

## **ORGANISED TRADING FACILITY RULE BOOK FOR BGC BROKERS LP (THE “RULE BOOK”)**

This Rule Book is the formal codification of Operator’s current trading practices with which Participants will be familiar. Notwithstanding the Participants participation on Operator’s trading facilities, Participants shall remain subject to the laws and regulations of the regulator in their jurisdiction of domicile and registration.

Where Operator’s trading facilities are made available in the European Economic Area (EEA) or the United Kingdom (UK) they are classified as an Organised Trading Facility.

Updated versions of our venue Rule Books and other venue documentation and policies can be found online at: <https://www.bgcg.com/disclaimers/mifid-ii/bgc/>

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## 1. DEFINITIONS

<b>Actionable Indication of Interest</b>	means a message from one member or participant to another within a trading system in relation to available trading interest that contains all necessary information to agree on a trade;
<b>Affiliate</b>	means any company, person, partnership or entity controlled by or controlling or in common control with that party. A person, company, partnership or entity shall be deemed to control another person, company, partnership or entity if the former person, company, partnership or entity possesses, directly or indirectly, the power to direct, or cause the direction of, the management and policies of the other person, company, partnership or entity whether through ownership of voting securities or partnership interests, representation on its board of directors or similar governing body, by contract or otherwise;
<b>Algorithmic Trading</b>	has the meaning given in the Glossary to the FCA Handbook;
<b>All-or-None/AON</b>	as defined in clause 3.8(c) of this Rule Book;
<b>Applicable Law and Regulations</b>	<p>in the case of Operator in respect of the operation of the System, the laws, rules and regulations in force from time to time which apply to Operator and the System, as updated and amended from time to time; and</p> <p>In the case of each Participant the applicable rules or instructions of their Regulator and all other applicable laws, rules and regulations in force as applicable to the Participant and which apply to their Participation as updated and amended from time to time.</p>
<b>Authorised Trader</b>	a natural person authorised by a Participant to use the System in accordance with the Participant Agreement and/or these Rules;
<b>Business Day</b>	<p>as determined at Operator's sole discretion, a day on which the System is available, which may be a day:</p> <ul style="list-style-type: none"><li>(a) on which financial institutions are agreed to be open for business in the principal financial centre of the jurisdiction concerned;</li><li>(b) on which, settlement of payments and the clearing of transactions is possible in the principal financial centre of that jurisdiction; and</li><li>(c) that is not a bank holiday or public holiday in that jurisdiction.</li></ul>
<b>CFTC</b>	the Commodity Futures Trading Commission is an agency of the US government that regulates the U.S. derivatives markets, which includes futures, swaps, and certain kinds of options.
<b>Content</b>	means any and all research reports, statements, confirmations, account information and materials, market data, news, documents provided in electronic format and other information (including, without limitation, identifying information), reports, analytics, calculators, data, valuations, ratings and content, in each case, emanating directly or indirectly from the System whether provided by or for Operator or input or communicated using User IDs;

<b>Customer</b>	a customer of a Participant;
<b>Deferral</b>	the deferral of Operator’s obligation to make public certain post-trade information as close to real-time as technically possible;
<b>Eligible Contract Participant</b>	bears the meaning set out in Section 1a (18) of the Exchange Act (US Code, Title 7, Chapter 1) as may be amended or further interpreted from time to time;
<b>Eligible UK Facility</b>	means the Organized Trading Facility operated by the operator that has been granted an exemption from SEF registration pursuant to CEA section 5h(g) as may be amended or further interpreted from time to time;
<b>Eligibility Criteria</b>	the criteria set out in clause 2.2(b) of this Rule Book;
<b>Error Trade</b>	an erroneous trade when there is an obvious error in any relevant terms, such as size, price, direction, or Instrument traded;
<b>FCA</b>	The Financial Conduct Authority, a financial services regulator in the United Kingdom;
<b>Good-Until-Bettered-Orders</b>	as defined in clause 3.8(a)(i) of this Rule Book;
<b>Good-Until-Cancelled</b>	where a specific order on the System is valid until withdrawn, which may be done at a time pre-arranged by automated timer up until the end of the applicable Business Day; also known as ‘Good For Day’ or ‘Good Until Time’. All orders are automatically cancelled at the end of a trading session and will not be automatically reinstated in the next trading session;
<b>Immediate-or-Cancel Orders/IOC</b>	as defined in clause 3.8(a)(iv) of this Rule Book;
<b>Indication of Interest</b>	means displaying a non-binding, conditional interest in buying or selling an Instrument, but do not have fixed terms;
<b>Inside Information</b>	information relating to a security or orders pending or contemplated in an Instrument or other security which: <ul style="list-style-type: none"> <li>(i) is of a precise nature;</li> <li>(ii) is not generally available;</li> <li>(iii) relates directly or indirectly to an Instrument or other security or issuer of a security; and</li> </ul> <p>would, if generally available, be likely to have a significant effect on the price of an Instrument or other security or related securities;</p>
<b>Insolvency</b>	where in respect of a Participant, its parent company or ultimate holding company, any of the following occur: (i) it makes a composition or arrangement with its creditors; or (ii) it becomes bankrupt; or (iii) it makes a proposal for a voluntary arrangement for a composition of debts; or (iv) it has a provisional liquidator appointed; or (v) it has a winding-up order made; or (vi) it passes a resolution for voluntary winding up; or (vii) it has an administrator or an administrative receiver appointed; or (viii) any procedure equivalent to the above occurs in any other jurisdiction; or (ix) it is otherwise unable to meet its debts as

they fall due;

<b>Instruments</b>	means all MIFID Financial Instruments as defined in the FCA's Perimeter Guidance Manual, Section PERG 13.4 of the Handbook and available for trading on the System as made available by Operator from time to time;
<b>Intended Purpose</b>	the sole purpose of a Participant and its Authorised Trader(s) using the System and/or Content for trading with or via Operator and/or on a Market operated by Operator and/or other purpose(s) authorised by Operator from time to time and in compliance with Operator's instructions from time to time whether under a Participation Agreement, this Rule Book or otherwise and during the time that a Participant is a customer of Operator or Operator permits a Participant to use the System, whichever is longer;
<b>Limit-Orders</b>	as defined in clause 3.8(a)(ii) of this Rule Book;
<b>Market</b>	categories of Instruments as are available for trading on the System in respect of a particular market as amended by Operator from time to time;
<b>Market Abuse</b>	any behaviour that constitute market abuse, market manipulation or insider trading or any similar behaviour prohibited or subject to penalties / sanctions under Regulation (EU) No596/2014 as it forms part of UK domestic laws and regulations.
<b>Market Price</b>	as defined in clause 4.2(a);
<b>Matching Session</b>	the auction commenced by Operator at the end of the Opening Period;
<b>Max Display Order</b>	as defined in clause 3.8(b) for this Rule Book;
<b>MIFID II</b>	Directive 2014/65/EU amending Directive 2002/92/EC and Directive 2011/61/EU as it forms part of UK domestic laws and regulations;
<b>MIFIR</b>	Regulation (EU) No 600/2014, as it forms part of UK domestic laws and regulations;
<b>No Review Range</b>	The range as determined in accordance with clause 4.2 of this Rule Book;
<b>One-Cancels-the-Other/OCO</b>	as defined in clause 3.8(c)(i) of this Rule Book;
<b>Opening Hours</b>	the hours which are between the period of time each week from 0700 Monday local time in Tokyo, Japan, through to 1800 Friday local time in New York, USA;
<b>Opening Period</b>	the period in which the System gathers indications of interest from Market Participants with respect to volume, bids or offers as part of the Matching Session;
<b>Operator</b>	BGC Brokers LP;
<b>Order Book</b>	the stack of bids and offers displayed and recorded in the System and available for trading;
<b>Participant</b>	an entity that has met and continues to meet the Eligibility Criteria, which is: (i) either subject to a Participant Agreement with Operator or is permitted by Operator to use the System pursuant to clause 2.2(d) and subject to these Rules; and (ii) which is approved by Operator to be a Participant of the System. Insofar as a Participant is trading on an Organised Trading Facility in the UK, Participant will have been onboarded either as a Professional Client or Eligible Counterparty;
<b>Participant Agreement</b>	one or more agreements, between Operator and/or its Affiliates and the Participant and/or its Affiliates, as determined by the Operator, which relates to the provision of the System or parts thereof and/or the associated services, as may be updated or

	amended from time to time;
<b>Participation</b>	admission to the System as a Participant and any and all activity of such a Participant in relation to the System;
<b>Pre-Trade Data</b>	has the meaning given at 2.5(a);
<b>Post-Trade Data</b>	has the meaning given at 2.5(c);
<b>Regulations</b>	as defined in clause 6(b);
<b>Regulator</b>	in the case of Operator in respect of the operation of the System the applicable regulator of Operator in relation to its operation of the System; and In the case of each Participant, the applicable regulator(s) the Participant is regulated by in relation to their Participation from time to time;
<b>Relevant Transaction</b>	a transaction in an Instrument that takes place on the System;
<b>Rule Book</b>	this document as may be amended and updated by Operator from time to time;
<b>Rules</b>	this Rule Book, and any relevant User Guides, Trading Guidelines and Trading Notices issued by Operator as each may be updated or amended from time to time;
<b>Sources</b>	means collectively the direct and indirect third party or affiliated licensors, vendors, service providers, subcontractors and sources of any content, Market, system or other service whether the same is provided directly to a Participant or through Operator or any third party;
<b>System</b>	the discretionary hybrid multilateral system(s) (including without limitation any hardware, software and/or communications link furnished by Operator from time to time) operated by Operator as provided and varied from time to time in Operator's discretion (through which a Participant may electronically send to Operator information including prices, bids, offers and executions) and the services provided in relation to it. The above is defined under UK legislation as an Organised Trading Facility;
<b>Swap Transactions</b>	bears the meaning set out in Section C of Annex 1 of MiFID II, or in relation to U.S. Persons, Section 721 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) all as may be updated and amended from time to time.
<b>System Security Criteria</b>	the criteria in relation to system security set out in clause 2.8 of this Rule Book as amended or updated by Operator from time to time upon reasonable notice to the extent practicable;
<b>Terms of Business</b>	means the Terms of Business of BGC Brokers L.P. as amended from time to time;
<b>Trading Guidelines</b>	any applicable product specific documentation which outline the Participant's responsibilities relating to Relevant Transactions as may be updated and amended by Operator from time to time;
<b>Trading Notice</b>	any notice issued by Operator in respect of a Market or Instrument or to one or more Participants in relation to Participation from time to time;
<b>User Guide</b>	the documents, in conjunction with other forms of instruction, which may be made available to Participants and as may be updated from time to time which relate to, amongst other things, global help desk contact details, access to the trading system, placing of orders on the trading system, functionality of the trading system, trading system settings and related functional descriptions;
<b>User ID</b>	a unique identifier code assigned by Operator to each Authorised Trader, either a Natural Person or an Algorithm of a Participant as the case may be;

<b>U.S. Person</b>	bears the meaning set out in the Commodity Futures Trading Commission's Interpretive Guidance and Policy Statement Regarding Compliance with Certain Swap Regulations, 78 Fed. Reg. 45292, as may be amended or further interpreted from time to time;
<b>Waiver</b>	the waiver of Operator's obligation to make public certain pre-trade information.



## 2. PARTICIPATION

### 2.1 INTRODUCTION

Each Participant's access to and use of the System shall be governed by, in order of precedence, this Rule Book, the Operators Terms of Business and/or the applicable Participation Agreement. In the event of a conflict between these terms the terms of this Rule Book shall prevail in all circumstances.

Capitalised terms used in this Rule Book and not otherwise defined, have the meaning set forth in the Operators Terms of Business.

### 2.2 ADMISSION

- (a) Prospective Participants shall be required:
  - (i) to provide any information, including a valid Trader/User Identification or Legal Entity Identifier (LEI), as reasonably required by Operator;
  - (ii) be either a Professional Client or Eligible Counterparty as defined by the UK Financial Conduct Authority, or an Eligible Contract Participant to the extent applicable in the case of a U.S. Person who wishes to execute swap transactions;
  - (iii) validly enter in to a Participant Agreement or comply with Operator's required procedures for using the System pursuant to clause 2.2(d);
  - (iv) successfully complete any relevant system conformance testing requirements pertaining to electronic order submission or algorithmic trading strategies; and
  - (v) agree to be bound by and comply with the Rules at all times during its Participation (which may be changed from time to time at the discretion of Operator);
  - (vi) satisfy the Eligibility Criteria.
- (b) It is the Participant's responsibility to ensure at any and all times during its Participation that:
  - (i) its Authorised Traders have sufficient knowledge and experience to trade in particular Instruments and Markets;
  - (ii) it has undertaken (and procures that its Authorised Traders have undertaken) the appropriate System training;
  - (iii) it meets the required System Security Criteria;
  - (iv) it has a Legal Entity Identifier (LEI) and that it remains active and valid;
  - (v) it and its Authorised Traders comply with the Rules, Trading Guidelines (if any) and Applicable Law and Regulations;
  - (vi) its technical processes and front-end interface or computer program for automated order entry connecting to the System are in compliance with Operator's reasonable technical requirements (as may be amended or updated by Operator from time to time upon reasonable notice to Participants where practicable);
  - (vii) prior to its submission for conformance testing by the Operator of a substantial update to its trading Algorithm or trading strategy the Participant will complete required and appropriate testing and sign-off processes;
  - (viii) it meets Operator's credit requirements (as may be amended or updated by Operator from time to time);

- (ix) it has adequate internal procedures, including pre-trade and post trade controls required to minimise trading errors and to prevent disorderly trading or breaches of the Rules and Applicable Law and Regulations;
- (x) it has adequate execution, order management and settlement, and, if applicable, clearing arrangements in place;
- (xi) it has one or more personnel identified to Operator in writing from time to time, who are contactable by and responsible to Operator in relation to all aspects of the Participant's Participation;
- (xii) it seeks and obtains Operator's consent prior to operating any execution, market-making, statistical arbitrage Algorithm or smart order router which optimises execution processes by determining parameters of the order; and
- (xiii) it and its Authorised Traders only use the System and Content for the Intended Purpose

together, the "**Eligibility Criteria**".

- (c) Participation for each Participant shall become effective on such date and at such time as Operator may notify the Participant (where such date is at the full discretion of Operator).
- (d) Operator may permit Participants to use the System where they have not entered into a Participant Agreement provided they meet the Eligibility Criteria (to the extent applicable) and otherwise comply with Operator's required procedures and terms for using the System (as amended by Operator from time to time).

### **2.3 ROLE OF OPERATOR**

- (a) Operator acts as the operator of the System and in that capacity, Operator will provide matched principal brokerage and reception and transmission of orders and other services and activities in certain Instruments, subject to the Participant satisfying the Eligibility Criteria, the Rules, and Applicable Law and Regulations.
- (b) Operator may (in its absolute discretion) admit certain financial instruments to the System. Operator will maintain a list of the financial instruments available for trading in the System on its website (referred to as the Instruments). Operator will allow any Instrument to be made available for trading provided the Instrument is compatible with Operator's systems and not otherwise prohibited from trading by the Operator.
- (c) Provided Operator complies with Applicable Law and Regulation, it's best execution arrangements and order handling rules, Operator may exercise discretion at order level and/or execution level.
- (d) In accordance with the Rule 2.5 (b) and 2.5 (d), Operator may have been granted regulatory approval of Waivers for Orders and Deferrals for Trades. Operator is not required to comply with the tick size regime.
- (e) Operator will not execute Participant orders against the proprietary capital of Operator or its Affiliates.
- (f) The System allows interests to be pre-arranged outside the System, before the trade is brought onto and formalised on the System under the rules of the System.
- (g) In the event participation is not granted under Rule 2.2 or Operator informs the Participant in writing that it has or intends to carry out an action under any of Rules 2.11, 2.12 or 2.13, the prospective Participant or the Participant (as the case may be) may appeal the proposed or actual

decision by contacting Operator's Compliance Department at [#compliancebgcuk@bgcg.com](mailto:#compliancebgcuk@bgcg.com)) and setting out in writing:

- (i) Details of the proposed or actual decision as communicated to prospective Participant or Participant by Operator; and
- (ii) The reasons why the decision should not be made or, if a decision has been made, the reasons why it should be changed or reversed.

A person from Operator's Compliance department who has not previously been involved with the matter will review the intended decision or the actual decision (as the case may be) and may recommend:

- (i) To uphold the decision;
- (ii) To proceed in making the intended decision;
- (iii) To change or reverse the decision (giving directions as appropriate).

Operator and Participant must follow the recommendation made. Any decision made following such a recommendation will be final.

## 2.4 TRANSACTION REPORTING OBLIGATIONS

- (a) Participants should be aware of, and are solely responsible for fulfilling their own transaction reporting obligations under Applicable Laws and Regulations, including MIFID II and MIFIR.
- (b) To the extent required under Applicable Law and Regulations, the Operator shall submit transaction reports containing details of the transactions in Instruments, as required by the Article 26 MIFIR, to the FCA with respect of transactions entered into by Participants of the System. Operator shall not transaction report on behalf of Participants who are required to comply with the transaction reporting requirements under MIFIR themselves.
- (c) In accordance with Rule 2.7, Participants agree to provide all information that the Operator may reasonably request to comply with its own reporting obligations under Applicable Law and Regulations, including but not limited to the identity of decision makers, the trading capacity of the Participant and the Customer on whose behalf the Participant submitted the bids and offers.

## 2.5 TRANSPARENCY OBLIGATIONS

- (a) Where required under Applicable Law and Regulations, the Operator will make public, on a continuous basis during a Trading Day, basic trade data around firm quotes broadcasted on the System ("**Pre-Trade Data**") subject to 2.5(b) below.
- (b) Where the Operator has been granted a transparency waiver from publication of all or part of the Pre-Trade Data, the Operator will be exempted from the requirements to publish Pre-Trade Data to the extent provided for by the applicable transparency waiver.
- (c) Where required under Applicable Law and Regulations, the Operator will make public, as close to real-time as technically possible, the price, volume and time of Trades executed on the System ("**Post-Trade Data**") subject to 2.5(d) below.
- (d) Where the operator has been granted a transparency deferral from publication of all or part of the Post-Trade Data, the Operator will be exempted from the requirements to publish Post-Trade Data to the extent provided for by the applicable transparency deferral.

## 2.6 CONTINUING OBLIGATIONS

Participants must at all times:

- (i) ensure that they continue to meet the Eligibility Criteria;
- (ii) be responsible for any and all obligations and liabilities arising (directly or indirectly) from the entry, deletion and execution of all orders and trades submitted to the System by or on behalf of the Participant and any and all Relevant Transactions arising as a result; and
- (iii) undertake conformance testing prior to the deployment or a substantial update of the Participant's trading system, Algorithm, trading strategy or the access to the trading venue's system.

## 2.7 SYSTEM SECURITY OBLIGATIONS

- (a) Each Participant shall:
  - (i) be solely responsible for controlling and monitoring the use of all User IDs issued to it and its Authorised Traders by Operator; and
  - (ii) ensure that each User ID is used only by the designated Authorised Trader or Algorithm;
  - (iii) ensure that each Authorised Trader / Algorithm accessing the System using such User ID is assigned a unique password and that each password is used only by the natural person or Algorithm to whom it is assigned; and
  - (iv) ensure that User IDs are only used as permitted by the Rules.
- (b) Each Participant shall be bound by any actions taken through the use of its User IDs or passwords, including, without limitation, the execution and settlement of Relevant Transactions, whether or not such actions were authorised by the Participant or any of its employees, consultants, agents or those acting on its behalf or Authorised Traders.

## 2.8 SYSTEM SECURITY CRITERIA

- (a) Participants must have in place policies, procedures, systems and practices consistent with both appropriate industry standards and reasonably acceptable to Operator, which:
  - (i) restrict access to any system capable of submitting orders to the System only by Authorised Traders or Algorithms;
  - (ii) creates, maintains and records accurate and complete records regarding any and all activity on the System via User IDs; and
  - (iii) require that each Authorised Trader that is issued or authorised to use a unique User ID:
    - (A) protects and maintains the security of the individual User ID provided; and
    - (B) prohibits the use of such User ID by any other person.

together, the “**System Security Criteria**”.

- (b) Operator will provide on Participant's reasonable request multiple User IDs to enable Participant to provide access to the System as is reasonably required for the Participant's trading and internal business identification and organisational purposes.

## 2.9 NOTIFICATIONS

- (a) All notifications under the Rules by Participants shall be made as soon as is reasonably practicable to Operator. Where a Participant's notification is initially made verbally the Participant must confirm the notification in writing.

- (b) Participant must notify Operator in writing as soon as reasonably possible:
  - (i) of any changes to Participant MIFID status or to its categorisation as either an Eligible Counterparty or Professional Client;
  - (ii) of a change in the Participant contacts and/or the list of its Authorised Traders;
  - (iii) if an Authorised Trader ceases to be authorised by the Participant to conduct business on the System;
  - (iv) of any significant changes that are likely to increase the Participant's credit risk for Operator, the System and/or other Participants, including, but not limited to, if Participant's Insolvency occurs or is likely to occur;
  - (v) upon the commencement of enforcement or other material proceedings by any Regulator to the extent that such action or proceedings could relate to Relevant Transactions and/or compliance with the Participant Agreement and/or the Rules, save to the extent that such notification or disclosure is prohibited by Applicable Law and Regulations;
  - (vi) if the Participant becomes aware of any (or any potential) unauthorised disclosure or use of:
    - (i) a User ID; or
    - (ii) access to the System;
  - (vii) if the Participant is unable to ensure efficient and correct settlement of trades concluded on the System; and
  - (viii) any other events or issues which Operator would reasonably expect notice of.

## **2.10 TRANSACTION RECORDS**

- (a) Participants must retain a record of each Relevant Transaction for the relevant period required under Applicable Law and Regulations from the date of entry on to the System. Records must be stored in an unalterable format or otherwise in compliance with Applicable Law and Regulations.
- (b) On Operator's request, the Participant shall supply (within such time limit as may be required by a relevant Regulator or under Applicable Law and Regulations or otherwise as soon as reasonably practicable) records or other information concerning Relevant Transactions in a format, electronic or otherwise, as specified by Operator in order to assist Operator in ensuring compliance with the Rules, Applicable Law and Regulations or requirement of a Regulator (as the case may be).
- (c) Operator's records in relation to any Relevant Transaction shall be the authoritative record of the Relevant Transaction.
- (d) Operator shall maintain records of all orders for a minimum of five years from the date of the record or otherwise in compliance with Applicable Law and Regulations.

## **2.11 MISLEADING ACTS, CONDUCT, AND PROHIBITED PRACTICES**

- (a) A Participant shall not whether by itself, or in collusion with others, and shall ensure that its Authorised Traders shall not without limitation do any of the following whether or not this puts Operator in breach of any Applicable Law and Regulation or obligation to a Regulator:
  - (i) commit any act or engage in any course of conduct which creates, or is likely to create, a false or misleading impression of one or more Markets, or the price, demand, supply, or value of any Instrument;

- (ii) cause or enter into any artificial transaction on the System;
- (iii) submit an order with a fictitious quantity or price onto the System;
- (iv) commit any act or engage in any course of conduct which is likely to damage the fairness or integrity of the System;
- (v) commit any act or engage in any course of conduct which causes, or contributes to, a breach of the Rules;
- (vi) effect a pre-arranged transaction that is designed to give a false view of supply, demand or pricing of an Instrument or Market;
- (vii) disseminate any information likely to affect or distort any Market or Instrument;
- (viii) post orders which, taking account of the relevant market circumstances, appear to have the primary purpose of frustrating the orderly operation of the electronic market and other Participants' use of the System and/or to mislead or cause market confusion; nor
- (ix) engage in any conduct which may constitute Market Abuse.

## **2.12 SUSPENSION AND TERMINATION**

- (a) Without prejudice to Operator's rights under its Terms of Business, a Participation Agreement or under clause 2.2(d) and relevant Schedules hereto, if, at any time, a Participant or an Authorised Trader: (i) does not comply with the Rules (which includes meeting the Eligibility Criteria at all times); or (ii) poses a risk to the fair and orderly market on the System), Operator may suspend, restrict or terminate that Participant's and / or Authorised Trader's access to the System in any way that Operator deems reasonably necessary, having proper regard to all the circumstances. Operator shall send notice of such termination or suspension to the Participant or Authorised Trader as soon as is reasonably practical.
- (b) If, at any time, a Participant, in Operator's reasonable opinion, poses a credit risk to Operator, the System and/or other Participants, Operator may suspend, restrict or terminate that Participant's access to the System.
  - (i) Operator reserves the right to restrict a Participant's or Authorised Trader's receipt of Content or access to and use of the System.
  - (ii) Operator reserves the right to delete any order submitted to the System where Operator believes it necessary in order to preserve market orderliness.
- (c) Further to clauses (a) and (b) above, in the event of: (i) suspension of a Participant and during the period of suspension, (ii) termination of a Participant Agreement in respect of a Participant; or (iii) a Participant's access to the System being terminated, the entity which was formerly a Participant:
  - (i) shall not be permitted to access the System, submit any orders and/or execute or settle any Relevant Transactions;
  - (ii) shall remain liable and responsible to the System and other Participants for acts and omissions in relation to its Participation committed by the Participant and its Authorised Traders during any period of Participation;
  - (iii) will remain subject to the terms of the Participant Agreement and Rules in relation to their Participation during the period of Participation to the extent provided or required; and
  - (iv) shall continue to comply with any reasonable requests for information that Operator may

make in relation to the Participation of the Participant.

## **2.13 SANCTIONS**

In the interests of maintaining a fair and orderly market, Operator, acting in good faith, will have absolute discretion in applying any or all of the following sanctions to a Participant or Participants for breach of the Rules:

- (i) written warning;
- (ii) temporary suspension of access to the System;
- (iii) reporting details to a Regulator;
- (iv) publication of the details of the infringement where the Operator, in its sole discretion, considers it in the interests of the fair and orderly markets;
- (v) termination of Participation; and/or
- (vi) such other actions as Operator deems reasonably necessary.

Other than as set out in these Rules, and other than as between the parties and their advisers, all parties shall keep confidential any matters relating to any of the above sanctions proceedings save where disclosure is permitted or required to a Regulator by Applicable Law and Regulations.

## **2.14 CONTENT**

Each Participant shall ensure that only Authorised Traders may access any Content and use it solely for trading on the System or with or via Operator as the case may be (or as otherwise directed by Operator from time to time), fully comply with all of the agreements, requirements and restrictions of Operator and any applicable Source(s) relating to such Content and the use, access, storage and redistribution thereof, and all Applicable Law and Regulations. In order to ensure compliance with contractual restrictions and obligations imposed by Operator, or any applicable Source(s) regarding such Content, a Participant shall promptly respond to any and all requests for information from Operator, or such Source(s), allow Operator, or those representing the Source(s) access to its systems and distribution networks, and shall cooperate with any other measures which Operator may take in good faith in order to fulfil its obligations to the Source(s). Content may not be aggregated with other content, used for any purpose other than trading on the System or with or via Operator or redistributed to anyone who is not an Authorised Trader and in particular not outside the Participant. If a Participant becomes aware of any unauthorised use, access to, storage or redistribution of Content, it shall notify Operator in writing immediately. Operator reserves the right to provide, amend or restrict the provision of Content and the terms thereof in its discretion.

## **3. PRODUCTS AND ORDER PLACEMENT**

### **3.1 PRODUCT GROUPS AND ASSET CLASSES**

The System currently offers access to a wide variety of products and execution protocols within multiple asset classes. Operator reserves the right to amend the product groups and Markets to which it offers access at any time. Further details on the Rules in relation to each product group and Market may be found in relevant User Guides and Trading Guidelines where applicable. Operator will determine, at its absolute discretion, which Instruments are eligible for trading on the OTF. Provided:

- (i) Operator's IT and other systems allow the Instruments to be traded;
- (ii) trading in Instruments is allowed under Applicable Law and Regulations; and

(iii) the Instrument is not suspended or otherwise prohibited from trading, Operator will offer the Instrument for trading.

### **3.2 COMMODITY DERIVATIVES**

- (a) In order to manage any Participant's' open interest positions in commodity derivatives, Operator may monitor such positions and may require a Participant to:
  - (i) terminate or reduce a position or exposure;
  - (ii) provide liquidity back into the market at an agreed price and volume on a temporary basis; or
  - (iii) provide access to any information under Participant's control relating to the size and purpose of a position entered into, information about the beneficial or underlying owners, any concert arrangements and any related assets or liabilities in the underlying market.
- (b) In the event a commodity derivative is subject to the rules of the System, the spot month identification rule will be specified in the relevant commodity derivative contractual specifications.

### **3.3 SWAP TRANSACTIONS IN RELATIONS TO U.S PERSONS**

U.S. Persons' attention is drawn to the Clearing Conditions in Schedule 2 in relation to Swap Transaction arranged on the System.

### **3.4 APPLICATIONS**

The System can be accessed through various interfaces, and by using software which has been developed by Operator (or its Affiliates) or by third parties. The interface provided to Participants and Authorised Traders may vary depending on the Instrument, trading protocol and the method of access used. This interface may refer to applications of the System.

### **3.5 ORDER PLACEMENT**

- (a) A Participants' trading interests must be designated as either Indications of Interest, Actionable Indications of Interest, or Orders upon submission to the system.
- (b) Orders may be entered into the System only:
  - (i) in such form and during such times as Operator shall prescribe; and
  - (ii) by a Participant via its Authorised Traders.
- (c) Orders may contain such limitations and shall have such effect as determined and published by Operator from time to time.
- (d) Each order entered into the System must be in the form and contain the information Operator requires. Any order not complying with the System requirements shall not be accepted.
- (e) A Participant shall not submit orders or amend orders in an Instrument or Market which is subject to trading suspension by Operator. Orders in such an Instrument or Market may be considered null and void by the Operator.
- (f) All orders entered into the System are executable and available for execution (in full) and, when executed, will be binding on the Participant placing the order (unless otherwise provided in the Rules) even if the order was placed on behalf of a third party.
- (g) All orders entered into the System shall remain open in the System until executed, withdrawn or cancelled. Such open orders constitute the 'Order Book'. Orders entered into the System may be amended by the Participant or the Operator and Broker authorised to enter orders on behalf of the Participant, but any change in the price or increase in quantity shall be treated as a new order for



the purpose of time price priority.

- (h) When carrying on electronic order submission or Algorithmic Trading, each Participant's connection to the System is set to a maximum number of messages per second per matching session. If a Participant exceeds the message limit, then the exceeding orders/modifications/cancelations will be held until the next second and then released into the matching session.
- (i) Authorised Traders may not be allowed to execute on their own bids and offers.

### **3.6 ORDER ENTRY REQUIREMENTS**

- (a) The following pre-trade controls on price and volume of orders may be applied by the Operator
- (b) For size of order.
  - (i) A maximum quantity size.
  - (ii) Where applicable, the maximum quantity may be reduced as the credit limit is approached.
- (c) Controls in place for orders placed away from the prevailing market price at the time the order is submitted.
- (d) Orders are compared against the last market activity (executed trades or best bid/offer) upon entry against a maximum number of price increments.
- (e) Controls in place for price formats and instruments. Orders are checked for price formats and instrument name on entry.
- (f) Controls in place for duplicative orders. Operator may reject orders from any Authorised Trader, Participant or Customer who sends multiple duplicate orders (same side, size, price, and instrument) .
- (g) Where applicable, controls in place to prevent the entry of orders that exceed appropriate pre-set credit thresholds. Each order will be checked in real time against the credit of the Participant's Credit Limit and individual Authorised Trader limits (if required).
- (h) Where applicable, controls in place to prevent the entry of orders that exceed appropriate pre-set credit thresholds given the risk adjusted open orders, via the above control with the credit usage of the open orders set by historical fill ratio in the book.

### **3.7 GENERAL SYSTEM ORDER CANCELLATION**

- (a) All orders open at the end of the Business Day are cancelled.
- (b) All orders for Authorised Traders on a particular connection may be cancelled upon the termination, loss or unexpected connection activity, unless the Authorised Trader has requested an account setting, where such setting is available, allowing his/her order to stand in the event of trading interruption.
- (c) Operator may cancel unexecuted orders submitted by Participant where the Authorised Trader is technically unable to delete its own orders.
- (d) Erroneous and duplicate orders are cancelled.

### 3.8 GENERAL SYSTEM TYPES OF ORDERS AND ORDER ATTRIBUTES

- (a) The following orders may be entered by a Participant and/or its Authorised Traders into the System:
- (i) *Good-Until-Bettered-Orders*. A Good-Until-Bettered Order is an order to buy or sell a stated amount of an Instrument to be executed at the displayed price until bettered by another order (whether from the original Participant or another Participant) or cancelled. Provided, however, its validity may also be made subject to the condition that the order is Good-Until-Cancelled.
  - (ii) *Limit-Orders*. A Limit-Order is an order to buy or sell a stated amount of an Instrument to be executed at the price stated in the order or better, such that the order will persist even if bettered and until cancelled. Provided, however, its validity may be made subject to the condition that the order is Good-Until-Cancelled.
  - (iii) *Order at Best*. An Order at Best is an order to buy or sell a stated amount of an Instrument to be executed at the price stated in the order or better, but, will only execute at the top price level in the Instrument with the unexecuted amount placed as a bid or offer at the top level such that the order will persist even if bettered and until cancelled.
  - (iv) *Immediate-Or-Cancel Orders/IOC*. An IOC is a request to buy or sell an Instrument on the System at a pre-determined price that, if matched, may initiate a trade and persist for the duration of that trade until fully executed, cancelled or the trade ends. If no contra-price is immediately available the order is immediately cancelled in its entirety.
- (b) *MaxDisplay*: A MaxDisplay order (which may otherwise be commonly known as an iceberg order) is a limit order in which the total amount to be executed is specified but the amount displayed by the System is set by the Authorised Trader as a specific quantity or a quantity to be set randomly by the System between two quantity parameters (high and low) set by the Authorised Trader. Upon execution of the displayed quantity a new quantity is displayed with the time priority of an order and thus repeated until the entire quantity is executed or cancelled.
- (c) The Good-Until-Bettered and Limit-Order types may also be used with the following order attributes:
- (i) *One-Cancels-The-Other/OCO*. OCO provides protection to the Participant so that if a Participant has the choice to connect multiple bid and/or offer orders to other orders (normally configured to be within specific set sub-groups) and one of the Participant's orders is executed upon, then the Participant's remaining orders attached to the executed bid or offer will be cancelled immediately.
  - (ii) *All-Or-None/AON*. AON provides Participants with the facility to restrict execution to all of the chosen order size, or none at all, such that partial execution is disallowed. Users of AON as an order type may be bypassed in some order matching scenarios where the System cannot match with the AON order due to the size restriction but can match with other Participants instead who are posting bids or offer orders in other amounts.

### 3.9 ALLOCATION AND PRIORITY OF ORDERS AND NO WITHHOLDING OF ORDERS

A Participant shall not withhold or withdraw from the System any order, or any part of an order, for the benefit of any Customer other than the Customer on behalf of whom the order was entered.

### 3.10 BROKER-ASSISTED ORDER ENTRY

- (a) Operator acting on behalf of a Participant may, upon request of the Participant, assist a Participant

in the entry or withdrawal of orders into or out of the System via an authorised managed account. An authorised managed account specifically permits Operator broker to enter or withdraw orders into and out of the System on behalf of a Participant.

- (b) Upon Operator's receipt of a specific request from a Participant for voice assistance in the entry or withdrawal of an immediately executable order directly into or out of the System, Operator will use reasonable endeavours to enter or withdraw the executable order promptly into or from the System.
- (c) Any request by a Participant to Operator for voice assisted order entry of an order that is not immediately executable may be entered into the System by Operator as soon as reasonably practicable. Operator broker will use reasonable endeavours to record the time at which the request for assistance was first received and the time that the order was entered into the System.
- (d) Where permissible by Applicable Law and Regulations, the Operator may use its discretion to allow trading interests that have been pre-arranged outside the venue to be formally finalised on the OTF, therefore subjecting those trades to the OTF rules.

### **3.11 INFORMATION REGARDING ORDERS**

- (a) Operator will make information regarding orders (including, but not limited to, prices bid or offered), trades and any other matters it may deem appropriate available to Participants, Authorised Traders and other permitted persons at such times and in such manner as it may consider reasonable from time to time.
- (b) Each Participant, Authorised Trader and other permitted person receiving any such information through the System may redistribute such information only to such extent and in such manner as may be permitted by Operator from time to time.

### **3.12 PROHIBITED OR SUSPENDED INSTRUMENTS**

Operator may (in its absolute discretion) suspend or remove any Instrument, and any derivatives related to or referenced to that Instrument, from the System at any time for any reason. Any decision to: (i) suspend or remove Instruments from trading; or (ii) to reinstate any suspended Instruments will be notified by Operator.

### **3.13 FEES AND CHARGES**

Operator reserves the right in relation to the System to charge such amounts as set forth in the applicable Participant Agreement and/or the OTF rate card.

### **3.14 TAXES**

- (a) The Participant shall be liable for the payment of any applicable taxes that arise from the trading of Instruments including, but not limited to, inter alia, stamp duty reserve tax.
- (b) It is the obligation of the Participant to determine whether taxes arise from the trading of Instruments on the System, and to apply for any exemptions from or other appropriate treatment in relation to such taxes.

## **4. GLOBAL TRADING RULES**

### **4.1 TRADE CANCELLATIONS AND PRICE ADJUSTMENTS**

- (a) Trade Cancellation Authority. Operator's trade cancellation policy in respect of each Market is set

out in the respective User Guides, Trading Guidelines where applicable, and in this clause 4. The System can be accessed through various interfaces provided to Participants which may differ depending on the Instrument, execution protocol and the method of access used. As defined in clause 3.4 and 3.5 the price, volume and messaging thresholds can vary, and are set depending on the execution protocol and Instrument in question. Participants must at all times have adequate systems and controls designed to minimise the risk of error in relation to bids and offers submitted to the System, and to ensure that their conduct on the System complies with the OTF Rules and Eligibility Criteria. Participants may withdraw, cancel, and amend their trading interests prior to those trading interests being executed.

- (b) The Operator may use its sole discretion to cancel, amend or withdraw a trade, including but not limited to where it considers that it constitutes an:
  - (i) Error Trade;
  - (ii) Contrary to Applicable Law;
  - (iii) Detrimental to fair and orderly trading on the System;
  - (iv) Indicative of Market Abuse or manipulation; or
  - (v) A transaction that the participants will not be able to settle.
- (c) The Operator may review a trade based on its analysis of market conditions or upon a request for review by a Participant or Authorised Trader. Operator has the authority to adjust or cancel trades in respect of a Market (i) in accordance with the applicable Trading Guidelines, (ii) when such action is necessary to mitigate market disruptive events caused by the improper or erroneous use of the System or by system defects, or (iii) if Operator determines that allowing the trade to stand as executed may have an adverse effect on the integrity of the market or to comply with relevant regulatory requirements (which may include the circumstances set out in clause 2.11).
- (d) Participant requested review of trades. A request for review must be made by Participants within 15 minutes after the execution of the applicable trade. Operator shall promptly determine, in accordance with this clause 4, whether the trade will be subject to review and upon deciding to review a trade. Operator will promptly issue an alert to all relevant (as determined by Operator) Participants on the System indicating that the trade is under review. When reviewing a trade, the rules in clause 4.2 below shall only apply in relation to the prices to be reviewed.
- (e) In the course of its review of any amendment or cancellation request, Operator may, but is not obligated to, inform any of the parties to the trade of the identity and contact information of any other party to the trade.
- (f) Trade review, adjustment and cancellation for specific Instruments shall be governed by the respective User Guides and Trading Guidelines.

#### **4.2 TRADE PRICE ADJUSTMENT AND CANCELLATION PROCESS.**

Trade Price Adjustment and/or Cancellation shall be carried out in accordance with the following:

- (a) *No Review Range*. In determining the No Review Range, Operator shall determine the market price for that Instrument immediately before the trade under review (the “**Market Price**”). Operator may consider any relevant information, including but not limited to the existing market conditions, the volatility of the market, the prices of related Instruments in other markets, the last trade price on the System, a better bid or offer price, a more recent price in a related Instrument, the price of the same or related Instrument established in reported voice facilitated trading and any other factors

that Operator deems relevant. Subject to clause 4.2(c)(iv), the No Review Range for a trade shall generally and normally be where the difference in price between the mid-market price at the time of the trade and the price where the trade is executed is outside threshold parameters predetermined by the Operator. Operator reserves the right to determine the No Review Range of individual Instrument Asset Classes at its sole discretion. The No Review Range for a voice trade may be communicated to the Participant by Operator.

- (b) Trade Price Inside the No Review Range. If Operator determines that the price of the trade under review was inside the No Review Range, Operator will promptly issue an alert to all relevant (as determined by Operator) Participants and Authorised Traders on the System indicating that the trade shall stand.
- (c) Trade Price Outside the No Review Range.
  - (i) *Price Calculation.* Subject to clauses 4.2(c)(ii) and 4.2(c)(iii), if Operator determines that a trade price is outside the applicable No Review Range, the trade price shall be adjusted by the Participants (and Operator if appropriate) to either:
    - (A) a price within the No Review Range as agreed upon between the Participants to the trade; or
    - (B) a price that equals the Market Price for that Instrument at the time of the questioned trade, plus or minus the standard or adjusted No Review Range as determined by Operator.
  - (ii) *Trade Outside Business Day.* In relation to liquid Instruments (as determined by Operator), in the event that the adjusted price under clause 4.2(c)(i)(A) would be outside the trading range of the Business Day during which the trade in question occurred, then such adjustment shall be limited to the trading range of that Business Day.
  - (iii) *Alteration of Standard No Review Range.* During fast market conditions, upon the release of significant news, or in other circumstances in which Operator determines it is appropriate, Operator may at its discretion, without prior notice, temporarily increase the No Review Range.
  - (iv) *Post Trade Determination by Operator.* Operator will promptly issue an alert to all relevant (as determined by Operator) Participants and Authorised Traders on the System indicating that the prices of the trades outside the No Review Range have been adjusted to the No Review Range limit or have been cancelled.
  - (v) *Busy or "fast" markets -* Participants are reminded that in busy and/or "fast" markets it may be difficult to establish a mid-market price and that ultimately the Participant is responsible for both the prices they enter and the transactions that they execute on the System and any errors they may make in connection with any order or trade.

*Trade Adjustment and Cancellation.* Upon notification of a trade which is deemed to meet the above error criteria, Operator will seek to mediate a prompt resolution between Participants. If no agreed resolution is reached, a party to the trade may request that Operator escalate the issue to the head traders of the Participants involved (which Operator may do at its sole discretion).
  - (vi) Additionally, Operator has the authority, but not the obligation, to cancel rather than adjust the price of trades and in particular where a trade meets the above error criteria, Operator may, in its discretion, cancel a trade, including in order to comply with relevant regulatory requirements and preserve market orderliness and the integrity of the System.
  - (vii) Participants shall abide by Operator's determination hereunder. Operator shall not bear

any liability to any Participant including, but not limited to, for any loss or damage suffered by parties to the trade, as a result of Operator's reasonable determination or the adjustment or cancellation of any such trade.

#### **4.3 SUSPENSION OF AUTOMATIC OR MANUAL EXECUTION**

- (a) Operator may suspend the execution of orders on the System in one or more Instruments if:
  - (i) Operator determines a system problem has occurred or is likely to occur;
  - (ii) To avoid disorderly trading;
  - (iii) the Instrument is the subject of a suspension by a Regulator; or
  - (iv) Operator, in its absolute discretion, considers it appropriate to do so.
- (b) Operator may apply volatility safeguards (including trading halts) in regard to the execution of orders on the System in the event of excessive market volatility.

### **5. MATCHING, SETTLEMENT AND CLEARING**

#### **5.1 AFFIRMATIONS AND OBJECTIONS**

- (a) Operator will notify Participants of the matching of bids and offers through the System as follows:
  - (i) initial execution notification: following trade execution, the System will send an initial execution message which includes price, size and side (buyer and seller) information (where applicable) to both sides of a trade or of each trade within a series of matched trades;
  - (ii) subsequent trade notification: shortly after initial execution notification, the System will send a trade confirmation message which details any combined executions the price, size and side of the trade for straight through processing purposes; and
  - (iii) final notification: after completion of the transaction, the System will issue a confirmation that includes all material details of the Relevant Transaction.
- (b) Objections to the contents of transaction confirmations must be submitted to Operator, in writing, promptly upon receipt, but no later than the close of that Business Day.

#### **5.2 TRADE EXECUTION**

- (a) The System is a hybrid system into which Members may enter voice and/or electronic orders. Participants may connect to the System via various methods such as by Voice to a Broker, through Graphical User Interface or an Application Program Interface or similar service. Trading sessions remain open throughout the Business Day. The following matching functionalities are available in the system:
  - (i) Conventional Voice to Broker
  - (ii) Broker Managed Order Entry and Affirmation (either voice or electronic medium)
  - (iii) Fully Electronic
  - (iv) Request for Quote (RFQ)
  - (v) Central Limit Order Book (CLOB)
  - (vi) Volume Match

- (b) Except as expressly provided for by these Rules, all orders are matched by:
- (A) the action of one Participant communicating an executable bid or offer to Operator for any Instrument made available for trading in the System; and
  - (B) a responding Participant accepting a firm bid or offer;  
or
  - (C) the action of one Participant (by voice or otherwise) engaging a displayed bid (or offer); or
  - (D) the electronic matching of two opposing orders (i.e. one order to bid or buy and one order to offer or sell) that occur at the same price.
- (i) Voice Work-up or Join the Trade (JTT): In order to encourage the provision of liquidity to the System, following the execution of an initial transaction either of the parties to the transaction or any other Member may request a work-up trading session. To open a work-up trading session the Operator announces the work-up session and price. Counterparties to the initial transaction may have a priority for additional amounts at the work-up price. Resting bids or offers at the work-up price or better must be included in the work up session. During the work-up session, execution occurs at the time a buyer and a seller agree on the quantity of their respective transaction (the price being the work-up price), such execution being indicated to the counterparties by communication of Operator. Separate transactions entered into during the work-up process will not be confirmed or reported as a single aggregate transaction. The work-up shall end when, to the extent possible, all buying and selling interests at that price have been filled. Any unfilled bid or offer at that price at the conclusion of the work-up shall be treated as a resting bid or offer, depending upon the instruction of the Member.
- (ii) Fully Electronic Work-Up: For certain products, in order to encourage Participants to provide liquidity to the market, during the Regular Trading Session a Participant that exhausts all of the bids (or offers) displayed on the System at a single time and at a particular price shall be able to use the System to query the Participants whose bids were accepted to request them to enter into additional transactions at the same price. The System on behalf of each Participant may query the parties to the transaction in the order in which their bids (or offers) were executed. The Participant may enter a request to the System for additional volume which shall remain open with each such Participant for the number of seconds specified by the System for that particular product, which duration may vary according to the Instrument category and their position in the order stack. Once the time has expired for the original executing parties, all Participants may then be matched with contra-orders for additional size traded.
- (iii) Additional Trading: Additional Trading sessions may be structured in the manner that, in the judgment of Operator, will provide for a robust exchange of indications of interest, or bids and offers by multiple parties.

For the avoidance of doubt:

bids and offers shall be considered to be firm at the time first communicated to Operator and subsequently indicative unless the Participant confirms to Operator that the bid or offer remains firm;

where a new bid or offer is bid or offered into the market and it does not match a resting bid or offer, the Participant with the resting bid or offer that is closest in price and then oldest in

time to the new bid or offer, generally has priority in accepting the new bid or offer;

an executed transaction may take place between two responding Members;

the System will display orders based upon price/time priority, so that an order at a better price will always have priority over other orders at inferior prices and resting orders at the same price will be displayed on a time priority basis where orders received at the same price will be displayed and acted upon in the order in which they were received.

### **5.3 OBLIGATION TO SETTLE**

- (a) A Participant must, in respect of Relevant Transactions, settle all obligations in accordance with the settlement instructions and the settlement process for the relevant Market and all requirements of the relevant settlement facility.
- (b) A Participant shall ensure that Instruments delivered in settlement of a transaction are free of any charge or encumbrance.
- (c) Operator will offer the necessary links to clearing and settlement depositories and clearing houses either directly or via industry standard middleware providers.
- (d) Unless agreed otherwise between the parties, a Relevant Transaction in any Instrument shall be settled in the standard place of settlement for that Instrument.

### **5.4 CLEARED DERIVATIVES**

- (a) In order for Operator to submit a Participant's transaction to a CCP for clearing, Participant must provide the information in (b) below and comply with either (i) or with (ii) and (iii) below. Participant must:
  - (i) be a member of a CCP;
  - (ii) enter into a contractual arrangement with a clearing member of the CCP under which the clearing member automatically becomes counterparty to the cleared derivative transaction;
  - (iii) enter into further contractual arrangements with the clearing member whereby Participant agrees to become counterparty to the cleared derivative transaction after the transaction is cleared.
- (b) Participant must provide Operator with information requested by Operator in writing.
- (c) In the event a third-party software provider is used to route a trade from the System to a CCP, Participant must not make any amendments to the terms of the transaction post submission to the third-party software provider and prior to clearing.
- (d) In the event an electronic trade is not accepted for clearing by the CCP (other than for technical or clerical reasons) the trade will be void.
- (e) In the event a voice trade is not accepted for clearing by the CCP (other than for technical or clerical reasons), Participant must identify an alternative mechanism to clear the transaction outside the venue.
- (f) If a trade is not accepted for clearing due to technical or clerical reasons, Operator will re-submit the trade to the CCP as per Applicable Law and Regulations provided that the relevant Participants consent.



## 6. GENERAL

- (a) Operator may, at its discretion, waive the enforcement of the Rules but any waiver shall not prevent or restrict Operator from taking action to enforce the Rules whether in respect of any other infringement of them (even if related) or against any other Participant in relation to a similar breach.
- (b) In the case that the Rules would impose an obligation or requirement upon Operator or any Affiliate that conflicts with any Applicable Law and Regulations to which they are bound, the Rules are superseded by such Regulations.
- (c) Operator's interpretation of these Rules shall be final and binding upon any Participant or Authorised Trader. Operator shall not be liable to any Participant or Authorised Trader for any loss or damage incurred by reason of Operator's interpretation or application of the Rule Book or Operator's adherence to Applicable Law and Regulations.
- (d) The terms and conditions which by their nature are to survive termination, cancellation, replacement, expiration or modification of the Rules, shall survive.
- (e) If any clause or term of these Rules is found to be illegal, invalid or unenforceable under any Applicable Laws and Regulations, such clause or term shall, insofar as it is severable from the remaining clauses or terms be deemed omitted from these Rules until replaced by Operator and shall in no way affect the legality, validity or enforceability of the remaining clauses and terms.
- (f) This version of the Rule Book terminates and supersedes all prior versions from the date hereof (save in respect of any provisions which are by their nature to continue in full force and effect post termination).
- (g) Operator may amend, supplement, replace partially or wholly any of the Rules from time to time in its sole and absolute discretion. Changes shall be notified in such manner and place as Operator may determine including, but not limited to, by posting on designated websites. Each Participant shall be deemed to have accepted such changes by: (i) accepting the changes in accordance with Operator's required procedures; or (ii) 5 Business Days or such greater time as Operator may reasonably specify after the posting of such changes on Operator's relevant website; or (iii) upon either being granted access to the System or continuing to have access to the System and/or trading on the System, whichever is the earlier after the reasonable notice period specified by Operator of when the changes come into effect.
- (h) Operator's rights and remedies and a Participant's obligations under the Rules are cumulative and are in addition to Operator's rights and remedies and a Participant's obligations under any Participation Agreement and/or, as applicable, any other agreement of Operator's, and any written agreement between a Participant and any Source(s), as any of the same may be amended or supplemented from time to time.
- (i) Each Schedule to this Rule Book (as such Schedule may be updated and amended from time to time upon reasonable notice to Participants to the extent practicable), forms part of and is incorporated into this Rule Book.
- (j) In the event of any conflict between a Participation Agreement and the Rules, the relevant provisions of the Rules shall govern.

## 7. CONFIDENTIALITY

Participant may not externally reproduce or circulate the Rules without Operator's express permission in writing save to provide to its professional advisers or where required as a matter of Applicable Law and

Regulations. Copyright and all other intellectual property rights to the Rules belong to Operator and its Affiliates.

**8. COMPLAINTS BY PARTICIPANTS**

In the event that a Participant is dissatisfied with the service provided by Operator, then the Participant should follow the complaints procedure as set out in the Operators Terms of Business.

## **SCHEDULE 1 – SWAP TRANSACTIONS SUBJECT TO COMMODITY FUTURESTRADING COMMISSION (“CFTC”) RULES**

### **1. ELIGIBILITY CRITERIA**

Where a Participant is a U.S. Person, the System may only be accessed in relation to Swap Transactions by or on behalf of such Participant which is an Eligible Contract Participant. Participants agrees to provide the Operator with such information or documentation as the Operator may require from time to time to evidence the above Eligibility Criteria.

### **2. CLEARING CONDITIONS IN RELATION TO SWAPS TRANSACTIONS CONDUCTED BY OR ON BEHALF OF U.S. PERSONS**

- 2.1 Given that the System is an Eligible UK Facility, U.S. Persons acknowledge and agree that concluded Swap Transactions are subject to the relevant Commodity Futures Trading Commission (“Commission”) regulations promulgated under the US Commodity Exchange Act (as amended from time to time) (the “CEA”), set out below:
- (a) When a Swap Transaction is a “customer” position subject to CEA section 4d, the transaction, if intended to be cleared, must be cleared by or on their behalf through a Commission-registered futures commission merchant (“FCM”) at a Commission-registered derivatives clearing organization (“DCO”);
  - (b) When a Swap Transaction is a “proprietary” position under Commission Regulation 1.3, the Transaction, if intended to be cleared, must be cleared by or on their behalf either through a Commission-registered DCO or a clearing organization that has been exempted from DCO registration by the Commission pursuant to CEA section 5b(h) (an “Exempt DCO”); and
  - (c) When a Swap Transaction is subject to the Commission’s clearing requirement under Part 50 of the Commission’s regulations, and is entered into by a Person that, pursuant to CEA section 2(h)(1), is subject to such clearing requirement, the Transaction must be cleared by or on their behalf either through a Commission-registered DCO or an Exempt DCO; provided that, consistent with (a) above, if the Transaction is a “customer” position subject to CEA section 4d, it must be cleared through a Commission-registered FCM at a Commission-registered DCO, and cannot be cleared through an Exempt DCO.