers and staff.

Rule 609 Rule Changes Due to Changes in Government Regulations

CMSEF may, from time to time, amend or repeal any Rule and/or adopt new Rules as required to remain in compliance with a CFTC or CEA Rules or Regulations. All new Rules, amendments or repeals of a Rule or adoption of a new Rule, shall take effect upon the effective date adopted by CMSEF.

Any and all such changes shall be binding on all Participants, Authorized Officials, Authorized Users, and Customers of Participants of the CMSEF.

CMSEF may, in its sole discretion, waive, or extend the time period for performing, any act or acts designated by these Rules, but only to the extent that such waiver or extension is not inconsistent with the CEA or CFTC Regulations

Rule 610 Governing Law

Any disputes between CMSEF and a Participant, a Participant's Authorized Person or Authorized User or a Customer of a Participant shall be governed by, and construed in accordance with, the laws of the State of New York applicable to contracts executed and performed wholly within the State of New York, without regard to any provisions of New York law that would apply the substantive law of a different jurisdiction.

Any legal actions against CMSEF, its members of the Board, Officers, Employees, or agents must be brought within one year from the date of the event that caused the accrued. Legal actions against CMSEF shall be brought in the State or Federal courts located within the Borough of Manhattan in the City of New York.

Participants, Authorized Persons, Authorized Users, and Customers of Participants who fail to prevail in a lawsuit or other legal proceeding against CMSEF or its members of the Board, Officers, Employees or Agents shall reimburse CMSEF for all expenses, including reasonable attorneys' fees, incurred by CMSEF or its members of the Board, Officers, Employees or Agents by CMSEF in the defense of such proceedings.

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Rule 611 Force Majeure

CMSEF shall not be obligated to perform its obligations under these Rules or any agreement with a Participant, or to compensate any Participant or a Participant's Customer for losses as a result of any circumstances that CMSEF determines, in its sole discretion, may have an adverse effect upon the functions and facilities of CMSEF. For the avoidance of doubt, this includes acts of God, fire or other natural disasters, pandemic, epidemic, quarantine, bomb threats, acts of terrorism or war, severely inclement weather, power outages, interruption in telecommunications or Internet services or services by network service providers, work stoppages, severe market disruptions, disputes with service providers, or other unforeseen events.

Rule 612 Extension or Waiver of CMSEF Rules

The Chief Compliance Officer of CMSEF may, in his sole discretion, waive, or extend the time period for performing, any act or acts designated by CMSEF Rules, but only to the extent that such waiver or extension is not inconsistent with the CEA or CFTC Regulations.

Rule 613 Trading Restrictions of CMSEF Employees

Employees of CMSEF are prohibited from:

(i) Trading, directly or indirectly, in any commodity interest traded on CMSEF;

(ii) Trading, directly or indirectly, in any related commodity interest;

(iii) Trading, directly or indirectly, in a commodity interest traded on contract markets or SEFs or cleared by DCOs other than CMSEF;

provided, that this prohibition only applies if the Employee has access to material, non-public information concerning such commodity interest;

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

(v) Disclosing to any other Person any material, non-public information which such Employee obtains as a result of his or her employment at CMSEF where such Employee has or should have a reasonable expectation that the information disclosed may assist another Person in trading any commodity interest; *provided, however,* That such rules shall not prohibit disclosures made in the course of an Employee's duties, or disclosures made to another self-regulatory organization, linked exchange, court of competent jurisdiction or representative of any agency or department of the federal or state government acting in his or her official capacity.

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Appendix A – Default Uncleared Crypto Swap Master Agreement

This Crypto Master Agreement for Crypto Asset Derivatives ("Crypto Master Agreement") is hereby effective upon the execution of the first Crypto Asset Derivatives trade between the Adhering Parties on CMSEF ("Effective Date") by and among each party hereto (each, an "Adhering Party" and together, the "Adhering Parties"). Each Adhering Party wishes to facilitate the process of entering into and confirming Crypto Asset Derivatives with each other Adhering Party and agrees as follows:

1. Application: This Crypto Master Agreement shall apply to each crypto asset derivatives transaction ("CAD Transaction") executed on the trading platform provided by Clear Markets North America, Inc. ("CMSEF") by Adhering Parties, on or after the Effective Date, and is governed by the rules established by CMSEF (the "Rules").

2. ISDA Master Agreement: This Crypto Master Agreement incorporates by reference the 2002 ISDA Master Agreement ("ISDA Master Agreement"), as if the Adhering Parties had executed an agreement in such form, and shall be bound thereto without any schedule, except for the election of (1) the laws of the State of New York as the governing law, (2) for the purposes of Section 2(c) of the ISDA Master Agreement, "Multiple Transaction Payment Netting" will apply with respect to each CAD Transaction, (3) United States dollars as the Termination Currency or Base Currency, as the case may be, and (4) the following terms shall be effective as if added to Section 9 of the ISDA Master Agreement:

> "Delay in settlement made using a cryptocurrency shall be the liability of the payor, as determined by the Calculation Agent."
>
> "In the event of a hard fork in the settlement asset, the settlement terms of the Transaction shall be subject to amendment provided by the Calculation Agent."
>
> "When a settlement of each Transaction is made using a cryptocurrency, such settlement shall be effective on the day on which a custodian completes the transfer of assets."

Adhering Parties shall post initial margin (IM) with an agreed custodian if selected otherwise with each other in an amount agreed upon by Adhering Parties; and the IM shall be held with ether each other or custodian until the final settlement of the CAD Transaction.

In addition, an electronic agreement to maintain collateral that locks assets and transfers their value as collateral shall be deemed a Credit Support Document under the ISDA Master Agreement and each Adhering Party who posts collateral under that electronic agreement shall be deemed to be a Credit Support Provider. For the avoidance of doubt, a failure to provide agreed upon collateral shall constitute a Credit Support Default for purposes of Section 5(a)(iii) of the ISDA Master Agreement.

3. Transaction Confirmation: The Adhering Parties shall confirm the economic terms (as agreed upon between the parties) of each CAD Transaction in a confirmation (each such confirmation, a "Transaction Confirmation"). When an Adhering Party executes a CAD Transaction on the trading platform provided by CMSEF, a Transaction Confirmation is automatically generated. Each Transaction Confirmation shall be deemed to incorporate and be subject to all of the terms of this Crypto Master Agreement. This Crypto Master Agreement, together with each Transaction Confirmation, constitutes a "Confirmation" as referred to in, and is subject to, the terms and conditions of the ISDA Master Agreement and the Rules.

4. Representations: Each Adhering Party will be deemed to represent to the other Adhering Party on the date on which it enters into a CAD Transaction that:

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(a) This Crypto Master Agreement is a legal, valid and binding obligation of each Adhering Party, enforceable against each Adhering Party in accordance with its terms.

(b) Absent a written agreement between the Adhering Parties that expressly imposes affirmative obligations to the contrary for that CAD Transaction: (i)(A) it is acting for its own account, and it has made its own independent decisions to enter into that CAD Transaction and as to whether that CAD Transaction is appropriate or proper for it based upon its own judgment and upon advice from such advisors as it has deemed necessary; (B) it is not relying on any communications (written or oral) of the other Adhering Party as investment advice or as a recommendation to enter into that CAD Transaction, it being understood that information and explanations related to the terms and conditions of a CAD Transaction shall not be considered investment advice or a recommendation to enter into that CAD Transaction; and (C) it has not received from the other Adhering Party any assurance or guarantee as to the expected results of that CAD Transaction; (ii) it is capable of evaluating and understanding (on its own behalf or through independent professional advice), and understands and accepts, the terms, conditions and risks of that CAD Transaction; and (iii) the other Adhering Party is not acting as a fiduciary or an advisor for it in respect of that CAD Transaction.

(c) Each Adhering Party acknowledges that there are risks associated with an CAD Transaction that use virtual currencies, which are a relatively new and emerging asset class, as the reference asset. The controlling documents of the CAD Transaction, which includes the ISDA Master Agreement and this Crypto Master Agreement, state each Adhering Party's exclusive rights and obligations, including any recourse that may be available to it in order to enforce the terms of the CAD Transaction.

5. Calculation Agent: Unless otherwise specified either in the applicable Rules, or separately between the Adhering Parties, the Calculation Agent for a CAD Transaction shall be specified in the Credit Support Document.

6. Term: This Crypto Master Agreement shall commence on the date that both Adhering Parties have signed their Participation Agreement and remain in effect unless and until the Adhering Parties enter into an alternative Master Agreement.

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