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April 29, 2022

**RULES GOVERNING THE**  
**FMX DIVISION**  
**AND CX DIVISION**  
Of  
**FMX FUTURES EXCHANGE, L.P.**

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Any Person initiating or executing a transaction on or subject to the Rules of the Exchange directly or through an intermediary, and any Person for whose benefit such a transaction has been initiated or executed, expressly consents to the jurisdiction of the Exchange and agrees to be bound by and comply with the Rules of the Exchange in relation to such transactions, including, but not limited to, rules requiring cooperation and participation in investigatory and disciplinary processes.

## VERSION LOG

Version	Effective Date	Summary of Changes	Responsibility
1.0	July 12, 2021	Base	Chief Operating Officer
1.1	tbd	Draft of proposed rule changes to permit intermediated trading; reorganization into three Parts	Chief Operating Officer
1.2	March 18, 2022	Revisions based on DMO comments	Chief Operating Officer
1.3	April 29, 2022	Revisions to ROC and Disruptive Trading	Chief Operating Officer

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## **PART A RULES OF THE FMX DIVISION**

Scope: The Rules in Part A apply to trading of Contracts on the FMX Division of the Exchange.

### **CHAPTER I DEFINITIONS; INTERPRETATION; AMENDMENTS**

#### **I-1 Defined Terms**

The following terms have the meanings specified herein with regard to the Exchange and the FMX Division unless otherwise specifically provided in the Rules of the Exchange or the context otherwise requires.

##### **Affiliate**

An “Affiliate” of, or a Person “Affiliated” with, another Person is a Person who, directly or indirectly, Controls, is Controlled by, or is under common Control with, such other Person.

##### **Appeals Panel**

The term “Appeals Panel” means a panel comprised of 3 individuals from the Regulatory Oversight Committee, with one individual acting as chairman, which will consider appeals in accordance with Chapter XIV. If fewer than 3 individuals from the Regulatory Oversight Committee are eligible to serve on the Appeals Panel pursuant to Rule XIV-16, the Appeals Panel shall be a panel solely comprised of those individuals from the Regulatory Oversight Committee that are eligible to serve on the Appeals Panel and such additional individuals meeting the requirements of Public Director who are appointed by the Compliance Director pursuant to Rule XIV-16. Members of the Compliance Department shall not be eligible to serve on the Appeals Panel. Members of a Disciplinary Panel may not serve on an Appeals Panel for the same matter.

##### **Applicable Law**

The term “Applicable Law” means, with respect to any Person, any statute, law, regulation, rule or ordinance of any governmental authority applicable to such Person, including the CEA, CFTC Regulations, NFA Rules, and margin rules adopted by the Board of Governors of the Federal Reserve System.

##### **Authorized Customer**

The term “Authorized Customer” means any Customer of an FMX Participant that uses a User ID to access the Exchange Trading System directly. For the avoidance of doubt only an FMX Participant that is an FCM may sponsor an Authorized Customer’s direct access. Authorized Customers may not place Orders on behalf of Customers.

### **Authorized Trader**

The term “Authorized Trader” means any natural person who is authorized by a Participant or by an Authorized Customer to place Orders on the Exchange Trading System.

### **Available Order Type**

The term “Available Order Type” means any form of Order to buy or sell a Contract on or subject to the Rules of the CX Division or the FMX Division with any modifiers that can be added to the Order as described as an Acceptable Order for the CX Division or the FMX Division, as applicable.

### **Block Trade**

The term “Block Trade” means a privately negotiated transaction in futures, options or combination transactions that meet or exceed minimum size thresholds and are not executed through the Exchange Trading System.

### **Block Trade Contract**

The term “Block Trade Contract” has the meaning set forth in XI-7.

### **Block Trader ID**

The term “Block Trader ID” shall have the meaning ascribed to it in XI-7.

### **Board of Directors**

The term “Board of Directors” means the Board of Directors of the Exchange constituted from time to time in accordance with the CX Futures Exchange, L.P. Operating Agreement and the Amended and Restated Limited Liability Company Agreement of CX Futures Exchange Holdings, LLC, dated as of February 18, 2009.

### **Bunched Order**

The term “Bunched Order” means an Order for multiple accounts that have been combined into a single Order for the purpose of execution in accordance with the procedures of Rule III-13.

### **Business Day**

The term “Business Day” means any day other than a Saturday, Sunday or any other day on which banking institutions in The City of New York are authorized or required by law, regulation or executive order to be closed.

## **CEA**

The term “CEA” means the Commodity Exchange Act.

## **CFTC**

The term “CFTC” means the Commodity Futures Trading Commission and includes any successor agency or authority.

## **CFTC Regulation**

The term “CFTC Regulation” means any rule, regulation, order or directive and any interpretation thereof adopted by the CFTC.

## **Clearing Member**

The term “Clearing Member” means any FMX Participant that is a member of LCH Limited and is authorized pursuant to the Rules of LCH Limited to clear trades entered on the Division.

## **Compliance Department**

The term “Compliance Department” has the meaning set forth in XIV-1(c).

## **Compliance Director**

The term “Compliance Director” means an individual appointed by the Exchange who (i) fulfills the role of chief regulatory officer, (ii) does not have a relationship with the Exchange or any parent or subsidiary thereof of a type described in Rule X-5(b), (ii) is knowledgeable about futures trading and futures market operations as well as CFTC Regulations, and (iii) reports directly to the Regulatory Oversight Committee.

## **Contract**

The term “Contract” means any forward, swap, Futures or option (including an Option on Futures), and any other agreement, contract or transaction, which has been approved by the Exchange as generally eligible for trading as either a CX Division Contract or an FMX Division Contract on the Exchange pursuant to these Rules.

## **Contract Rules**

The term “Contract Rules” means, with respect to any CX Division Contract or FMX Division Contract, the rules or other trading protocols containing specifications for such CX Contract or FMX Division Contract, as adopted, amended, supplemented or otherwise modified by the Exchange.

## **Control**

The term “Control” means the power to exercise a controlling influence over the management or policies of a Person unless such power is solely the result of an official position with such Person. Any Person who owns beneficially, directly or indirectly, more than 20% of the voting power in the election of directors of a corporation, or more than 25% of the voting power in the election of directors of any other corporation which directly or through one or more Affiliates beneficially owns more than 25% of the voting power in the election of directors of such corporation, shall be presumed to control such corporation. The terms “controlling” or “controlled” shall have meanings correlative to the foregoing.

## **Control Desk**

The term “Control Desk” means the Exchange staff that supervise the proper operation of the Exchange Trading System and the trading market in real time at all times that the market is open for trading.

## **Customer**

The term “Customer” means any person who uses an FCM or Introducing Broker as agent in connection with trading on the FMX Division and includes any Commodity Pool Operator or Commodity Trading Advisor trading as agent for a beneficial owner.

## **Customer Account**

The term “Customer Account” means any Trading Account carried by an FMX Participant that is an FCM for a Customer who is not, and is not affiliated with, the FMX Participant.

## **Customer Order**

The term “Customer Order” means an Order submitted by an FMX Participant acting as agent on behalf of a Customer or an order submitted by an Authorized Customer.

## **Director of Hearings**

The term “Director of Hearings” means the individual appointed by the Compliance Director on behalf of the Exchange from time to time to act as its director of hearings.

## **Disciplinary Panel**

The term “Disciplinary Panel” has the meaning set forth in RuleXIV-9.

## **EFP**

The term “EFP” means any exchange for physical transaction entered into in accordance with Rule XI-6, a component of which is not executed on the Exchange and a component or all of which involves a Contract.

## **EFS**

The term “EFS” means an exchange for swap transaction entered into in accordance with Rule XI-8, a component of which is not executed on the Exchange and a component or all of which involves a Contract.

## **Emergency**

The term “Emergency” means any occurrence or circumstance that, in the opinion of the Board of Directors, requires immediate action and threatens or may threaten the fair and orderly trading in, or the liquidation of or delivery pursuant to, any Contract. An Emergency may include, without limitation, any of the following:

- (a) Any manipulative activity or attempted manipulative activity,
- (b) Any actual, attempted or threatened corner, squeeze, congestion or undue concentration of positions,
- (c) Any circumstance that may materially adversely affect the performance of Contracts, including any failure of the payment system,
- (d) Any action taken by the Federal or any foreign government, any other governmental body, or any other exchange or trading facility (foreign or domestic), in each case that may have a direct adverse effect on trading on the Exchange,
- (e) Any circumstance that may have a severe, adverse effect upon the physical functions of the Exchange, including fire or other casualty, bomb threats, terrorist acts, substantial inclement weather, power failures, communications breakdowns, computer system breakdowns, malfunctions of plumbing, heating, ventilation and air conditioning systems and transportation breakdowns,
- (f) The bankruptcy or insolvency of any Participant or the imposition of any injunction or other restraint by any government agency, court or arbitrator upon a Participant, that may affect the ability of such Participant to perform on its Contracts,
- (g) Any circumstance in which it appears that any Participant or any other Person has failed to perform its Contracts, is insolvent, or is in such financial or operational condition or is conducting business in such a manner that such Person cannot be permitted

to continue in business without jeopardizing the safety of other Participants, the Exchange, LCH Limited or the CX Clearinghouse, and

(h) Any other unusual, unforeseeable and adverse circumstance with respect to which it is impracticable for the Exchange to submit in a timely fashion a reviewable Rule to the CFTC.

### **End of Business Day**

The term “End of Business Day” means 5:00 P.M. local time in the city of New York on each Trading Day.

### **End of Trading**

The term “End of Trading” means 3:00 P.M. local time in the city of New York on each Trading Day or such other time as the Exchange may from time to time prescribe on its Website or with respect to a specific Contract in the Contract Rules. The End of Trading is the time as of which such actions as are specified in these Rules or the relevant Contract Rules as taking place at the end of a Trading Day, such as determination of the daily Settlement Prices.

### **Entity**

The term “Entity” means any Person other than a natural person (e.g., a corporation, partnership, sole proprietorship or trust).

### **Equilibrium Price**

The term “Equilibrium Price” means the price of an FMX Division Contract determined in accordance with the application of the Exchange’s proprietary pricing algorithm.

### **Exchange**

The term “Exchange” means CX Futures Exchange, L.P. (including its successors), a limited partnership organized under the laws of the State of Delaware, D/B/A FMX Futures Exchange, and when used with reference to the administration of any Rule of the Exchange, means either the Board of Directors or the Officer, employee, agent, committee or delegate to whom appropriate authority to administer such provision has been delegated by the Board of Directors.

### **Exchange Official**

The term “Exchange Official” means any Officer of, or individual employed directly by, the Exchange.

### **Exchange Trading System**

The term “Exchange Trading System” means the proprietary order entry and execution systems used by the Exchange for the placement and execution of orders or the collection and transmission of information relating to trading on the CX Division or the FMX Division.

### **Exchange Secretary**

The term “Secretary” means the individual appointed by the Board of Directors from time to time to serve as secretary of the Exchange.

### **FCM**

The term “FCM” means any Person registered with the CFTC as a futures commission merchant.

### **First Trading Day**

The term “First Trading Day” means the first Trading Day on which the relevant Contract trades on the Exchange, as specified in the applicable Contract Rules.

### **FMX Division Contract**

The term “FMX Division Contract” means a Contract listed for trading on the FMX Division and which is designated to be cleared by LCH Limited.

### **FMX Participant**

The term “FMX Participant” means a Participant that trades as agent for its Customer or for the Participant’s proprietary account in trading on the FMX Division.

### **Futures**

The term “Futures” means any contract for the purchase or sale of any commodity or financial instrument for future delivery or settlement, as the case may be.

### **General Partner**

The term “General Partner” means the general partner of the Exchange.

### **Hearing Panel Committee**

The term “Hearing Panel Committee” means the Exchange committee that hears and adjudicates disciplinary matters under Chapter XIV of these Rules.

### **Last Trading Day**

The term “Last Trading Day” means the last Trading Day on which the relevant Contract trades on the Exchange, as specified in the applicable Contract Rules.

### **LCH Limited**

The term “LCH Limited” means the derivatives clearing organization registered with the CFTC that the Exchange has designated to provide clearing services with respect to FMX Division Contracts..

### **Market Data**

The term “Market Data” means any and all information relating to Orders or transactions on the Exchange Trading System, including Last Sale Information, information on bids and offers, any other data derived from such information, volume information, the format and presentation of any such data or information, and transmissions of such data or information to Participants, Market Data Vendors and other persons.

### **Matched Trade**

The term “Matched Trade” has the meaning set forth in Rule XXII-10(h).

### **Matching Algorithm**

The term “Matching Algorithm” means the process to match an aggressive Order against one or more resting orders. The Exchange shall determine the Matching Algorithm implemented for each Contract it lists for trading from among the following:

- FIFO – First In First Out – FIFO matches the best price first, then if multiple orders exist at the same price, the oldest (first entered) Order is matched first.
- Pro-Rata – Pro-Rata matches best price first then, if multiple Orders exist in the order book at the same price, a pro-rated percentage of the resting Orders (i.e. each resting order’s quantity divided by the total resting quantity at the price level), with all fills rounding down to the nearest integer that is at least two . . Excess quantity is allocated according to FIFO.
- Pro-Rata with TOP – A Pro-Rata with TOP Order matches an incoming order with the first order resting at any price level. The remainder of the incoming order will match Pro-Rata with the remaining orders at that price level. A minimum quantity may be applied to TOP Orders for a Contract.



## **Message Traffic**

The term “Message Traffic” means electronic transmissions of orders, trade reports and other messages entered into the Exchange Trading System by a Participant, Authorized Trader or Authorized Customer or sent to a Participant, Authorized Trader or Authorized Customer by the Exchange Trading System. Depending on the context, Message Traffic may refer to one-way or two-way transmissions.

## **NFA**

The term “NFA” means the National Futures Association.

## **No Bust Range**

The term “No Bust Range” means the range of prices for a Contract specified in the Contract’s Rules within which a trade submitted for review and cancellation may not be cancelled. The center point of the No Bust Range is the most recent market price for that contract as determined by the Exchange’s Designee in accordance with Rule III-10.

## **Officer**

The term “Officer” shall have the meaning ascribed to it in Rule II-8.

## **Opening Auction**

The term “Opening Auction” means a two-sided, single price auction conducted by the Exchange with respect to any FMX Division Contract at the start of trading as the Exchange may specify in the applicable Contract Rules for the purpose of determining the Equilibrium Price with respect to the applicable Contract.

## **Operating Agreement**

The term “Operating Agreement” means the Limited Partnership Agreement of the Exchange, dated as of November 14, 2006, as amended, supplemented or otherwise modified from time to time.

## **Option on Futures**

The term “Option on Futures” means any option to buy or sell any Future traded subject to the Rules of the Exchange

## **Order**

The term “Order” means an instruction to enter a bid or an offer to buy or sell a Contract on or subject to Exchange Rules.

## **Participant**

The term “Participant” means any Person that has been granted, and continues to have, Trading Privileges to enter Orders into the Exchange Trading System for CX Division Contracts (“CX Participant”) or FMX Division Contracts (“FMX Participant”) on or subject to the Rules of the Exchange.

## **Passwords**

The term “Passwords” has the meaning set forth in Rule V-9(b).

## **Person**

The term “Person” means any natural person, association, partnership, limited liability company, joint venture, trust or corporation.

## **President**

The term “President” means the individual appointed by the Board of Directors from time to time to serve as president of the Exchange.

## **Public Director**

The term “Public Director” has the meaning ascribed to it in Rule II-6(b), provided that such definition shall be amended from time to time as may be necessary to conform to any amendments or modifications to the term “Public Director” set forth in the CFTC Regulations as the CFTC may adopt from time to time.

## **Qualified Market Maker**

The term “Qualified Market Maker” means a Participant or Authorized Customer that provides liquidity on the Exchange under the terms of an Incentive Program established under Chapter VI.

## **Qualified Market Taker**

The term “Qualified Market Taker” means any Participant that has been identified by the Exchange to receive certain benefits with respect to one or more specified Contracts pursuant to objective criteria established by the Exchange.

## **Regulatory Oversight Committee**

The term “Regulatory Oversight Committee” means the committee of the Board of Directors constituted in accordance with Rule X-3.

## **Regulatory Services Agreement**

The term “Regulatory Services Agreement” shall have the meaning ascribed to it in Rule X-11.

## **Reserve Quantity**

The term “Reserve Quantity” means the amount of any Order that is not exposed to market participants but is entered coterminous with, and available for purchase or sale upon the exhaustion of, the displayed Order quantity in connection with Post-only Orders and Iceberg Orders.

## **Responsible Agent**

The term “Responsible Agent” shall have the meaning ascribed to it in Rule XII-9(a).

## **Rules of the Exchange**

The term “Rules of the Exchange” means any Rule adopted or amended, from time to time, by the Exchange.

## **Rules of LCH Limited**

The term “Rules of LCH Limited” means the constitutive documents and any rules, regulations, interpretations, stated policies or instruments corresponding to any of the foregoing, in each case as adopted or amended from time to time by LCH Limited and applicable to Contracts traded on the FMX Division.

## **Settlement Price**

The term “Settlement Price” means, with respect to any Contract, the price established either at the end of each Trading Day or at contract expiration, as the context otherwise requires in accordance with procedures from time to time specified by the Exchange.

## **Trading Account**

The term “Trading Account” shall mean, as applicable, with respect to each Participant each account established and maintained by such Participant at the Exchange (1) through which the Participant’s Authorized Traders will trade CX Division Contracts (“CX Trading Account”) or 2) through which the Participant’s Authorized Traders and Authorized Customers will trade FMX Division Contracts (“FMX Trading Account”), respectively.

## **Trading Day**

The term “Trading Day” means any day on which the Exchange is open and available for the trading of CX Division Contracts or FMX Division Contracts and the CX Clearinghouse or LCH Limited, respectively, is open and available for the clearing of applicable Contracts.

## **Trading Hours**

The term “Trading Hours” means, with respect to any Contract, the hours during which the Exchange is regularly open for the trading of such Contract, as set forth in the relevant Contract Rules.

## **Trading Privileges**

The term “Trading Privileges” means, with respect to Participants and their respective Authorized Traders and, as applicable, their Authorized Customers, the right (a) to enter Orders for certain or all CX Division Contracts (“CX Trading Privileges”) or FMX Division Contracts (“FMX Trading Privileges”) in electronic form directly to the Exchange Trading System and (b) to enter into the Exchange Trading System EFPs, Block Trades and EFSs involving certain or all Contracts, subject to the specific requirements and conditions applicable thereto.

## **Transfer Trade**

The term “Transfer Trade” refers to moving a position from an account carried on the books of one Clearing Member to an account carried on the books of a different Clearing Member provided that both accounts have the same beneficial owner or, in the case of transfers between accounts with different beneficial owners, the movement resolves an error trade in accordance with Rule III-10.

## **Treasurer**

The term “Treasurer” means the individual appointed by the Board of Directors from time to time to serve as treasurer of the Exchange.

## **Vice President**

The term “Vice President” means any individual appointed by the Board of Directors from time to time to serve as a vice president of the Exchange.

## **I-2 Rules of Interpretation**

For all purposes of these Rules, except as otherwise expressly provided herein or unless the context otherwise requires:

- (a) the terms defined in these Rules include the plural as well as the singular and *vice versa*,
- (b) words importing gender include all genders,
- (c) any reference to a Chapter, Rule or Appendix refers to a Chapter or Rule of, or Appendix to, these Rules,

(d) any reference to these Rules refers to these Rules, including all Appendices hereto, and the words herein, hereof, thereto, hereto and hereunder and words of similar import refer to these Rules and their appendices as a whole and not to any particular Part, Chapter, Rule, appendix or any other subdivision

(e) references to days, months and years refer to calendar days, months and years, respectively,

(f) all references herein to “including” shall be deemed to be followed by the words “without limitation,”

(g) any term used herein that is defined in the CEA or CFTC Regulations shall have the meaning assigned to it therein, and

(h) all references herein to a time of day refer to local time in The City of New York.

### **I-3 Effect of Titles**

The titles of these Rules have been inserted for convenience of reference only and shall not affect the meaning of these Rules.

### **I-4 Amendment of Rules**

New Rules of the Exchange may be adopted, and existing Rules of the Exchange may be amended or repealed, by the Board of Directors. All such new Rules of the Exchange, amendments or repeals shall become effective on such date (after any required certification with or approval thereof by the CFTC) as may be determined by the Exchange.

### **I-5 Hierarchy of Interpretation of Rules**

(a) The Rules are divided into three Parts. The rules specific to the FMX Division are included in Part A, the General Rules of the Exchange are included in Part B, and the rules specific to the CX Division are located in Part C. Notwithstanding any provision of these Rules to the contrary, in the event of any conflict between a Rule in Part A governing the FMX Division and a General Rule of the Exchange in Part B of this Rulebook, the Part A Rule shall govern, or in the event of any conflict between a Rule in Part C governing the CX Division and a General Rule of the Exchange in Part B of this Rulebook, the Part C Rule shall govern.

(b) Notwithstanding any provision of these Rules to the contrary, in the event of any conflict between a Rule in Parts A, B or C of this Rulebook and a specific Contract Rule in Chapter V for FMX Division Contracts or Chapter XXV for CX Division Contracts, the specific Contract Rules shall govern with respect to trading in the relevant Contract.

(c) Notwithstanding the generality of Rule I-5(a) or anything to the contrary in Rule II-5, the Contract Rules for each individual Contract may specify

whether such Contract may be settled via cash settlement, physical delivery of the underlying commodity, or by any other means, as applicable.

## **CHAPTER II**

### **ADMISSION TO TRADE FMX CONTRACTS**

#### **II-1 FMX Participants and FMX Trading Accounts**

(a) Each FMX Participant, its Authorized Traders and Authorized Customers shall have the right to access the Exchange Trading System, including the right to place Orders for FMX Trading Accounts as provided in this Chapter.

(b) Upon application to the Exchange and an explanation of the reasons and uses therefore, the Exchange in its discretion may permit a FMX Participant to maintain more than one proprietary FMX Trading Account, provided however, FMX Participants need not provide an explanation for maintaining a proprietary account and one or more Customer accounts.

(c) In the event that the Exchange determines that FMX Participants may be permitted to maintain more than one Trading Account as described in paragraph (b) of this Rule, each FMX Participant shall designate each of its Authorized Traders or Authorized Customers, as the case may be, to trade any or all of its Customer accounts, provided that an FMX Participant shall at all times be responsible for all of its FMX Trading Accounts as set forth under these Rules, including any providing direct access to an Authorized Customer, as provided under Rule II-3.

(d) Subject to the requirements and procedures set forth in these Chapters II and III, FMX Trading Privileges shall be offered to all applicants eligible to be FMX Participants as determined by the Exchange, subject to any limitations or restrictions imposed by the Exchange. FMX Trading Privileges are non-transferable, non-assignable, may not be sold or leased, and are specifically limited to the category of FMX Division Contracts to which such FMX Trading Privileges are granted.

(e) By virtue of obtaining FMX Trading Privileges, an FMX Participant shall not obtain any equity or other interest in the Exchange, including voting rights or rights to receive any dividends or other distributions, whether arising from a dissolution, merger, consolidation involving the Exchange or otherwise, unless specifically so provided by agreement with the Exchange.

## **II-2 Authorized Traders**

(a) Each FMX Participant or Authorized Customer, as applicable, shall appoint one or more individuals to act as an Authorized Trader.

(b) FMX Participants or Authorized Customers may appoint a third party as their Authorized Trader, pursuant to a power of attorney or other instrument, in a form prescribed or approved by the Exchange, providing such third party with discretionary trading authority with respect to the FMX Participant's Trading Account.

(c) Each FMX Participant may at any time revoke an authorization granted by it to any Authorized Trader or Authorized Customer by providing written notice of such revocation to the Exchange, such written notification may be by electronic mail. An FMX Participant shall take immediate measures appropriate to ensure that, after such revocation, (i) the affected Authorized Trader or Authorized Customer shall not have access to the Exchange Trading System or (ii) the affected Authorized Trader or Authorized Customer shall not utilize its User ID, and the Exchange shall act promptly, but in any event within one Business Day of receiving notice from the FMX Participant, to disallow Order entry by any such Person.

(d) Without limiting the foregoing, each Authorized Trader will consent, in a form satisfactory to the Exchange, to abide by the Rules of the Exchange and Applicable Law prior to accessing the Exchange Trading System, and each FMX Participant will ensure on an ongoing basis that

(i) none of its Authorized Traders or Authorized Customers is subject to a disqualification pursuant to Section 8a(2) of the CEA (unless an appropriate exemption has been obtained with respect thereto),

(ii) each of its Authorized Traders will be technically proficient,

(iii) each of its Authorized Traders will conduct its business in a fair and equitable manner, and

(iv) each of its Authorized Traders will conduct its business in accordance with the Rules of the Exchange.

## **II-3 Authorized Customers**

(a) Subject to Rule III-12, each FMX Participant may provide a User ID to one or more of its Customers to enable any such Customer direct access to the Exchange Trading System, and any such Customer will become an Authorized Customer for purposes of these Rules and shall be entitled to exercise FMX Trading Privileges and to access the Exchange Trading System directly, subject to the terms and conditions of these Rules.

(b) Any FMX Participant wishing to designate an Authorized Customer shall notify the Exchange and must obtain from each Authorized Customer an agreement, in the form specified by the Exchange, pursuant to which, among other things, the Authorized Customer agrees to comply with the Rules of the Exchange and Applicable Law. Each Authorized Customer must satisfy such requirements as may be prescribed by the Exchange from time to time and shall be subject to the disciplinary authority of the Exchange and possible fine or restriction or revocation of Trading Privileges.

(c) Authorized Customers of any FMX Participant may access the Exchange Trading System directly, provided that the following provisions of this Rule II-3 are satisfied:

(i) The FMX Participant must be an FCM and the Customer Account must be with the FMX Participant.

(ii) The FMX Participant must provide to the Exchange, in a form acceptable to the Exchange, a guaranty from a Clearing Member for the agreement required by Rule II-5 and the Authorized Customer's account or carrying an omnibus account in the name of the FMX Participant through which the Authorized Customer is trading, assuring the financial performance of all trades and positions for that account.

(iii) The FMX Participant shall provide to the Control Desk such information as shall be requested pertaining to the Authorized Customer for which access is sought, including but not limited to, name, address, account number assigned by the FMX Participant, any give-up information, email address and telephone numbers.

(iv) The Control Desk, once it is satisfied that all requested information has been provided, shall issue a User ID and Password or identifiers and Passwords for such Authorized Customer.

(v) The User ID shall not be authorized for trading through the Exchange Trading System until the Clearing Member provides to the Exchange, in a manner suitable to the Exchange, all required information for such Authorized Customer. The Exchange will enable the User ID when it is satisfied in its sole discretion that all requirements have been met and risk controls have been established. Notwithstanding the foregoing, the FMX Participant shall remain responsible in accordance with these Rules for the acts and omissions of any of its Authorized Customers, regardless of the level of risk controls set by the Clearing Member and the approval of such risk controls by the Exchange.

(d) The Exchange may deny (or may condition) or revoke the grant of Trading Privileges to any Person:



(i) Who is an Authorized Customer or an FMX Participant through which an Authorized Customer or Customer trades and, in any such case, any such Authorized Customer or Customer maintains a position in any Contract that, when considered in light of the other positions maintained by the FMX Participant through which such Authorized Customer or Customer trades and any other factors that the Exchange reasonably deems relevant, including, as applicable, (A) the positions maintained by such FMX Participant, such FMX Participant's Authorized Traders and such FMX Participant's other Customers, (B) the required financial information provided by such FMX Participant and (C) the level of margin maintained by such FMX Participant at such FMX Participant's Clearing Member, the Exchange reasonably believes could jeopardize the financial safety of such FMX Participant or any of such FMX Participant's other Customers.

(ii) For the avoidance of doubt, any limitation, suspension or revocation of Trading Privileges pursuant to Rule II-3(d), in the sole discretion of the Exchange,

(A) may take the form of (x) a full suspension or revocation of Trading Privileges, (y) a requirement that the positions at issue be immediately liquidated in full or reduced to a reasonable level to be set by the Exchange as a condition to the Trading Privileges remaining in effect or (z) a prohibition on the use of such Trading Privileges in respect of the trades of any Customer identified by the Exchange;

(B) may be applied to the Trading Privileges of the Authorized Customer or FMX Participant at issue, such Authorized Customer's FMX Participant or the other Authorized Customers and Authorized Traders of such FMX Participant, in each case, as deemed reasonably necessary by the Exchange for the protection of such Persons and other FMX Participants of the Exchange; and

(C) in the case of any suspension, revocation or limitation of the Trading Privileges of any Authorized Trader or Authorized Customer of any FMX Participant pursuant to this Rule II-3 may also suspend, revoke or limit the Trading Privileges of such FMX Participant or such FMX Participant's Authorized Traders or Authorized Customers, as the Exchange deems necessary to protect its other FMX Participants and the integrity of the Exchange Trading System.

## **II-4 FMX Trading Privileges**

(a) For purposes of these Rules, any reference to (i) the FMX Trading Privileges of a FMX Participant shall also be deemed to refer and apply to the exercise of Trading Privileges by any of such FMX Participant's Authorized Traders and Authorized Customers, (ii) an FMX Participant submitting or receiving Orders, bids, offers or Message

Traffic into or from the Exchange Trading System or trading subject to Exchange rules, shall be deemed also to refer and apply to any such actions engaged in by any of such FMX Participant's Authorized Traders and Authorized Customers and (iii) the knowledge of, or matters known to, any FMX Participant shall be deemed also to refer to and include the knowledge of, or matters known to, its Authorized Traders, other personnel and Authorized Customers.

(b) Each Authorized Customer shall be deemed to be a "member" of the Exchange for all purposes under the CEA.

## **II-5 Eligibility**

(a) To be eligible to become an FMX Participant, applicants initially and on a continuing basis thereafter, must (i) satisfy such financial criteria as may be prescribed by the Exchange from time to time; (ii) have sufficient technical and operational capabilities to fulfill any other obligations applicable to FMX Participants, their Authorized Traders or Authorized Customers as may from time to time be required by the Exchange; and (iii) satisfy such other requirements or criteria as may from time to time be adopted by the Exchange.

(b) In considering any applicant for status as an FMX Participant, Authorized Trader, or Authorized Customer, the Exchange may request additional information, or employ such other means that it deems desirable or appropriate, to ascertain relevant facts bearing on the applicant's qualifications.

(c) The Exchange may limit an FMX Participant to trading specified FMX Division Contracts based upon financial, regulatory or other criteria established by the Exchange that are impartial and transparent and that are applied in a non-discriminatory manner.

(d) An FMX Participant may trade on the CX Division only if also admitted as a CX Participant.

(e) The Exchange in its sole discretion may deny (or may condition) the grant of FMX Trading Privileges of any FMX Participant, Authorized Trader or Authorized Customer:

(i) if such Person is unable satisfactorily to demonstrate a capacity to adhere to all applicable Rules of the Exchange, Rules of LCH Limited and CFTC Regulations, including, to the extent applicable, those concerning record-keeping, reporting, finance and trading procedures,

(ii) if such Person would bring the Exchange into disrepute, or

(iii) for such other causes as the Exchange may determine from time to time.

(f) The Exchange in its sole discretion may condition or revoke an FMX Participant's Trading Privileges or, in the case of an Authorized Trader or Authorized Customer condition or revoke its association with an FMX Participant or its access rights, respectively, if any of the circumstances specified in the preceding paragraph (e) exist with respect to such FMX Participant, Authorized Trader, or Authorized Customer or if such FMX Participant, Authorized Trader or Authorized Customer:

(i) fails to meet any of the qualification requirements for FMX Trading Privileges or association or direct access after such FMX Trading Privileges, association or direct access have been approved;

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

(iii) violates any agreement with, or Rule of, the Exchange.

## **II-6 Application for FMX Trading Privileges**

(a) Each application to become an FMX Participant or an Authorized Customer shall be in such form as may from time to time be prescribed by the Exchange. Each applicant to become an FMX Participant or an Authorized Customer shall promptly update the applicable application materials if any of the information provided therein becomes inaccurate or incomplete. The Exchange shall act upon, and approve or disapprove, any such application without unreasonable delay.

(b) Each applicant to become an FMX Participant or Authorized Customer shall:

(i) submit to the Exchange executed forms of all applicable application documents;

(ii) pay to the Exchange such initial fee as may be prescribed by the Exchange from time to time; and

(iii) agree in written or electronic form to abide by these Rules and Applicable Law.

(c) Upon the Exchange's approval of an applicant's FMX Participant application and upon the Exchange's confirmation that the initial fee payable by the applicant has been paid to the Exchange, the applicant shall become an FMX Participant or an Authorized Customer within the participation category or categories so approved and obtain FMX Trading Privileges applicable to that category or categories.

(d) Any Person who has been denied FMX Trading Privileges or granted only conditional FMX Trading Privileges pursuant to this Rule II-6 and any Person who is not permitted to keep its FMX Trading Privileges or whose FMX Trading Privileges are conditioned pursuant to this Rule II-6 may appeal the Exchange's decision in accordance with the provisions of Chapter XIV relating to disciplinary proceeding appeals.

## **II-7 Front-End User Interface**

Each FMX Participant shall be solely responsible for ensuring that any front-end interface connecting to the Exchange Trading System that is not provided by the Exchange, and that is used by the Participant, its Authorized Traders or Authorized Customers, is in compliance, in design and operation, with Applicable Law and these Rules.

## **II-8 Financial Requirements for an FMX Participant that is an FCM**

Any FMX Participant that is an FCM and/or is a Clearing Member shall be required to comply with the minimum financial requirements described in Section 1.17 of the CFTC Regulations and other Applicable Law, and deliver to the Exchange a copy of any financial information (including any accountant's certifications thereon) required by Section 1.10 of the CFTC Regulations to be filed with the CFTC or provided to the FCM's designated self-regulatory organization (the "Required Financial Information"), in each case, within the time periods prescribed for such filing or delivery in Section 1.10 of the CFTC Regulations.

# **CHAPTER III FMX TRADING STANDARDS**

## **III-1 FMX Division Contracts**

(a) The Exchange shall determine which FMX Division Contracts are available for trading subject to the Rules of the Exchange from time to time and, subject to the provisions of Chapter V, approve rules containing the specifications for such FMX Division Contracts, *provided* that certifications or applications with respect to such FMX Division Contracts shall be submitted to the CFTC as required by the CEA and CFTC Regulations.

(b) FMX Division Contracts shall be traded by an FMX Participant for its own account or for the account of its customers and will be cleared through LCH Limited.

## **III-2 Trading Days and Trading Hours**

(a) The Exchange shall from time to time determine (a) the Trading Days during any particular calendar year and (b) the Trading Hours with respect to any particular FMX Division Contract. All time references shall be based on local time prevailing in The City of New York, New York, unless otherwise expressly set forth in the relevant FMX Division Contract Rules. Opening times start on the first second of the minute cited.

Closing times end on the first second of the minute cited. Trading Hours may vary among different FMX Division Contracts. No FMX Participant may make any bid or offer for, or engage in any transaction in, any FMX Division Contract before or after such hours; provided, however, that transactions executed in accordance with Rules XI-6 EFP Transactions, XI-7 Block Trading and XI-8 EFS Transactions may be executed at any time.

(b) Trading will be suspended during periods the Exchange schedules for routine maintenance and during any announced periods of non-routine maintenance. In the event that trading is suspended either for routine or non-routine maintenance, notice will be given to FMX Participants as promptly as practicable both by posting of a notice on the Exchange's website and by e-mail directly to each Participant.

(c) The Control Desk will be staffed and will operate at all times during the Trading Hours of any FMX Division Contract.

### **III-3 FMX Division Contract Order Entry**

The Authorized Traders of each FMX Participant or Authorized Customer shall enter Orders by electronic transmission and shall provide the information required by the Exchange Trading System for such FMX Division Contract. The Exchange shall maintain an electronic record of those entries. Each FMX Participant shall be responsible for any and all Orders in each of its Trading Accounts entered by any of its Authorized Customers, its Authorized Traders or its Authorized Customers' Authorized Traders.

### **III-4 Acceptable FMX Division Contract Orders**

The Order type or types available on the Exchange Trading System for each FMX Division Contract is at the discretion of the Exchange from among the following basic Order types with or without modification:

(a) Basic Order types:

*Limit Order.* A "Limit Order" is an Order to purchase or sell a Contract at a specified price or better. A Limit Order will be executed when entered to the extent that there are opposite Orders open in the Exchange Trading System, with any balance to remain as an open Order until it is executed or is cancelled, or until it expires at the End of Trading on the Trading Day designated on such Order.

*Market Order.* A "Market Order" is an Order to purchase or sell a Contract at the best price available in the Exchange Trading System at the time the Order is entered. A Market Order will be executed when entered to the extent that there are opposite Orders open in the Exchange Trading System, with any balance cancelled.

*Market on Open Order.* With respect to FMX contracts, a "Market on Open Order", is an Order to buy or sell a stated number of Contracts at the opening price of the Contracts

on the Exchange Trading System, determined as set forth in Rule III-7. A Market on Open Order is not guaranteed to trade and will be matched in the manner set forth in Rule III-7. Unmatched Market on Open Orders will be converted into Limit Orders with the opening price set as the limit price or will be cancelled if no opening price can be determined. A Market on Open Order may only be submitted during Pre-Opening Periods.

*Market With Protection Order.* A “Market With Protection Order” is a Market Order that is filled within a Protected Range. A Market With Protection Order enters the order book as a Limit Order with the limit price equal to the price prevailing in the Exchange Trading System at the time the Market With Protection Order is entered into the Exchange Trading System, plus or minus the Protected Range. The Order is executed at all price levels between the prevailing market price and limit price. If the Order is not completely filled, the unfilled quantity becomes a Limit Order with the limit price being set at the limit price of the Protected Range. *Cancel Order.* A “Cancel Order” is an Order that cancels fully an existing buy or sell order.

*Post-only Orders.* A “Post-only Order” is an Order entered by a Qualified Market Maker that provides liquidity to a market by being able to be matched opposite any limit order submitted by a Participant but cannot be matched opposite another Post-only Order submitted by another Qualified Market Maker, and which may include a Reserve Quantity. For the avoidance of doubt, a Post-only Order, like a Limit Order, is an order to buy or sell the number of Contracts specified at the price specified, or a better price if a better price is available. However, unlike a Limit Order, Post-only Orders are not matched opposite another Post-only Order, and such orders having a Reserve Quantity will only match with respect to the Reserve Quantity amount against the orders of a Market Taker as provided under Rule XII-12.

*Stop Order.* A “Stop Order” is an Order to buy or sell a stated number of Contracts at the best obtainable price as soon as the Stop Price is reached. A buy Stop Order is placed above the best available offer, whereas a sell Stop Order is placed below the best available bid. A buy Stop Order becomes a Market Order when the Contract trades at or above the specified stop price, whereas a sell Stop Order becomes a Market Order when the Contract trades at or below the stop price. Stop Orders must be submitted with a specified Stop Price.

*Stop Limit Order.* A “Stop Limit Order” is an Order to buy or sell a stated number of Contracts at the best obtainable price as soon as a user-specified stop price is reached but only to a user-specified limit price. A buy Stop Limit Order becomes a Limit Order when the Contract trades at or above the specified stop price, whereas a sell Stop Limit Order becomes a Limit Order when the Contract trades at or below the specified stop price. Stop Limit Orders must be submitted with a specified stop price and a specified limit price.

*Stop With Protection Order.* A “Stop With Protection Order” is a Stop Order that is filled within a Protected Range (as defined below). A Stop With Protection Order is triggered when a user-designated trigger price is traded on the Exchange Trading System.

The Order then enters the order book as a Limit Order with the limit price equal to the trigger price, plus or minus the pre-defined Protected Range. The “Protected Range” is set by the Exchange and is typically the trigger price, plus or minus 50 percent of the No Bust Range for that product. The Order is executed at all price levels between the trigger price and limit price. If the Order is not completely filled, the remaining quantity rests in the Exchange Trading System at the limit price. A buy Stop With Protection Order must have a trigger price greater than the last traded price for the Contract. A sell Stop With Protection Order must have a trigger price lower than the last traded price for the Contract.

(b) Order Modifiers are:

*Cancel Replace Order.* A “Cancel Replace Order” is an Order to cancel the unfilled quantity of an existing buy or sell Order and replace it with a new Order for a different quantity and/or price.

*Clip Size.* A “Clip Size” Order applies to a series of Orders that are either entirely filled or partially filled according to a round-lot size stipulated as part of the order. The Clip Size is to be rounded to the nearest lot that can be filled. A Clip Size Order will only be permitted for specific products designated by the Exchange. In addition to the standard necessary fields, Clip Size Orders must be submitted with a Clip Size. The Clip Size must be greater than 0 and less than the total size of the Order; otherwise the Order will be rejected. Clip Size may be used with the following Order types: Market Orders, Limit Orders, Stop Limit Orders and MIT Limit Orders. Clip Size may also be used with Good-Until-Cancelled Limit Orders.

*Complete Volume.* A “Complete Volume” Order is executed only if there is sufficient volume available, at the stated price or better, to execute the Order in its entirety. If the Order cannot be executed in its entirety, the entire Order is cancelled. Complete Volume may be used with the following Order types: Market Orders, Limit Orders, Stop Limit Orders and MIT Limit Orders.

*Immediate or Cancel (IOC).* An “Immediate or Cancel” or “IOC” Order is executed against any existing Orders at the stated price or better, up to the volume designated on the Order. Any residual volume on the Order is cancelled. Immediate or Cancel may be used with the following Order types: Market Orders, Limit Orders, Stop Limit Orders and MIT Limit Orders. Immediate or Cancel may be used in combination with Minimum Volume Orders, if the submitted Order type is also compatible with Minimum Volume.

*Fill or Kill (FOK).* A “Fill or Kill” Order is executed, with one or multiple executions, against any existing Orders at the stated price or better, but only in the whole volume designated on the Order, as soon as the Order is received within a designated time period. If a Fill or Kill Order cannot be executed in whole, the Order shall be cancelled. Fill or Kill Orders must be submitted with a specified volume. Fill or Kill may be used

with the following Order types: Market Orders, Limit Orders, Stop Limit Orders and MIT Limit Orders.

*Good-Until-Cancelled.* A “Good-Until-Cancelled” Order is an Order that, unless executed, remains on the Exchange Trading System after the Participant has signed off from the Exchange Trading System and survives beyond the Trading Hours on the calendar day such Order is placed until such time as the user cancels the Order. Good-Until-Cancelled may be used with the following Order types: Limit Orders, Stop Limit Orders and MIT Limit Orders. Good-Until-Cancelled may be used in combination with the following other Order preferences if, with respect to the submitted Order type, the Order preference is also compatible with the Order type: Minimum Volume, and Clip Size.

*Good-Until-Date.* A “GTDate” Order is an Order that, unless executed, remains on the Exchange Trading System after the Participant has signed off from the Exchange Trading System and survives beyond the Trading Hours on the calendar day such Order is placed until the end of the trading session on the specified date. GTDate may be used with the following Order types: Limit Orders, Stop Limit Orders and MIT Limit Orders. GTDate may be used in combination with the following other Order preferences if, with respect to the submitted Order type, the Order preference is also compatible with the Order type: Minimum Volume and Clip Size.

*Minimum Volume.* A “Minimum Volume” Order is executed only if there is at least the designated minimum volume available at the stated price or better. If the designated minimum volume cannot be traded, the Order is cancelled. If a Minimum Volume Order is only partially executed, the residual volume from a Minimum Volume Order remains in the order book. Minimum Volume Orders must be submitted with a user-designated minimum volume. Minimum Volume may be used with the following Order types: Market Orders, Limit Orders, Stop Limit Orders and MIT Limit Orders. Minimum Volume may be used in combination with the following other Order preferences if, with respect to any Order type, the other Order preference is also compatible with the Order type: Good-Until-Cancelled and Immediate or Cancel.

*LIT Order (Limit If Touched Order).* A “LIT Order” is an Order that waits until the user-designated trigger price is reached. Once reached, a Limit order is placed using the client specified Limit price. A buy LIT Order is placed below the best available bid and becomes a Limit Order when the contract trades at or below the trigger price, whereas a sell LIT Order is placed above the best available offer and becomes a Limit Order when the contract trades at the trigger price or above. LIT Orders must be submitted with a specified trigger price.

*MIT Order (Market If Touched Order).* An “MIT Order” is an Order to buy or sell a stated number of Contracts at the best obtainable price as soon as a user-designated trigger price is reached. A buy MIT Order is placed below the best available bid and becomes a Market Order when the contract trades at or below the trigger price, whereas a sell MIT



Order is placed above the best available offer and becomes a Market Order when the contract trades at the trigger price or above. MIT Orders must be submitted with a specified trigger price.

*OCO (One Cancels the Other or Order Cancels Order).* An “OCO” Order involves the entry of two separate Orders where the Participant intends that either one or the other be filled, but not both. If one Order is filled, the other is automatically cancelled. OCO may be used with the following Order types: Limit Orders, Stop Orders, Stop Limit Orders, MIT Orders and MIT Limit Orders. OCO may also be used with Good-Until-Cancelled Limit Orders.

*Iceberg.* An “Iceberg” Order involves matching a displayed quantity before filling a Reserve Quantity at a requested price level. Random display sizes can be produced by the Exchange Trading System within a minimum and maximum value provided by the user. The displayable portion of the Order will always be restricted by such parameters sent with the request. Reserve quantity will not be displayed, nor will any indicator be contained in the market data stream to expose its presence. Reserve may be used with the following Order types: Limit Orders, Stop Orders, Stop Limit Orders, MIT Orders and MIT Limit Orders. Reserve may also be used in combination with Good-Until-Cancelled Limit Orders.

*Timed Sliced.* A “Timed Sliced” Order enters a large order over a period of time by entering smaller orders at various time intervals within the time period until the complete order quantity is entered. Users can elect to randomize the Display sizes and/or time interval of each slice. In the event of an unfilled order slice, the user specifies if they desire to keep the original order and send in a new order or to cancel the working order and replace it with a quantity summing the quantity of the original slice and the quantity of the new slice at the user’s elected price.

*Start Time.* A “Start Time” option allows the user to enter an order that will not activate until the specified Date/Time.

*End Time.* An “End Time” option will take one of the following actions for any working order at the user specified time:

- “Cancels” – Cancels the working order
- “Pay-Up” – Pay-up cancels the working order then adds a new order for the cancelled quantity with a Limit order through the opposite side’s market a user specified number of ticks with the hope of being filled.

### **III-5 Information Regarding FMX Division Contract Orders**

The Exchange may make information regarding FMX Division Contract Orders (including prices bid or offered), trades and any other matters it may deem appropriate available to

Participants, Authorized Customers and their Authorized Traders and other Persons at such times and in such manner (whether through the Exchange Trading System, a ticker, financial information services or otherwise) as it may consider necessary or advisable from time to time.

Each Participant, Authorized Customer, Authorized Trader or other Person receiving any such information through the Exchange Trading System is expressly prohibited from redistributing such information unless expressly permitted by the Exchange. Employees and agents of the Exchange shall have access to the offices of any Participant, its Authorized Customers and each of their Authorized Traders or other Persons receiving information through the Exchange Trading System during regular business hours and in a commercially reasonable manner in order to observe the compliance by such Persons with this rule.

### **III-6 Pre-Execution Discussions and Cross Trades of FMX Division Contract**

(a) Except in the case of transactions effected pursuant to this Rule III-6 no Person shall enter through the Exchange Trading System into a pre-discussed transaction or knowingly assume on its own behalf or on behalf of a Customer the opposite side of its own order or its Customer's order (a "Cross Trade"), except where:

(i) the Person is entering into both sides of a Customer Order on a non-discretionary basis and prior written blanket or transaction-specific consent has been obtained in respect of any relevant Customer Account and the Person waits for a reasonable period of time, which shall be presumed to be not less than 5 seconds, after the initial Order is submitted before submitting the opposite side Order, or

(ii) the trade is executed by two FMX Participants trading for the same account, or for separate accounts of the same beneficial ownership, where neither FMX Participant has knowledge of the other's Order and there is no coordination or prearrangement of the Cross Trade, provided that the relevant FMX Participant shall be responsible, upon the request of the Exchange, to demonstrate to the reasonable satisfaction of the Exchange, that neither FMX Participant had knowledge of the other's Order.

(b) Notwithstanding the above, Persons may engage in pre-execution communications prior to submitting Request for Quote ("RFQ") and execute a Cross Trade as part of a Request for Cross ("RFC") order, provided that:

(i) subsequent to the pre-execution communication, the Person submits an RFQ for the particular contract, spread or combination into the Exchange Trading System; and

(ii) thereafter, no less than five (5) seconds and no more than thirty seconds after the entry of the RFQ an RFC order which contains the price and quantity is submitted into the Exchange Trading System. Failure to enter the RFC

order within 30 seconds after the entry of the RFQ will require new RFQ and RFC orders, which must be entered in accordance with the time parameters described above.

(c) All market participants will be notified that an RFQ message has been received by the Exchange Trading System; RFQ messages do not contain price or quantity details. Submission of an RFQ message does not obligate any Person to submit an RFC, however all RFC orders must be uniquely identified with a corresponding RFQ.

(d) If the RFC price is inferior to the best bid or offer in the market, the applicable side of the RFC order will immediately match against the orders in the market; if the RFC price improves, equals or establishes the bid/offer in the market, then the RFC quantity will match at the RFC price upon submission of the RFC.

(e) No Person may disclose the details of any pre-execution communications with other parties. Furthermore, no party may take advantage of any information disclosed in pre-execution communication for a Cross Trade for the purpose of entering a subsequent order in the market.

### **III-7 Opening and Closing Trading on the FMX Division**

(a) The Exchange may from time to time adopt procedures for the daily opening or closing of trading in any FMX Division Contract.

(b) The Exchange may open trading by allowing Orders to be entered into the system at the start of trading on any Trading Day; or

(c) absent the Exchange adopting the procedure indicated in paragraph (b) of this rule or another alternative procedure for opening trading, the following procedure will be used to open trading in FMX Division Contract:

(i) During a period designated by the Exchange prior to the Market Open (the “Pre-Opening Period”), Orders may be entered into the Exchange Trading System for execution upon Market Open or for execution in the Business Day generally.

(ii) At the time designated by the Exchange to commence a trading session (the “Market Open”), the Exchange will apply an uncrossing algorithm to calculate the opening price at which the maximum volume will be traded for each Contract and will utilize as the opening price the price at which the greatest number of Orders would be traded. All Orders at a price better than the opening price will be fully matched and executed at the opening price in the order in which they were received. Any other Orders that are not executed at the opening price shall become part of the general order book and shall be matched pursuant to the algorithm described in Rule III-8. The Exchange does not guarantee the execution of any

Order at the opening price. Only Market on Open Orders and Limit Orders (including GTC Limit Orders) may be entered during the Pre-Opening Period.

(iii) After the Market Open, each FMX Division Contract will be traded on a continuous basis until a time designated by the Exchange for the close of daily trading for such Contract except in the event that trading is halted due to an Emergency. If trading is halted prior to the scheduled close, there shall be a Pre-Opening Period, as described in paragraph (i) above, prior to the resumption of trading which will begin with a Market Open procedure as described in paragraph (ii) above, except in the event that parties authorized as per Rule XI-9(a) determine that, given the circumstances associated to each Emergency, a Pre-Opening Period is not possible or is not the best course of action.

### **III-8 Execution of Orders on the FMX Division**

(a) Orders to buy or sell any FMX Division Contract are subject to the trading requirements specified in the relevant Contract Rules.

(b) Unless the Exchange determines to implement another Matching Algorithm, namely the Pro-Rata or the Pro-Rata with TOP, all Orders are matched with each other and executed electronically through the Exchange Trading System in accordance with FIFO, an algorithm that gives first priority to Orders at the best price and priority among Orders entered at the same price based on their time of entry into the Exchange Trading System, with the Order first entered receiving first priority. Without limiting the generality of the foregoing, FIFO is based upon the following principles:

(i) An Order at a better price will always have priority over Orders at inferior prices. As among Orders at the same price, an Order with time priority will be executed before Orders that have been entered after the Order with time priority. An Order with time priority will not lose such priority if the quantity of the Order is subsequently reduced. However, an Order will lose its time priority if the price of the Order is changed.

(ii) After the commencement of Trading Hours on a Trading Day for a particular Contract time priority will be assigned to the first Order at a price that betters the best price prevailing when the Order is received. Only one buy Order and one sell Order can have time priority at any given time. Orders with time priority will be matched first regardless of their respective sizes.

(iii) An Order will not lose time priority with respect to Orders at the same price if and when an Order at a better price is entered, but it will lose price priority.

(iv) Once an Order with time priority has been filled, the algorithm described herein will be applied to the remaining Orders at the same price. Thus,

the Order received immediately after the Order that initially had time priority will be assigned time priority and be the next Order to be executed at such price.

(c) Notwithstanding anything in these Rules to the contrary, the Exchange may at any time use a different Matching Algorithm for an FMX Division Contract by giving notice of such algorithm to all FMX Participants at least 10 Trading Days before such algorithm is implemented.

### **III-9 Modification and Cancellation of Orders on the FMX Division**

Any order for an FMX Division Contract that has been entered into the Exchange Trading System may be modified or cancelled unless and until it has been executed or has otherwise expired. Any such modification or cancellation requires that a Cancel Replace Order or Cancel Order, as the case may be, with respect to the original order be entered into the Exchange Trading System. Such modification or cancellation will become effective upon the issuance of an acknowledgement by the Exchange Trading System of the Cancel Order or Cancel Replace Order, as the case may be. Any Order, other than a Good-Until-Cancelled Order, automatically expires at the end of the Trading Hours on the Trading Day such order is placed, in the event of any suspension or curtailment of trading, or in the case of any failure of the Exchange Trading System.

### **III-10 Errors, Trade Cancellation and Price Adjustments on the FMX Division**

#### **(a) Trade Cancellation Authority**

The Exchange's trade cancellation policy authorizes the Board, through its designee the Compliance Director (or the Compliance Director's delegate) (the "Designee"), to adjust trade prices or cancel (bust) FMX Division Contract trades when such action is necessary to mitigate market disrupting events caused by the improper or erroneous use of the Exchange Trading System or by system defects. Notwithstanding any other provision of this Rule III-10, the Designee may adjust trade prices or cancel any trade if the Designee determines that allowing the trade to stand as executed may have a material, adverse effect on the integrity of the market, provided, however, that any such determination by the Designee (if other than the Compliance Director) will be subject to review by the Compliance Director if the Designee determines such review to be necessary or appropriate. Subject to the immediately preceding sentence, the decision of the Designee shall be final.

#### **(b) Review of Trades**

The Designee may review a trade based on its analysis of market conditions or a request for review by a user of the Exchange Trading System. A request for review must be made within eight minutes of the execution of the trade. The Designee shall promptly determine whether the trade will be subject to review, and upon deciding to review a trade, the Designee will promptly issue an alert to all FMX Participants, Authorized Traders and

Authorized Customers on the Exchange Trading System indicating that the trade is under review.

In the case of Contracts determined by the Designee to be illiquid, the Designee may initiate a review up to one hour after the execution of the trade, and has the authority, but not the obligation, to review trades reported any time before the start of the next Trading Day even if that is more than one hour following execution if the Designee determines that the trade price was significantly out of line with fair value.

In the course of its review of any trade, the Designee 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.

(c) Trade Price Adjustment and Cancellation Process

The Designee will first determine whether the trade price is within the No Bust Range for the Contract. During fast market conditions, upon the release of significant news, or in other circumstances in which the Designee determines it is appropriate, the Designee may, without prior notice, temporarily increase the published No Bust Range, up to an amount that is double the published range. Such temporary action will be notified to the CFTC in accordance with CFTC Regulation 40.6(a)(6)(ii).

In applying the No Bust Range, the Designee shall determine the market price for that Contract immediately before the trade under review (the “Market Price”). The Designee may consider any relevant information, including the existing market conditions, the volatility of the market, the prices of similar instruments in other markets, the last trade price on the Exchange Trading System, a better bid or offer price, a more recent price in a different Contract month, the price of the same or related Contract established in open outcry trading and any other factors that the Designee deems relevant.

(i) Trade Price Inside the No Bust Range

If the Designee determines that the price of the trade was inside the No Bust Range, the Designee will promptly issue an alert to all Participants, Authorized Traders and Authorized Customers on the Exchange Trading System indicating that the trade shall stand.

(ii) Trade Price Outside the No Bust Range

If the Designee determines that a trade price is outside the applicable No Bust Range, the trade price shall be adjusted to a price agreed upon in a reasonable time by a Person not responsible for an Order that results in a trade price adjustment that is within the No Bust Range. In the absence of such agreement, the trade price shall be adjusted to a price that equals the Market Price for that Contract at the time of the questioned trade plus or minus the standard or adjusted No Bust Range;

provided, however, that in the event that such adjusted price would be outside the trading range of the day at the time of the questioned trade, such adjustment shall be limited to the trading range as applicable. In the event there are multiple parties, prices and/or Contracts involved in the transactions at issue, the Designee has the authority, but not the obligation, to bust rather than price adjust such transactions. The Designee will promptly issue an alert to all Participants, Authorized Traders and Authorized Customers on the Exchange Trading System indicating that the prices of the trades outside the No Bust Range have been adjusted to the No Bust Range limit or have been busted.

(iii) Liability for Losses Resulting from a Price Adjustment or Trade Bust.

(A) Price-Adjusted Trades

A Person responsible for an Order that results in a trade price adjustment shall generally not be liable for losses incurred by Persons whose trade prices were adjusted, except that a Person responsible for an Order(s) that results in a trade price adjustment shall be liable for actual losses incurred by Persons whose Stop Orders, Stop Limit Orders, Stop With Protection Orders, MIT Orders or MIT Limit Orders (each, a “Conditional Order”) were executed as a result of the Order(s). The compensable loss on each Contract executed as part of any Conditional Order shall be the difference between the adjusted price, as determined by the Designee, and the price in the market at the time the Person knew or should have known that any such Conditional Order was erroneously executed.

(B) Busted Trades

A Person responsible for an Order that results in a trade bust may be liable for the reasonable out-of-pocket losses incurred by Persons whose trades were busted or Persons whose Conditional Orders were executed and not busted. Issues of liability in such cases will be determined based upon all relevant facts and circumstances, including the conduct of the respective parties.

(d) Claim Process

A claim for a loss pursuant to Rule III-10(c)(iii)(A) must be submitted to the Exchange, on an Exchange claim form, within five Business Days of the price-adjusted trade giving rise to the claim. The Exchange shall reject any claim that is not permitted by Rule III-10(c)(iii)(A) and such decision shall be final. All claims which are not rejected by the Exchange shall be forwarded to the party responsible for the Order(s) that resulted in a price adjustment and to the Clearing Member through which the trade was placed.

Such party, or the Clearing Member on behalf of the party, shall, within ten Business Days of receipt of the claim, admit or deny responsibility in whole or in part. The liability for losses for a single incident shall be limited to \$500,000.

To the extent that liability is admitted, payment shall be made within ten Business Days. If liability is admitted but the total claims exceed \$500,000, the claims shall be reduced pro rata so that the total payment does not exceed \$500,000. To the extent that liability is denied, the claims shall be submitted to arbitration in accordance with Chapter XV.

A claim for a loss pursuant to Rule III-10(c)(iii)(B) must be pursued under the arbitration rules of Chapter XV.

(e) Trade Cancellation or Offset Procedures

Upon a determination by the Designee that a trade shall be busted or that trade prices shall be adjusted, that decision will be implemented. The busted trade price and any price quotes that have been adjusted will be reflected as cancelled in the Exchange's official record of time and sales.

(f) Transfer Trades

Positions that result from a trade determined by the Designee to be outside the No Bust Range that cannot be busted because the trade was not reported within eight minutes of the execution of the trade may be transferred between the parties using a transfer trade upon agreement of the parties (a "Transfer Trade"). The Transfer Trade must use the original trade price and quantity. Any party may, but is not required to, include a cash adjustment to another party to the trade. Trades determined by the Designee to be inside the No Bust Range may not be reversed using a Transfer Trade.

(g) Arbitration of Disputes Regarding Transfer Trade

If a party does not agree to transfer a position pursuant to Rule III-10(f), any other party to the trade may file an arbitration claim against the Person representing the other side of the trade. Written notice of such claim must be provided to the Exchange within five Business Days of the execution of the trade. Failure to file the claim within five Business Days shall be deemed a waiver of all claims. The arbitration claim will be conducted in accordance with Chapter XV.

(h) Voluntary Adjustment of Trade Price

When a trade outside of the No Bust Range is busted in accordance with this Rule III-10, the parties to the trade may agree voluntarily to reestablish the trade but to adjust its price and make a cash adjustment provided that all of the following conditions are met:

(i) The Designee approves the adjustment



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

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

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

(i) Busting Trades After System Malfunction.

In the event that the Exchange Trading System malfunctions with live Orders in the queue waiting to be matched, such Orders shall not be matched. When the Exchange re-opens the Exchange Trading System, the Exchange will conduct a Market Open including the Pre-Opening Period. Transfers of FMX Division Contract Positions

(j) A Clearing Member may transfer a position in the Trading Accounts of its customers to:

(i) correct errors in an existing FMX Division Contract, provided that the original trade documentation confirms the error;

(ii) transfer an existing FMX Division Contract position from one Trading Account to another Trading Account owned by the same FMX Participant where no change in ownership is involved, except as provided for in section (e) below;

(iii) transfer an existing FMX Division Contract position from one Clearing Member to another Clearing Member where no change in ownership occurs; or

(iv) transfer an existing FMX Division Contract through operation of law from death or bankruptcy.

(k) Subject to Rule III-10, a Participant may transfer a position on its books to other accounts beneficially owned by such Participant.

(l) Upon written request, the Exchange may, in its sole discretion, allow the transfer of a position as a result of a merger, asset purchase, consolidation, or similar non-recurring transaction for a Clearing Member that is an organization.

(m) Transfers of positions pursuant to this Rule III-11 must be made at the same prices that appear on the books of the transferring Clearing Member or Participant, as the case may be, or at the most recent settlement price, and the transfer must indicate the date when the original trade was made. Each Clearing Member or FMX Participant that is a party to a transfer of positions must make and retain records stating the nature of the transaction and the name of the counter-party Clearing Member or FMX Participant, as the case may be. Each Clearing Member that is a party to a transfer of positions must adhere to the Rules of LCH Limited related to transfers of positions and must provide any information required by LCH Limited related to such transfer.

(n) Transfers of an existing physically-delivered FMX Division Contract from one account to another where no change in ownership is involved during the delivery month and the two business days prior to the delivery month is not permitted for purposes of offset except to correct a bona fide clerical or operational error on the day that the error is identified and provided that the quantity of the offset does not represent more than one percent of the reported open interest in the affected futures contract month.

### **III-11 Responsibility for Orders**

Each FMX Participant shall be responsible for (i) all Orders placed by it, and by any of its Authorized Traders or Authorized Customers and (ii) use of any of the User IDs assigned to it and any of its Authorized Traders or Authorized Customers.

### **III-12 Allocation and Priority of Customer Orders; No Withholding of Orders; Bunched Orders**

(a) No FMX Participant shall enter an order into the Exchange Trading System for its own account, an account in which it has a direct or indirect financial interest or a discretionary account, including, without limitation, an order allowing discretion as to time and price, when such Participant is in possession of any order for the benefit of a Customer that the Exchange Trading System is capable of accepting. A discretionary account is a Customer Account over which the FMX Participant has been given express discretionary trading authority by the Customer as documented by a power of attorney or other similarly effective trading authorization.

(b) An FMX Participant shall not withhold or withdraw from the Exchange Trading System any order, or any part of an Order, for the benefit of any other Customer that is not a party to that order.

(c) Each FMX Participant shall ensure that orders are allocated to the appropriate accounts and shall establish and enforce procedures to ensure appropriate allocations.

(d) Bunched Orders may be submitted to the Exchange Trading System by a Participant only if all the requirements of (i) or (ii) below are satisfied:

(i) If trade allocation is to be made based upon a pre-determined allocation system, then:

(A) The Bunched Order must be accompanied by an account series designation,

(B) each account within such series is a discretionary account, and

(C) the Participant entering the Bunched Order has, and follows, a written, pre-determined allocation system that defines the series and provides for an equitable allocation of prices, or

(ii) If trade allocation is made on a post-execution basis, then:

(A) the person placing and directing the allocation shall be an “eligible account manager”, as defined by CFTC Regulation 1.35(b)(5)(i), acting pursuant to a prior written grant of trading discretion on behalf of each participating Customer Account,

(B) each Bunched Order is accompanied by an account series designation that references the eligible account manager’s Order initiation document,

(C) the allocation is made as soon as practicable after the Bunched Order is executed; account managers must provide allocation information to futures commission merchants no later than a time sufficiently before the end of the Trading Day the order is executed to ensure that clearing records identify the ultimate customer for each trade, and

(D) the allocation is made in compliance with CFTC Regulation 1.35(b)(5)(iv) and is otherwise fair and equitable such that no account or group of accounts shall receive consistently favorable or unfavorable treatment.

### **III-13 Financial Requirements for Order Entry and Executions**

Each FMX Participant and Authorized Customer that is not itself a Clearing Member must establish a clearing relationship with a Clearing Member. The Clearing Member will establish risk controls and trading parameters for each FMX Participant, Authorized Customer and Customer for which it clears and will provide such information to the Exchange in a manner suitable to the Exchange. All orders shall be checked against the risk controls prior to admittance into the order book. Notwithstanding the foregoing, the FMX Participant shall remain responsible in accordance with these Rules for the acts and omissions of any of its Authorized Customers or

Authorized Traders regardless of the level of risk controls set by the Clearing Member and the approval of such risk controls by the Exchange.

### **III-14 Revocation of Clearing Authorization: Trade Nullification**

In the event that LCH Limited terminates a Clearing Member's authorization, any trade executed for that Clearing Member or for a Person guaranteed by that Clearing Member after the Exchange receives and processes notice of the termination from LCH Limited and prior to any reinstatement of such Clearing Privilege Holder's authorization, shall be nullified and cancelled by the Exchange at the price at which the nullified transaction was executed. The Exchange shall process such notice promptly.

### **III-15 Customer Margin**

(a) Customer Margin

(i) An FMX Participant shall not effect a transaction or carry any Customer Account without obtaining margin at the times, in the amounts, and in the forms required by the Exchange.

(ii) The Exchange will publish the minimum initial and maintenance margin requirements for each Contract or combination of Contracts.

(iii) Any changes in Contract margin requirements will apply to both new and existing Contract positions in any Customer Account.

(iv) Unless otherwise stated in these Rules, an FMX Participant must use a risk-based portfolio margining system acceptable to the Exchange to calculate margin requirements for Customer Accounts. Such risk-based portfolio margining systems may take into account off-sets in customer accounts available under the portfolio margining systems in effect pursuant to the Rules of LCH Limited.

(v) Unless otherwise stated in these Rules, an FMX Participant must use a risk-based portfolio margining system acceptable to the Exchange to calculate margin requirements for Customer Accounts.

(vi) If an FMX Participant does not obtain and maintain the required minimum margin deposits for a Customer Account pursuant to this Rule, the Exchange may require the Participant to liquidate immediately Contract positions in the Customer Account to eliminate the margin requirement shortfall.

(vii) The Exchange or an FMX Participant may impose margin requirements on a Customer that are in excess of the existing margin requirements imposed by LCH Limited.

(viii) Terms used in this Rule, but not otherwise defined by these Rules, carry the meaning set forth in the Joint Audit Committee's Margins Handbook. In addition, an FMX Participant must adhere to the procedures specified in the Joint Audit Committee's Margins Handbook for the computation, issuance, collection, and offsets for margin calls and corresponding capital charges for the FMX Participant unless the Joint Audit Committee's Margins Handbook is inconsistent with the Exchange's Rules, in which case the Exchange's Rules will prevail.

(ix) An FMX Participant must collect at least the minimum margin requirements established by the Exchange for its Contracts in a Customer Account.

(x) The full premium value for a long call or put for an Option on Futures Contract must be collected from the Customer.

(xi) When additional margin deposits are required pursuant to the Rules of the Exchange, an FMX Participant must call for the additional margin in a prompt manner not to be any later than one Business Day after the event giving rise to the call. The margin call must be sufficient to ensure the Customer Account will at least meet the minimum initial margin requirement (i) when the margin equity in the Customer Account initially falls below the minimum maintenance requirements and (ii) subsequently when the margin equity plus existing margin calls on the Customer Account are less than the minimum maintenance margin requirements.

(xii) The FMX Participant must collect the full amount of the margin call from a Customer in a prompt manner and within a reasonable period.

(xiii) If a margin call is outstanding for an unreasonable time, the Participant may only accept Orders from the Customer that will reduce the Customer's margin requirements. If the Exchange determines, upon being given notice of such an event, that an FMX Participant has failed in its duties to oversee adequately the risk posed by the positions of the Customer, the Exchange may take any action it deems reasonably necessary.

(xiv) If a Customer fails to deposit the required margin deposit within a reasonable time, the FMX Participant may, but is not required to, liquidate all or a portion of the Customer's Contract position(s) to restore the Customer's account to a properly margined level. However, the inability of the FMX Participant to liquidate all or a portion of a Customer's Contract position(s) does not affect any liability of the Customer to the FMX Participant.

(xv) An FMX Participant must make and retain a written record of margin calls to Customers that reflects the date, amount and other relevant information for all margin calls made (whether made by telephone, in writing or by other means) as well as margin calls reduced, satisfied or relieved.

(b) Release of Customer Margin

An FMX Participant may only release excess funds in connection with a Customer Account if after the release the Customer Account has equity at least equal to the initial margin requirement level.

(c) Omnibus Accounts

An FMX Participant must calculate margin requirements for an omnibus account (whether domestic or foreign) on a gross Contract basis. However, an FMX Participant may impose maintenance margin rates for Contract positions in the omnibus account. An FMX Participant must obtain written representation of spread or hedge positions from an omnibus account in order to afford any Contract positions in the account spread or hedge margin treatment.

(d) Aggregation

(i) When determining margin requirements, margin calls and release of margin deposits, a Participant may aggregate identically owned Customer Accounts within the same regulatory account classification of Customer segregated, Customer secured and nonsegregated.

(ii) In satisfaction of a margin deficiency, an FMX Participant may not apply available free funds from an identically owned Customer Account that has a different regulatory classification. The FMX Participant must transfer the free-funds from the identically owned Customer Account to the Customer Account that has the margin deficiency.

(iii) Except for omnibus accounts, An FMX Participant may calculate margin requirements on a net basis for concurrent long and short Contracts in identically owned Customer Accounts within the same regulatory account classification.

(e) Extension of Credit

An FMX Participant shall not extend or maintain credit to or for a Customer to evade or circumvent any requirements of these Rules. An FMX Participant may extend or maintain (or arrange for the extension or maintenance of) credit or a loan to or for a Customer to meet the margin requirements of these Rules provided the credit or loan is secured as defined by CFTC Regulation 1.17(c)(3) and the proceeds are treated by the FMX Participant in accordance with CFTC Regulation 1.30.

(f) Allowable Margin Deposits

(i) A Participant may only accept the following as margin deposits:

- (A) U.S. dollars and foreign currencies,
  - (B) U.S. government Treasury and agency securities,
  - (C) Municipal securities,
  - (D) Readily marketable securities (which means securities traded on a “ready market” as defined by SEC Rule 15c3-1(c)(11)),
  - (E) Money market mutual funds that meet the requirements of CFTC Regulation 1.25 (other than securities issued by the Customer or an affiliate of the Customer), and / or
  - (F) Irrevocable letters of credit in a form, and issued by banks or trust companies, approved by the applicable Clearing Member (other than letters of credit issued by the Customer or an affiliate of the Customer).
- (ii) The assets, securities and instruments accepted by an FMX Participant to meet a Customer’s margin requirements must be and remain unencumbered by third party claims.
- (iii) Acceptance of foreign currencies will require a Participant to obtain a subordination agreement and value the foreign currencies as required by CFTC Interpretation #12 – Deposit of Customer Funds in Foreign Depositories.
- (iv) Securities must be valued at no greater than their current market value less any haircuts specified by SEC Rule 15c3-1.
- (v) No guarantee against a margin deficiency for a Customer Account from any party may be considered.

### **III-16 Customer Funds**

- (a) *Segregation of Customer and Proprietary Funds.* All customer funds must be separately accounted for and segregated from proprietary and other funds by FMX Participants, and treated as belonging to customers, in accordance with CFTC Rule 1.20(a) and other Applicable Law.
- (b) *Custody of Customer Funds.* Customer funds that are deposited in any bank, trust company, clearing organization or futures commission merchant must be deposited under an account name which clearly identifies them as such and shows that they are segregated, in accordance with CFTC Rule 1.20(a) and other Applicable Law.
- (c) *Investment Standard for Customer Funds.* Customer funds may only be invested in accordance with CFTC Rule 1.25 and other Applicable Law.

### **III-17 Daily Settlement Price Determination**

(a) The daily Settlement Price of each FMX Division Contract, for purposes of determining any amounts of margin due on Open Contract Positions, will be established by the Exchange as soon as practicable after the End of Trading on each Trading Day.

(b) The daily Settlement Price of an FMX Division Contract shall be the volume weighted average price of all trades in that FMX Division Contract during (i) the last minute of trading on a Trading Day or (ii) such other period of time that may be specified in the Rules for that FMX Division Contract as its Settlement Price determination period.

(c) If, in the sole opinion of the Control Desk, the Settlement Price for any FMX Division Contract calculated in accordance with Paragraph (b) above is inconsistent with the pricing of different Contract months, with cash or other market prices or with resting bids and offers at the close of the Trading Day or if there were no trades during the relevant Settlement Price determination period, the Control Desk may report a daily Settlement Price that it determines is consistent with fair market values.

### **III-18 Required Reports**

(a) Each FMX Participant (on behalf of itself and its Customers) or Authorized Customer required to file any report, statement, form or other information with the CFTC pursuant to CFTC Regulations Part 15 or 17 concerning any Contract or commodity underlying a Contract must simultaneously file a copy of such report, form or other information with the Exchange. Each FMX Participant shall be required to file with the Exchange any such report on behalf of any Customer of such FMX Participant who does not file such report to the Exchange itself. Each FMX Participant or Authorized Customer must submit the report, form or other information to the Exchange in the form and manner designated by the Exchange.

(b) For purposes of filings made or information provided to the Exchange pursuant to CFTC Regulations Part 15 or 17 each FMX Participant (on behalf of itself or any of its Customers that do not file such report itself) or Authorized Customer, as the case may be, must report open Contract positions at or above such levels as the Exchange establishes from time to time, as set forth in Chapter XI.

(c) Any FMX Participant (on behalf of itself and its Customers) required to file large trader reports as per sections (a) and (b) of this Rule shall submit a report to the Exchange in the event that it holds in any reportable account a current month position that exceeds the reportable level for any cash-settled contract that references the settlement price of another Designated Contract Market ("Reference DCM") in the final Settlement Price. Such report must identify positions which such FMX Participant or its Customer owns or controls in the current month of the Reference DCM's corresponding contract as of the open of trading and the close of trading on such Last Trading Day. The report must



be provided after the close of trading and be in such form and manner as may be specified by the Exchange. An FMX Participant (on behalf of itself and its Customers) subject to the requirements of this rule shall provide such other information as may be requested by the Exchange regarding transactions effected on the last trading day by such Person in the corresponding Reference DCM contract, in such form and manner as may be specified by the Exchange.

### **III-19 Recording of Orders and Record Keeping**

(a) Any Order, except an Order for a proprietary account, which is not in the form of an electronic or written record and which is not immediately entered into the Exchange Trading System upon receipt, must within one minute of its receipt be recorded in writing or caused to be recorded in writing by the FMX Participant receiving such Order.

(b) The record of any Orders required to be recorded in writing under paragraph (a) of this Rule III-20 shall:

(i) include the account identification, User ID, Source ID, if applicable, and Order number assigned by the receiving FMX Participant;

(ii) include a date and time stamp to the nearest minute when the Order was received; and

(iii) be written or in an electronic form, in each case, which is not subject to erasure and is otherwise satisfactory to the Exchange.

(c) All memoranda reflecting Orders for a Customer Account shall be retained in accordance with Rule V-1.

(d) All Order-related information entered into the Exchange Trading System shall be retained by the Exchange for the time period set forth in Rule V-1.

## **CHAPTER IV CLEARING of FMX Division Contracts**

### **IV-1 Rules of LCH Limited**

(a) The clearing services provided by LCH Limited with respect to FMX Division Contracts, and the rights and obligations of purchasers and sellers under cleared Contracts (including, without limitation, rights and obligations in respect of clearing and settlement, variation margin payments and performance at maturity, and in the case of Options on Futures, upon exercise thereof), shall be governed by the Rules of LCH Limited.

(b) The Exchange may discontinue the clearance of contracts at LCH Limited and select and substitute another clearinghouse or method of clearance.

#### **IV-2 Transfer of Open Positions to LCH Limited**

Each Clearing Member shall comply in all respects with any statement of policy or other notice issued by the Exchange relating to the procedures and processes that must be followed to effectuate the transfer of open positions to LCH Limited.

#### **IV-3 Substitution**

Where a Contract is cleared through LCH Limited, the clearinghouse shall be deemed substituted as seller to the buyer and shall also be deemed substituted as buyer to the seller, and thereupon LCH Limited shall have all of the rights and be subject to all of the liabilities of the original parties with respect to such contract.

### **CHAPTER V FMX DIVISION CONTRACTS**

The terms and conditions of FMX Division Contracts listed for trading on the Exchange are as follows

#### **V-1 Reserved**

#### **V-2 Reserved**

### **CHAPTER VI FMX DIVISION INCENTIVE PROGRAMS**

Incentive programs applicable to the FMX Division are as follows:

#### **VI-1 Incentive Program**

Incentive Program No. 1

FMX Division Incentive Program No. 1 provides that Participants or Authorized Customers meeting objective criteria with respect to providing liquidity to FMX Contracts shall be entitled to transaction fee discounts, the degree of which are related to the volume of their market making activities. Incentive Program No. 1 provides for the following:

- a) qualifications, including minimum net capital requirements, that each Qualified Market Maker must satisfy;
- b) the procedure by which Participants or Authorized Customers may seek and receive designation as a Qualified Market Maker;
- c) the obligations of such Qualified Market Maker, including the provision that the Orders of such Qualified Market Maker be Post-Only Orders, and any applicable minimum trading requirements; and

the benefits accruing to such Qualified Market Maker, including, reduced transaction fees in an amount relating to the volume of their liquidity provision.

[RESERVED-- CHAPTERS VII-IX]

## **PART B      GENERAL RULES OF THE EXCHANGE**

Scope: The rules in Part B shall apply to the Exchange and to trading on the Exchange generally.

### **CHAPTER X GOVERNANCE OF THE EXCHANGE**

#### **X-1    Board of Directors**

(a)    The business and affairs of the Exchange shall be managed by the Board of Directors in accordance with the CX Futures Exchange, L.P. Operating Agreement and Applicable Law.

(b)    The number of directors on the Board of Directors shall be seven, at least three of whom shall be Public Directors (or such other percentage of the Board of Directors as may be required by the CFTC Regulations, as amended from time to time, *provided* that the number of Public Directors shall at all times equal no less than 35% of the entire Board of Directors). Any vote made by the Board of Directors that results in a tie will require that the Board of Directors reconvene to reconsider the matter until such tie is broken.

(c)    The appointment of the members of the Board of Directors will be made by the General Partner. The sole member of the General Partner shall make such appointments on behalf of the General Partner.

#### **X-2    Standing Committees**

(a)    Unless otherwise determined by the Board of Directors, the Board of Directors shall initially have one standing committee: the “Regulatory Oversight Committee”.

(b)    Except as otherwise specifically provided in these Rules, the members of standing committees shall be appointed by the chairperson of the Board of Directors, subject to approval by the Board of Directors, as promptly as possible after each annual meeting of the Exchange. Each appointee shall serve for one year or until the due appointment of his or her successor or his or her resignation or removal, with or without cause, by a majority vote of the Board of Directors. Subject to approval by the Board of Directors, the chairperson of the Board of Directors shall designate the chairperson of each standing committee.

(c)    Each standing committee shall assist in the supervision, management and control of the affairs of the Exchange within its particular area of responsibility.

(d)    Subject to the authority of the Board of Directors, each standing committee shall determine the manner and form in which its proceedings shall be conducted and may act at a meeting or without a meeting, and through a quorum composed of a majority of all

its members then in office, inclusive of *ex officio* members. Except as otherwise specifically provided in these Rules, the decision of a majority of those present at a meeting at which a quorum is present, or the decision of a majority of those participating when at least a quorum participates, shall be the decision of the standing committee. Any or all members of any standing committee may participate in any meeting thereof by telephone conference or similar communications equipment by means of which all members participating in such meeting can hear each other.

(e) In the event of the absence or disqualification of any member of a standing committee from any meeting thereof, each of the following individuals, in the order of their availability, may appoint another qualified individual to act at the relevant meeting in the place of any such absent or disqualified member: (i) the chairperson of the Board of Directors, (ii) the President or (iii) the chairperson of the standing committee in question.

### **X-3 Regulatory Oversight Committee**

The Regulatory Oversight Committee of the Board of Directors shall consist only of Public Directors, who shall be members of the Board of Directors, and shall be appointed from time to time by the chairperson of, and approved by, the Board of Directors. The Regulatory Oversight Committee shall oversee the Exchange's regulatory program on behalf of the Board of Directors. It shall make such recommendations to the Board of Directors as will, in its judgment, best promote the interests of the Exchange, *provided* that, for the avoidance of doubt, any dissenting opinions from one or more members of the Regulatory Oversight Committee shall be reported to the Board of Directors along with any such recommendation. The Regulatory Oversight Committee shall also have such other powers and perform such other duties as the Board of Directors may delegate to it from time to time.

The Board of Directors shall confirm one member of the Regulatory Oversight Committee as the committee's chairperson. The Chairperson of the Regulatory Oversight Committee shall determine the agenda for the committee and shall cast the tie-breaking vote on any matter where the voting members of the committee are equally divided; provided, however, that if the Regulatory Oversight Committee has only two members all decisions of the Regulatory Oversight Committee must be unanimous.

Without limiting the generality of the foregoing, the Regulatory Oversight Committee shall have authority to: (a) monitor the Exchange's regulatory program for sufficiency, effectiveness and independence, (b) oversee all facets of the Exchange's regulatory program, including trade practice and market surveillance; audits, examinations, and other regulatory responsibilities with respect to Participants (including ensuring compliance with financial integrity, financial reporting, sales practice, recordkeeping, and other requirements); and the conduct of investigations, (c) review the size and allocation of the regulatory budget and resources; and the number, hiring and termination, and compensation of regulatory personnel, (d) supervise the Exchange's Compliance Director, who will report directly to the Regulatory Oversight Committee, (e) prepare an annual report assessing the Exchange's self-regulatory program for the Board of Directors and

the CFTC, which sets forth the regulatory program's expenses, describes its staffing and structure, catalogues disciplinary actions taken during the year, and reviews the performance of disciplinary committees and panels, (f) recommend changes that would ensure fair, vigorous, and effective regulation, (g) review regulatory proposals and advise the Board of Directors as to whether and how such changes may impact regulation, and (h) exercise any other functions expressly assigned to it in these Rules.

#### **X-4 Additional Committees and Panels**

(a) The Board of Directors may create such additional standing committees of the Board of Directors as it may from time to time deem necessary or advisable. Members of such committees must be members of the Board of Directors, *provided* that the President may be a voting *ex officio* member of any such standing committee.

(b) In addition to the standing committees, the Board of Directors may from time to time constitute and appoint, by Rule or resolution, special committees of the Board of Directors and designate their composition, responsibilities and powers. The provisions regarding standing committees in Rule X-2 shall apply *mutatis mutandis* to any such special committees. At least 35% of the members of each special committee designated by the Board of Directors shall be Public Directors.

(c) The Exchange may create additional committees of the Exchange, or panels, for such purposes as may from time to time be necessary or advisable. Members of each such committee may be members of the Board of Directors, Participants, Authorized Traders or such other individuals as may be qualified to serve on such committee. At least 35% of the members of each such committee designated by the Board of Directors shall be Public Directors (or individuals that would qualify as Public Directors if they were directors of the Exchange).

#### **X-5 Eligibility**

(a) No Person may serve as an Officer of the Exchange, or a member of the Board of Directors, or any disciplinary committee, arbitration panel or oversight panel of the Exchange or as Compliance Director if such Person:

(i) was found within the past three years by a final decision of a self-regulatory organization, an administrative law judge, a court of competent jurisdiction or the CFTC to have committed a disciplinary offense;

(ii) entered into a settlement agreement within the past three years in which any of the findings or, in absence of such findings, any of the acts charged included a disciplinary offense;

(iii) is currently suspended from trading on any contract market, is suspended or expelled from membership from any self-regulatory organization, is

serving any sentence of probation or owes any portion of a fine imposed pursuant to either:

(A) a finding by a final decision of a self-regulatory organization, an administrative law judge, a court of competent jurisdiction or the CFTC that such person committed a disciplinary offense; or

(B) a settlement agreement in which any of the findings or, in absence of such findings, any of the acts charged included a disciplinary offense;

(iv) is currently subject to an agreement with the CFTC or any self-regulatory organization not to apply for registration with the CFTC or membership in any self-regulatory organization;

(v) is currently subject to or has had imposed on him or her within the past three years a CFTC registration revocation or suspension in any capacity for any reason, or has been convicted within the past three years of any of the felonies listed in section 8a(2)(D)(ii) through (iv) of the CEA; or

(vi) is currently subject to a denial, suspension or disqualification from serving on the disciplinary committee, arbitration panel or governing board of any self-regulatory organization as that term is defined in Section 3(a)(26) of the Securities Exchange Act of 1934.

(b) To qualify as a Public Director, an individual must be found, by action of the Board of Directors, to have no relationship with the Exchange that reasonably could affect the independent judgment or decision making of the Director. In addition, a Director shall automatically be deemed to have such a relationship and shall not be considered a "Public Director" if any of the following circumstances exist:

(i) within the last year, the individual or any member of his or her immediate family has been an officer or employee of the Exchange or any of its affiliates. Solely for purposes of this Rule X-5, the term "affiliate" shall mean parents or subsidiaries of the Exchange or entities that share a common parent with the Exchange. For the avoidance of doubt, an individual may still qualify as a Public Director if such individual (x) has, within the last year, served as a director of an affiliate of the Exchange, but (y) otherwise meets the eligibility criteria under this Rule X-5(b).

(ii) within the last year, the individual or any member of his or her immediate family has been a member of the Exchange, or a person employed by or affiliated with a member. Solely for purposes of this Rule X-5, the term "member" is defined according to Section 1a(24) of the CEA and Regulation 1.3(q) promulgated by the CFTC thereunder. Therefore, any Participant would be

considered a “member” of the Exchange. In this context, a person is “affiliated” with a member if he or she is an officer or director of the member, or if he or she has any other relationship with the member such that his or her impartiality could be called into question in matters concerning the member.

(iii) within the last year, the individual or any immediate family member of the individual, or a firm with which such individual or his or her immediate family member is affiliated, as described in Rule X-5(b)(ii) above, received more than \$100,000 in combined annual payments from the Exchange or its affiliates, or from a member or any person or entity affiliated with a member of the Exchange, in each case for legal, accounting or consulting services. Compensation for services as a Director shall not count towards the \$100,000 payment limit, nor shall deferred compensation for services prior to becoming a Director, so long as such compensation is in no way contingent, conditioned or revocable.

(c) Public Directors may also serve as directors of any parent company of the Exchange if the Public Directors otherwise meet the definition of “Public Director” in this Rule X-5.

(d) For purposes of this Rule X-5, the terms “self-regulatory organization”, “disciplinary committee”, “arbitration panel”, “oversight panel”, “final decision”, “disciplinary offense”, and “settlement agreement” have the meanings set forth in CFTC Regulation 1.63(a).

#### **X-6 Power of the Board of Directors to Review Decisions**

The Board of Directors has the power and authority to call for review, and to affirm, modify, suspend or overrule, any and all decisions and actions of standing committees, special committees of the Board of Directors formed pursuant to Rule X-4(b) and officers of the Exchange appointed pursuant to Rule X-7 (other than the Regulatory Oversight Committee).

#### **X-7 Officers**

The Board of Directors shall appoint a President, one or more Vice Presidents, a Secretary, a Treasurer and such other officers (each such person, an “Officer”) as it may deem necessary or appropriate from time to time, in each case for such term and on such other conditions as it sees fit. Any officer of the Exchange may also be a director, officer, partner or employee of the sole member of the General Partner or any of its affiliates.

#### **X-8 Restrictions on Certain Persons Who Possess Material, Non-Public Information**

(a) None of (i) any Officer of the Exchange, (ii) any member of the Board of Directors or any committee established by the Board of Directors or the Exchange (including but not limited to the Disciplinary Panel and the Appeals Panel), (iii) the Compliance Director or any other employee or agent of the Exchange shall use or disclose



any material, non-public information obtained in connection with the performance of his or her official duties, for any purpose other than the performance of his or her official duties.

(b) No Officer, employee or agent of the Exchange, and no member of the Board of Directors or any committee established by the Board of Directors of the Exchange, shall (i) trade in any Contract, or any underlying or related commodity interest, if such Person is in possession of material non-public information concerning such Contract or any underlying or related commodity interest or (ii) disclose to any other Person material, non-public information, however obtained (including, without limitation, material non-public information obtained by an employee or agent of the Exchange in connection with such employee or agent's employment or agency, as the case may be), if such Person could reasonably expect that such information might assist another Person in trading any Contract or underlying or related commodity interest.

(c) Any Officer, Director, Compliance Director or employee or agent of the Exchange who violates any provision of this Rule X-8 shall indemnify the Exchange for, and hold the Exchange harmless against, any losses, damages or costs that the Exchange may incur as a result of such violation.

(d) Notwithstanding anything to the contrary in this Rule X-8, the applicable Contract Rules for each Contract traded on the Exchange may impose additional prohibitions on the use of or trading on material non-public information by any Person.

(e) For purposes of this Rule X-8, the terms "material information," "non-public information" and "commodity interest" shall have the meanings ascribed to them in CFTC Regulation 1.59 or in the applicable Contract Rules, as the case may be.

## **X-9 Conflicts of Interest**

(a) *Definitions.* For purposes of this Rule X-9, the following definitions shall apply:

(i) The term "family relationship of a Person" shall mean such Person's spouse, former spouse, parent, stepparent, child, stepchild, sibling, stepbrother, stepsister, grandparent, grandchild, uncle, aunt, nephew, niece or in-law.

(ii) The term "Board" shall mean the Board of Directors, and any committee thereof duly authorized to take action or to recommend the taking of action on behalf of the Exchange.

(iii) The term "member's affiliated firm" shall mean a firm in which a member of the relevant deliberating body is an employee or a "principal", as defined in CFTC Regulation 3.1(a).

(iv) The term “named party in interest” shall mean a Person or entity that is identified by name as a subject of any matter being considered by the Board, a disciplinary committee or oversight panel.

(v) The term “significant action” shall mean any of the following types of actions or Rule changes that are implemented without the CFTC’s prior approval:

(A) Any actions or Rule changes which address an “Emergency”, as defined in Chapter I of these Rules; and

(B) Any changes in margin levels that are designed to respond to extraordinary market conditions or otherwise likely to have a substantial effect on prices in any Contract.

(b) Named Party in Interest Conflict.

(i) *Prohibition.* No Officer of the Exchange, Compliance Director or member of the Board of Directors or any standing committee, “disciplinary committee” or “oversight panel” (both as defined in CFTC Regulation 1.69) shall knowingly participate in such body’s deliberations or voting in any matter involving a named party in interest where such member (A) is a named party in interest, (B) is an employer, employee or fellow employee of a named party in interest, (C) is associated with a named party in interest through a broker association, (D) has a family relationship with a named party in interest or (E) has any other significant, ongoing business relationship with a named party in interest, excluding relationships limited to executing Contracts opposite each other.

(ii) *Recusal.* Where the Compliance Director has or may have one of the relationships listed in paragraph (b)(i) of this Rule X-9 with a named party in interest, the Compliance Director shall recuse himself or herself from the matter giving rise to the conflict and the Board of Directors shall appoint an individual meeting all the requirements of a Compliance Director to serve as Compliance Director for the specific matter giving rise to the conflict.

(iii) *Disclosure.* Prior to consideration of any matter involving a named party in interest, each member of the deliberating body (other than the Compliance Director whose recusal is required pursuant to clause (ii) above) shall disclose to the President, or his or her designee, whether such member has or may have one of the relationships listed in paragraph (b)(i) of this Rule with a named party in interest.

(iv) *Procedure and Determination.* The President, or his or her designee, shall determine whether any member of the relevant deliberating body is

subject to a conflicts restriction under this paragraph (b). Such determination shall be based upon a review of the following information:

(A) information provided by such member pursuant to clause (ii) above; and

(B) any other source of information that is held by or reasonably available to the Exchange.

(c) Financial Interest in a Significant Action Conflict.

(i) *Prohibition.* No Officer of the Exchange, Compliance Director or member of the Board of Directors or any standing committee, “disciplinary committee” or “oversight panel” (both as defined in CFTC Regulation 1.69) shall participate in such body’s deliberations and voting on any significant action if such member knowingly has a direct and substantial financial interest in the result of the vote based upon either Exchange or non-Exchange positions that could reasonably be expected to be affected by the significant action under consideration, as determined pursuant to this paragraph (c).

(ii) *Recusal.* Where the Compliance Director has or may have a direct and substantial financial interest in the result of the vote on any significant action based upon either Exchange or non-Exchange positions that could reasonably be expected to be affected by the significant action under consideration, the Compliance Director shall recuse himself or herself from the matter giving rise to the conflict and the Board of Directors shall appoint an individual meeting all the requirements of a Compliance Director to serve as Compliance Director for the specific matter giving rise to the conflict.

(iii) *Disclosure.* Prior to consideration of any significant action, each member of the deliberating body (other than the Compliance Director whose recusal is required pursuant to clause (ii) above) who does not choose to abstain from deliberations and voting shall disclose to the President, or his or her designee, position information known to such member with respect to any particular Contracts that are under consideration, and any other positions which the deliberating body reasonably expects could be affected by the significant action, as follows:

(A) gross positions held at the Exchange in such member’s personal accounts or “controlled accounts”, as defined in CFTC Regulation 1.3(j);

(B) gross positions held at the Exchange in accounts in which such member is a “principal”, as defined in CFTC Regulation 3.1(a); and

(C) any other types of positions, whether maintained at the Exchange or elsewhere, held in such member's personal accounts or the proprietary accounts of such member's affiliated firm, that the Exchange reasonably expects could be affected by the significant action.

(iv) *Procedure and Determination.* The President, or his or her designee, shall determine whether any member of the relevant deliberating body is subject to a conflicts restriction under this paragraph (c) based upon a review of the most recent large trader reports and clearing records available to the Exchange, information provided by such member with respect to positions pursuant to clause (ii) above and any other source of information that is held by and reasonably available to the Exchange, taking into consideration the exigency of the significant action being contemplated. A member of a deliberating body shall be subject to the conflicts restriction in clause (i) above if the review by the President, or his or her designee, identifies a position in such member's personal or controlled accounts or accounts in which such member is a principal as specified in subclauses (iii)(A), (B) and (C) above.

(v) *Deliberation Exemption.* Any Officer of the Exchange, member of the Board, a "disciplinary committee" or "oversight panel" (both as defined in CFTC Regulation 1.69) who would otherwise be required to abstain from deliberations and voting pursuant to this paragraph (c) (excluding the Compliance Director) may participate in deliberations, but not voting, if the deliberating body, after considering the factors specified below, determines that such participation would be consistent with the public interest, *provided, however*, that before reaching any such determination, the deliberating body shall fully consider the position information specified in clause (ii) above which is the basis for such member's substantial financial interest in the significant action that is being contemplated. In making its determination, the deliberating body shall consider:

(A) whether such member's participation in deliberations is necessary to achieve a quorum; and

(B) whether such member has unique or special expertise, knowledge or experience in the matter being considered.

(d) *Documentation.* The minutes of any meeting to which the conflicts determination procedures set forth in this Rule X-9 shall reflect the following information:

(i) the names of all members of the relevant deliberating body who attended such meeting in person or who otherwise were present by electronic means;

(ii) the name of any member of the relevant deliberating body who voluntarily recused himself or herself or was required to abstain from deliberations or voting on a matter and the reason for the recusal or abstention, if stated; and

(iii) information on the position information that was reviewed for each member of the relevant deliberating body.

#### **X-10 Regulatory Cooperation**

(a) The Exchange may from time to time enter into such agreements with domestic or foreign self-regulatory organizations, associations, boards of trade and their respective regulators providing for the exchange of information and other forms of mutual assistance for financial surveillance, routine audits, market surveillance, investigative, enforcement and other regulatory purposes as the Exchange may consider necessary or appropriate or as the CFTC may require.

(b) The Chief Executive Officer or the President, or their delegates, are authorized to provide information to an exchange or clearing organization that is a party to an information sharing agreement with the Exchange, in accordance with the terms and conditions of such agreement.

(c) All information received by the Exchange with respect to any information sharing agreement, shall be held in confidence by the Exchange and shall not be provided to any of its nonregulatory departments or divisions or any other person (including to any affiliate of the Exchange), except as follows:

(i) to the governmental authority(ies) responsible for regulating financial instruments in the home jurisdiction of the requesting information sharing agreement member,

(ii) pursuant to an order of a court or other lawful process, or

(iii) as it may be necessary for conducting any investigation or disciplinary proceeding.

#### **X-11 Regulatory Services Agreement with NFA**

The Exchange has contracted with NFA to provide certain regulatory services to the Exchange pursuant to a regulatory services agreement (the “Regulatory Services Agreement”). In accordance with the Regulatory Services Agreement, NFA may perform certain surveillance, investigative, and regulatory functions under the Rules of the Exchange and the Exchange may provide information to NFA in connection with the performance by NFA of those functions. Without limitation of the foregoing, any of the powers or functions of the Exchange under these Rules may be delegated to the NFA pursuant to the Regulatory Services Agreement in such manner and on such terms as the Exchange and the NFA may mutually agree.

## **CHAPTER XI**

### **General Trading Provisions**

#### **XI-1 Contract Specifications**

Each Contract will meet such specifications, and all trading in such Contract will be subject to such procedures and requirements, as set forth in the rules governing such Contract.

#### **XI-2 Contract Modifications**

The specifications for, and the procedures and requirements for trading, any Contract may not be modified in any respect without the prior approval of the Exchange.

#### **XI-3 Position Accountability**

(a) Position Accountability

(i) Position Accountability levels may be established by the Exchange, in its discretion, from time to time, for contracts having a highly liquid and deep cash market. Such Position Accountability levels may be specific to a particular Contract, as set forth in the relevant Contract Rules, or delivery month or may be established on an aggregate basis among Contracts.

(ii) The Compliance Department may, at any time, require a person who owns or controls positions in contracts traded on the Exchange or cleared by the applicable clearinghouse which exceed a Position Accountability level to which such person is subject to provide information relating to the nature and size of such person's position; the trading strategy employed with respect to the position; as relevant, information supporting a determination of the hedging nature of the position; and such other information as the Compliance Department may request.

(iii) The Compliance Department may order the reduction of such position to the Position Accountability level of any person who fails to provide the information as directed.

(iv) A person who holds or controls aggregate positions in excess of a specified Position Accountability level shall be deemed to have consented not to further increase the size of such person's position, or to reduce any open position which exceeds the Position Accountability level as directed by the head of the Compliance Department, in his or her sole discretion.

(v) For purposes of this section (b), all positions in accounts for which a person, by power of attorney or otherwise, directly or indirectly holds positions or controls trading shall be included with the positions held by such person. Positions held by two or more persons acting pursuant to an expressed or implied

agreement or understanding shall be treated the same as if the positions were held by a single person.

#### **XI-4 Price Limits**

(a) On each Trading Day, the amount by which the price of a Contract may increase or decrease is limited to an amount specified in the applicable Contract Rules, provided that, in each case, the Exchange shall have the authority under extraordinary market circumstances to set daily price limits at different levels if in the reasonable judgment of the Exchange such action is warranted for the protection of the market and Participants.

(b) Price limits with respect to any Contract will be calculated as soon as practicable following the End of Trading each Trading Day based on the then-applicable Settlement Price. A Contract will not be allowed to trade beyond the price limit until after new price limits are established following the End of Trading on the next succeeding Trading Day.

#### **XI-5 Transfers of Positions**

(a) A Participant and its Authorized Traders (and Authorized Customers in the case of the FMX Division) may transfer positions between their Trading Accounts in order to:

- (i) correct errors in an existing Contract, provided that the original trade documentation confirms the error;
- (ii) transfer an existing Contract from one Trading Account to another of the same Participant where no change in ownership is involved; or
- (iii) transfer an existing Contract through operation of law from death or bankruptcy.

(b) The provisions of paragraph (a) of this Rule shall apply to any Trading Account maintained by a Participant with control over one or more Trading Accounts, whether or not such Trading Accounts are controlled by the same Authorized Trader of such Participant.

(c) Upon written request, the Exchange may, in its sole discretion, allow the transfer of a position as a result of a merger, asset purchase, consolidation, or similar non-recurring transaction for a Person that is an organization.

(d) The Exchange will transfer positions pursuant to this Rule XI-5 at the same prices that appear on the books of the transferring Participant, and the transfer will indicate the date when the original trade was made.

## **XI-6 EFP Transactions**

(a) A *bona fide* EFP may, subject to the relevant Contract Rules, be entered into by an Authorized Trader with respect to any Contract in accordance with the applicable trading increments set forth in the relevant Contract Rules, at a price mutually agreed upon by the parties to such transaction. Contingent EFP transactions are not permitted. Each EFP must contain the following three essential elements:

(i) a Futures transaction and a cash transaction that are integrally related;

(ii) an exchange of Futures for the underlying commodity where the commodity contract provides for the transfer of ownership of the commodity to the cash buyer upon performance of the terms of such contract, with delivery to take place within a reasonable time thereafter, in accordance with prevailing cash market practice; and

(iii) separate Persons, such that the Trading Accounts involved on each side of the EFP have different beneficial ownership or are under separate control.

(b) In every EFP, one party must be the buyer of the commodity and the seller of the corresponding Futures and the other party must be the seller of the commodity and the buyer of the corresponding Futures. Prices reported of the commodity and the corresponding Futures must correspond to prevailing market levels of each. Further, the quantity of the commodity traded in an EFP must be substantially equivalent to the quantity of the commodity represented by the Futures portion of the transaction.

(c) EFP transactions must be reported to the Exchange in a manner prescribed from time to time by the Exchange. EFP transactions executed during Trading Hours must be reported to the Exchange within 30 minutes of agreement by the parties and no later than 15 minutes prior to the End of Trading for such Contract on such Trading Day.

(d) EFP transactions executed after the End of Trading must be reported within 15 minutes after the opening of the next Trading Day with respect to the underlying Contract.

(e) For EFP transactions between the Authorized Traders of two Participants, the Exchange requires the Participants granting Trading Privileges to each of the Authorized Traders to report the transaction.

(f) The Exchange will review the information submitted by the Participants for the EFP transaction and will post the transaction to the Exchange Trading System if the transaction details are complete and accurate in accordance with this Rule. The Exchange will immediately publicize information identifying the transaction as an EFP trade and



identifying the relevant Contract, contract month, quantity and, if applicable, whether the transaction involved a put or a call and the strike price.

(g) Each Participant involved in an EFP shall maintain records evidencing compliance with the criteria set forth in this Rule XI-6. Upon request, such Participant shall provide documentation evidencing the underlying cash transaction to the Exchange or NFA.

(h) EFP transactions are not permitted during the last Trading Day for a Contract delivery month.

(i) EFP prices will not trigger unexecuted Orders.

(j) Notwithstanding anything to the contrary in this Rule XI-6, an EFP may only be executed with respect to Contracts for which such transactions are expressly permitted by the applicable Contract Rules.

#### **XI-7 Block Trading**

(a) The Exchange shall determine the products in which block trades are permitted and the minimum quantity of such transactions.

(b) Block trades must meet the following requirements:

(i) A block trade must be for a quantity at or exceeding the applicable minimum threshold.

(ii) The size of the Block may not result from the aggregation of Orders, except for Orders of a commodity trading advisor ("CTA") registered or exempt from registration under the Act (or a foreign Person performing a similar role or function as an advisor and subject as such to regulation by its home regulator) having total assets under management exceeding \$25 million ;

(iii) Each of the counterparties to a block trade must be an Eligible Contract Participant as defined in Section 1a(18) of the Act.

(iv) No Order for a customer may be executed as a Block Trade unless the customer has specified that the Order be executed as a Block Trade.

(v) The price at which a block trade is executed must be fair and reasonable taking into account the size of the Block Trade, the prices and size of other transactions executed on the Trading System or in other markets (including the underlying cash markets or related derivatives markets) at that time, or the circumstances of the parties to the block Trade.

(vi) Block Trades shall not affect any Order on the Exchange Trading System;

(vii) The trade details of the Block Trade, including the contract, contract month, price, quantity, applicable Clearing Member(s), execution time, and, for options, strike price, put or call and expiration month must be reported to the Exchange within the time specified in the Terms and Conditions of the applicable Contract, which in no event shall be longer than one hour from the time of execution, and in the form and manner provided by the Exchange. Unless otherwise agreed to by the counterparties to the Block Trade, the seller shall submit such report, provided however, the broker shall report in the case of brokered transactions.

(viii) Block trades must be reported to the Exchange in the form and manner it may specify.

(ix) Exchange Participants and Clearing Members must maintain a record of the transaction in accordance with Commission Regulations.

(c) The Exchange shall promptly publish such information separately from the reports of transactions in the regular market.

#### **XI-8 EFS Transactions**

An exchange of futures for, or in connection with, a swap transaction (“EFS”) may, subject to the relevant Contract Rules, be entered into by an Authorized Trader. An EFS consists of two bona fide, discrete, but related, transactions: a purchase and sale of Futures and a related swap transaction. At the time an EFS is effected, the buyer and seller of the Futures must be the seller and the buyer, respectively, of the swap. Prices reported of the Futures and the related swap transaction must correspond to prevailing market levels of each. The swap component of an EFS shall involve the commodity underlying the Futures, or a derivative, by-product or related product of such commodity. The quantity of such commodity covered by the swap must be approximately equivalent to such quantity covered by the Futures. The swap component of an EFS must comply with the requirements of the CEA and CFTC Regulations thereunder. Parties to an EFS must be eligible contract participants as defined by 7 USC § 1a(18) of the Commodity Exchange Act. Contingent EFS transactions are not permitted.

(a) Notification of each EFS shall be given to and posted by the Exchange, in the manner from time to time specified by the Exchange, on the Trading Day on which such EFS is effected (or, in the case of an EFS entered into after the end of any Trading Day with respect to a particular Contract, then on the next succeeding Trading Day). Each EFS shall be cleared in accordance with normal procedures, shall be clearly identified and marked in the same manner as an EFP, and shall be recorded by the Exchange and by the Participants involved.

(b) In addition to the notification required by paragraph (b) above, a report of each EFS shall be submitted to the Exchange by each Participant involved in clearing the Futures component of such EFS. Such report shall identify the EFS as having been effected under this Rule XI-8, and shall contain the following information: a statement that the swap component of the EFS complied with the requirements of the CEA and CFTC Regulations thereunder at the time the EFS was entered into, a statement that the EFS has resulted or will result in a change of payments or other such change, the kind and quantity of the Futures component, the price at which the Futures component is to be cleared, the name of each Participant involved in the EFS, and such other information as the Exchange may require. Such report shall be submitted to the Exchange no later than 12:00 p.m. on the date that is two Trading Days after the date on which the relevant EFS is effected.

(c) The Exchange has the right to require the parties to an EFS to demonstrate that such EFS is legitimate and satisfies the requirements set forth in paragraph (a) above. Upon request by the Exchange, all documentary evidence relating to an EFS, including a master swap agreement and any schedules and other documents related thereto, shall be obtained by the Participants involved in such EFS from the parties thereto, and made available by such Participants for examination by the Exchange.

(d) Notwithstanding anything to the contrary in this Rule XI-8, an EFS may only be executed with respect to Contracts for which such transactions are expressly permitted by the applicable Contract Rules.

## **XI-9 Emergencies**

(a) *General.* In the event of an Emergency, the President or any individual designated by the President may place into immediate effect a temporary emergency rule, which may remain in effect for up to 30 Trading Days and which may provide for, or may authorize the Board of Directors or any committee thereof to undertake, actions necessary or appropriate to respond to the Emergency, including such actions as:

- (i) limiting trading to liquidation only, in whole or in part,
- (ii) changing the delivery month or extending or shortening the term of any Contract,
- (iii) changing delivery points or the means of delivery provided in any relevant Contract Rules,
- (iv) imposing or modifying position or price limits with respect to a particular Contract,
- (v) ordering the liquidation of Contracts, the fixing of a Settlement Price or any reduction in positions,

- (vi) ordering the exercise of Options on Futures,
- (vii) extending, limiting or changing the hours of trading,
- (viii) suspending or curtailing trading in any or all Contracts or modifying circuit breakers,
- (ix) requiring Participants to meet special margin requirements, or
- (x) modifying or suspending any provision of the Rules of the Exchange or the Rules of LCH Limited.

Any such action placed into effect in accordance with the preceding sentence shall be reviewed by the Board of Directors as soon as practicable under the circumstances and may be revoked, suspended or modified by the Board of Directors.

(b) *Physical Emergency.* If, in the judgment of the President, or any individual designated by the President and approved by the Board of Directors, the physical functions of the Exchange are, or are threatened to be, severely and adversely affected by a physical emergency, such Person shall have authority to take such action as he or she may deem necessary or appropriate to respond to such physical emergency, including closing the Exchange, delaying the opening of trading in one or more Contracts or suspending trading in or extending trading hours for one or more Contracts. In the event that any action has been taken pursuant to the immediately preceding sentence, any Person who is authorized to take such action may order the removal of any restriction previously imposed pursuant to such sentence, upon a determination by such Person that the physical emergency that gave rise to such restriction has sufficiently abated to permit the physical functions of the Exchange to continue in an orderly manner. Any order by any Person pursuant to this sentence shall be subject to review, modification or reversal by the Board of Directors. In the event that trading is suspended in any or all Contracts, unexecuted Orders for the suspended Contracts that are currently resting in the Exchange Trading System will automatically be cancelled and must be resubmitted by the Participants upon resumption of trading in the affected Contracts.

(c) *Notification and Recording.* The Exchange will notify the CFTC of any action taken, or proposed to be taken, pursuant to this Rule XI-9 in accordance with CFTC Regulation § 40.6. The decision-making process with respect to, and the reasons for, any such action will be recorded in writing.

(d) *Conflicts of Interest.* The conflict-of-interest provisions set forth in Rule X-9 and the related documentation requirements set forth in Rule X-9 shall apply, with any such modifications or adaptations as may be necessary or appropriate under the circumstances, to the taking of any action under this Rule XI-9 by the President, or his or her designee.

## **XI-10 Daily Reports**

(a) The Exchange will post on its website the current volume, open interest, last Settlement Price and Price Limits for all active Contracts on each Trading Day.

(b) The Exchange may publish additional reports from time to time in accordance with, and as specified in, the applicable Contract Rules.

## **XI-11 Message Traffic Limits**

The President or his delegate may at any time restrict or establish utilization fees in respect of Message Traffic in order to safeguard the security or operations of the Exchange Trading System, or to preserve market integrity or fair and orderly trading, or if otherwise in the public interest.

## **XI-12 Application of Rules and Jurisdiction Following Termination**

(a) By accessing, or entering any Order into, the Exchange Trading System, and without any need for any further action, undertaking or agreement, a Participant and its Authorized Customers, as applicable, and Authorized Traders agree (i) to be bound by, and comply with, the Rules of the Exchange, the Rules of the CX Clearinghouse or the Rules of LCH Limited, as applicable, and Applicable Law, in each case to the extent applicable to it, and (ii) to become subject to the jurisdiction of the Exchange with respect to any and all matters arising from, related to, or in connection with, the status, actions or omissions of such Participant and its Authorized Customers and Authorized Traders.

(b) Any CX Participant or FMX Participant, its Authorized Customers and Authorized Traders whose Trading Privileges are revoked or terminated shall remain bound by the Rules of the Exchange, the Rules of the CX Clearinghouse, the Rules of LCH Limited, as applicable, and Applicable Law, in each case to the extent applicable to it, and subject to the jurisdiction of the Exchange with respect to any and all matters arising from, related to, or in connection with, the status, actions or omissions of such Participant, and its Authorized Customer as applicable and its Authorized Trader prior to such revocation or termination.

## **XI-13 Recording of Communications**

The Exchange may record conversations and retain copies of electronic communications between officers, employees or agents of the Exchange, on one hand, and Participants, Authorized Customers or Authorized Traders, on the other hand. Any such recordings may be retained by the Exchange in such manner and for such periods of time as the Exchange may deem necessary or appropriate but in no event less than the retention periods necessary to comply with CFTC Regulations 1.31, 38.950 and, for swaps, 45.2(c). The NFA will have access to such recordings to the extent required to perform certain regulatory services to the Exchange pursuant to the Regulatory Services Agreement.

## **XI-14 Notices**

The Exchange shall publish on its website a notice with respect to each addition to, modification of, or clarification of, the Rules of the Exchange or of any action to implement any Rules of the Exchange, in accordance with the requirements of the relevant sections of Part 40 of the CFTC's Regulations and in a form and manner that is reasonably designed to enable each Participant, Authorized Customer as applicable, and Authorized Trader to become aware of and familiar with, and to implement any necessary preparatory measures to be taken by it with respect to, such addition or modification, prior to the effective date thereof.

## **XI-15 Proprietary Nature of Market Data**

All Participants, Authorized Customers, and Authorized Traders:

- (a) acknowledge the Exchange's proprietary interest in Market Data as well as all related trade data and settlement prices relating to all Contracts traded through the Exchange Trading System or subject to Exchange Rules; and
- (b) agree to comply with any reasonable policies that the Exchange publishes from time to time relating to the protection of such proprietary interest.

## **XI-16 Limitation of Liability**

EXCEPT AS OTHERWISE PROVIDED IN THESE RULES, AND EXCEPT IN INSTANCES WHERE THERE HAS BEEN A FINDING OF WILLFUL MISCONDUCT OR GROSS NEGLIGENCE, IN WHICH CASE THE PARTY FOUND TO HAVE ENGAGED IN SUCH CONDUCT CANNOT AVAIL ITSELF OF THE PROTECTIONS IN THIS RULE XI-16, NEITHER THE EXCHANGE (INCLUDING ITS AFFILIATES AND ANY CONTRACTORS AND SUB-CONTRACTORS PROVIDING SERVICES TO THE EXCHANGE) NOR ANY OF THEIR RESPECTIVE DIRECTORS, OFFICERS, EMPLOYEES OR AGENTS SHALL BE LIABLE TO ANY OTHER PERSON, INCLUDING ANY PARTICIPANT OR PERSON ASSOCIATED WITH A PARTICIPANT (INCLUDING ANY AUTHORIZED CUSTOMER OR AUTHORIZED TRADER), FOR ANY LOSSES, DAMAGES, COSTS OR EXPENSES (INCLUDING LOSS OF PROFITS, LOSS OF USE, DIRECT, INDIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES), ARISING FROM (A) ANY FAILURE OR MALFUNCTION, INCLUDING ANY INABILITY TO ENTER OR CANCEL ORDERS, OF THE CX DIRECT SYSTEM OR ANY EXCHANGE SERVICES OR FACILITIES USED TO SUPPORT THE CX DIRECT SYSTEM, OR (B) ANY FAULT IN DELIVERY, DELAY, OMISSION, SUSPENSION, INACCURACY OR TERMINATION, OR ANY OTHER CAUSE, IN CONNECTION WITH THE FURNISHING, PERFORMANCE, MAINTENANCE, USE OF OR INABILITY TO USE ALL OR ANY PART OF THE EXCHANGE TRADING SYSTEM OR ANY EXCHANGE SERVICES OR FACILITIES USED TO SUPPORT THE EXCHANGE TRADING SYSTEM. THE FOREGOING SHALL APPLY REGARDLESS OF WHETHER A CLAIM ARISES IN CONTRACT, TORT, NEGLIGENCE, STRICT LIABILITY OR OTHERWISE. FURTHERMORE, THERE SHALL BE NO LIABILITY BASED UPON, OR IN

CONNECTION WITH, ANY QUOTE OR OTHER INFORMATION IF NO CORRELATIVE PURCHASE OR SALE OF A CONTRACT IS MADE, AND IF A CORRELATIVE PURCHASE OR SALE OF A CONTRACT IS MADE, ANY LIABILITY SHALL BE LIMITED IN AMOUNT TO THE AGGREGATE PRICE OF THE CONTRACTS PURCHASED OR SOLD.

THERE ARE NO EXPRESS OR IMPLIED WARRANTIES OR REPRESENTATIONS PROVIDED BY THE EXCHANGE (INCLUDING ITS AFFILIATES AND ANY CONTRACTORS AND SUBCONTRACTORS PROVIDING SERVICES TO THE EXCHANGE), RELATING TO THE EXCHANGE TRADING SYSTEM OR ANY EXCHANGE SERVICES OR FACILITIES USED TO SUPPORT THE EXCHANGE TRADING SYSTEM, INCLUDING WARRANTIES OF MERCHANTABILITY AND WARRANTIES OF FITNESS FOR A PARTICULAR PURPOSE OR USE. THE SERVICES OF THE EXCHANGE ARE BEING PROVIDED ON AN “AS IS” BASIS AT THE SOLE RISK OF THE PARTICIPANT AND ANY PERSON ASSOCIATED WITH THE PARTICIPANT (INCLUDING ANY AUTHORIZED CUSTOMER OR AUTHORIZED TRADER). NEITHER THE EXCHANGE (INCLUDING ITS AFFILIATES AND ANY CONTRACTORS AND SUBCONTRACTORS PROVIDING SERVICES TO THE EXCHANGE) NOR ANY OF THEIR RESPECTIVE DIRECTORS, OFFICERS, EMPLOYEES OR AGENTS MAKE ANY WARRANTY WITH RESPECT TO, AND NO SUCH PARTY SHALL HAVE ANY LIABILITY TO ANY PARTICIPANT OR ANY PERSON ASSOCIATED WITH A PARTICIPANT (INCLUDING ANY AUTHORIZED CUSTOMER OR AUTHORIZED TRADER) FOR, THE ACCURACY, TIMELINESS, COMPLETENESS, RELIABILITY, PERFORMANCE OR CONTINUED AVAILABILITY OF THE EXCHANGE TRADING SYSTEM OR THE EXCHANGE, DELAYS, OMISSIONS OR INTERRUPTIONS IN EXCHANGE SERVICES OR THE CREDITWORTHINESS OF ANY OTHER PARTICIPANT OR ANY PERSON ASSOCIATED WITH A PARTICIPANT (INCLUDING ANY AUTHORIZED CUSTOMER OR AUTHORIZED TRADER). THE EXCHANGE SHALL HAVE NO DUTY OR OBLIGATION TO VERIFY ANY INFORMATION DISPLAYED ON THE EXCHANGE TRADING SYSTEM OR OTHERWISE. EACH PARTICIPANT AND EACH PERSON ASSOCIATED WITH A PARTICIPANT (INCLUDING ANY AUTHORIZED CUSTOMER OR AUTHORIZED TRADER) ACKNOWLEDGES AND AGREES THAT THE EXCHANGE (INCLUDING ITS AFFILIATES AND ANY CONTRACTORS AND SUBCONTRACTORS PROVIDING SERVICES TO THE EXCHANGE) DOES NOT AND SHALL NOT SERVE AS THE PRIMARY BASIS FOR ANY DECISIONS MADE BY SUCH PARTICIPANT OR PERSON ASSOCIATED WITH A PARTICIPANT (INCLUDING ANY AUTHORIZED TRADER), AS THE CASE MAY BE, AND IS NOT AN ADVISOR OR FIDUCIARY OF SUCH PARTICIPANT OR PERSON ASSOCIATED WITH A PARTICIPANT (INCLUDING ANY AUTHORIZED TRADER), AS THE CASE MAY BE.

EXCEPT AS OTHERWISE PROVIDED IN THESE RULES, ANY LIABILITY OF THE EXCHANGE (OTHER THAN LIABILITY THAT IS EXCLUDED PURSUANT TO THE PRECEDING TWO PARAGRAPHS OF THIS RULE XI-16) WILL BE LIMITED TO DIRECT, OUT-OF-POCKET LOSSES DIRECTLY CAUSED BY THE ACTS OR OMISSIONS OF THE EXCHANGE OR ITS DIRECTORS, OFFICERS, EMPLOYEES OR AGENTS; PROVIDED

THAT THE TOTAL COMBINED AGGREGATE LIABILITY OF THE EXCHANGE AND ITS DIRECTORS, OFFICERS, EMPLOYEES OR AGENTS TO ANY ONE PARTICIPANT WITH RESPECT TO CX AND FMX CONTRACTS SHALL NOT, (TAKEN TOGETHER WITH ANY LIABILITY OF THE CX CLEARINGHOUSE WITH RESPECT TO CX CONTRACTS TO SUCH PARTICIPANT RESULTING FROM THE ACTS OR OMISSIONS OF THE CX CLEARINGHOUSE OR ITS DIRECTORS, OFFICERS, EMPLOYEES OR AGENTS) EXCEED \$25,000 FOR ALL LOSSES FROM ALL CAUSES SUFFERED ON A SINGLE CALENDAR DAY; \$50,000 FOR ALL LOSSES SUFFERED FROM ALL CAUSES IN A SINGLE CALENDAR MONTH; AND \$500,000 FOR ALL LOSSES SUFFERED FROM ALL CAUSES IN A SINGLE CALENDAR YEAR.

ANY DISPUTE ARISING OUT OF THE USE OF THE EXCHANGE TRADING SYSTEM OR EXCHANGE SERVICES OR FACILITIES USED TO SUPPORT THE EXCHANGE TRADING SYSTEM IN WHICH THE EXCHANGE (INCLUDING ITS AFFILIATES AND ANY CONTRACTORS AND SUBCONTRACTORS PROVIDING SERVICES TO THE EXCHANGE) OR ANY OF THEIR RESPECTIVE DIRECTORS, OFFICERS, EMPLOYEES OR AGENTS IS A PARTY SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK. ANY ACTIONS, SUITS OR PROCEEDINGS AGAINST ANY OF THE FOREGOING MUST BE BROUGHT WITHIN TWO YEARS FROM THE TIME THEY FIRST ARISE, AND ANY SUCH ACTION, SUIT OR PROCEEDING MAY BE BROUGHT IN ANY FEDERAL OR STATE COURTS LOCATED IN THE BOROUGH OF MANHATTAN, THE CITY OF NEW YORK. THIS PROVISION SHALL IN NO WAY CREATE A CAUSE OF ACTION AND SHALL NOT AUTHORIZE ANY ACTION THAT WOULD OTHERWISE BE PROHIBITED BY RULES OF THE EXCHANGE.

ANY PARTICIPANT OR PERSON ASSOCIATED WITH A PARTICIPANT (INCLUDING ANY AUTHORIZED CUSTOMER OR AUTHORIZED TRADER) WHO FAILS TO PREVAIL IN A LAWSUIT OR OTHER LEGAL PROCEEDING INSTITUTED BY SUCH PERSON AGAINST THE EXCHANGE (INCLUDING ITS AFFILIATES) OR ANY OF ITS DIRECTORS, COMMITTEE MEMBERS, OFFICERS, EMPLOYEES, AGENTS OR CONTRACTORS, AND RELATED TO THE BUSINESS OF THE EXCHANGE, WILL PAY TO THE EXCHANGE ALL REASONABLE EXPENSES, INCLUDING ATTORNEYS' FEES, INCURRED BY THE EXCHANGE IN THE DEFENSE OF SUCH PROCEEDING TO THE EXTENT THAT SUCH EXPENSES EXCEED FIFTY THOUSAND DOLLARS (\$50,000.00). THIS PROVISION WILL NOT APPLY TO DISCIPLINARY ACTIONS BY THE EXCHANGE, ADMINISTRATIVE APPEALS OF EXCHANGE ACTIONS OR IN ANY SPECIFIC INSTANCE WHERE THE BOARD OF DIRECTORS HAS GRANTED A WAIVER OF THIS PROVISION.

NOTWITHSTANDING ANY OF THE FOREGOING PROVISIONS, THIS RULE XI-16 SHALL IN NO WAY LIMIT THE LIABILITY OF ANY PERSON ARISING FROM ANY VIOLATION OF SUCH PERSON OF THE CEA OR CFTC REGULATIONS THEREUNDER.



## **CHAPTER XII**

### **OBLIGATIONS OF PARTICIPANTS**

#### **XII-1 Books and Records; Cooperation in Proceedings**

(a) Each Participant that is registered with any self-regulatory association shall prepare and keep current all books, ledgers and other similar records required to be kept by it pursuant to the CEA, CFTC Regulations and the Rules of the Exchange, and shall prepare and keep current such other books and records and adopt such forms as the Exchange may from time to time prescribe. Such books and records shall be made available to the Exchange and its authorized representatives, including but not limited to the NFA as authorized under the Regulatory Services Agreement, the CFTC, the Department of Justice and their respective authorized representatives upon request.

(b) Each Participant that is registered with any self-regulatory association shall keep all books and records required to be kept by it pursuant to these Rules for a period of five years from the date on which they are first prepared, unless otherwise provided in these Rules or required by law. Such books and records shall be readily accessible during the first two years of such five-year period. During such five-year period, all such books and records shall be made available for inspection by, and copies thereof shall be delivered to, the Exchange and its authorized representatives, including but not limited to the NFA as authorized under the Regulatory Services Agreement, upon request.

(c) Each Participant that is not registered with the CFTC or any self-regulatory organization shall prepare and keep current all books, ledgers and other similar records in a form and substance as the Exchange may from time to time prescribe. Such books and records shall be made available to the Exchange, the CFTC, the Department of Justice and their respective authorized representatives upon request.

#### **XII-2 Minimum Financial Reporting Requirements and Reports**

Each Participant that is registered with any self-regulatory association shall comply with the provisions of Applicable Law relating to minimum financial and related reporting and recordkeeping requirements. A copy of any notice or written report that a Participant is required to file with the CFTC pursuant to CFTC Regulation 1.12 shall be concurrently provided to the Exchange. A Participant that violates any of the aforementioned CFTC Regulations shall be deemed to have violated this Rule XII-2.

#### **XII-3 Authority of the President to Impose Restrictions**

Whenever a Participant or Authorized Customer is subject to the early warning requirements set forth in CFTC Regulation 1.12, the President or his or her designee may impose such conditions or restrictions on the business and operations of such Participant or Authorized Customer as the President or his or her designee may deem necessary or appropriate for the protection of other Participants or the Exchange.

#### **XII-4 Minimum Financial Requirements**

(a) Each CX Participant shall be required to satisfy such minimum financial requirements as may be established from time to time by the Exchange or the CX Clearinghouse; each FMX Participant shall be required to satisfy such minimum financial requirements as may be established from time to time by the Exchange or LCH Limited.

(b) Each Participant must notify the President or his or her designee immediately upon becoming aware that it fails to satisfy the minimum financial requirements applicable to it.

(c) Unless and until a Participant is able to demonstrate to the Board of Directors that it is in compliance with the minimum financial requirements applicable to it, such Participant may not engage in any transactions subject to the Rules of the Exchange, except for the purpose of closing open positions.

#### **XII-5 Trade Confirmations**

(a) The Exchange shall furnish, or cause to be furnished, to each Participant that enters into a trade, no later than 12:00 Noon on the Trading Day immediately following the day on which such trade is entered into, an e-mail or downloadable confirmation of such trade in such form as the Exchange may from time to time prescribe, indicating the Contract bought or sold, the price, quantity, time of execution and such other information as the Exchange may require. In the case of an Option on Futures trade, such confirmation shall also indicate: (i) the amount of the premium and all other commissions, costs and fees, separately listed; (ii) the Option on Futures series; and (iii) the expiration date of the Option on Futures.

(b) Promptly upon the expiration or exercise of any Option on Futures, the Exchange must furnish to each Participant holding such Option on Futures an e-mail confirmation statement, which shall include the date of such occurrence, a description of such Option on Futures, and in the case of exercise, the details of the Future position resulting therefrom.

(c) Notwithstanding paragraphs (a) and (b) above, a trade that is executed for a commodity pool needs to be confirmed only to the operator of such pool.

#### **XII-6 Account Statements**

The Exchange shall furnish or cause to be furnished to each CX Participant as soon as practicable after the end of each month, a monthly statement of account via e-mail. Each such statement shall indicate, at a minimum, the CX Participant's initial balance, closing balance, commissions and fees incurred, income received and trades made.

## **XII-7 Risk Disclosure Statement**

(a) A risk disclosure statement in the form approved by the Exchange for purposes of CFTC Regulation 1.55 and any other disclosure statement from time to time required by the Exchange is included in the application form to become a CX Participant and shall be completed by the CX Participants where required under CFTC Regulations.

(b) All Customers and Authorized Customers of FMX Participants shall have been provided a risk disclosure statement in the form approved by the Exchange for purposes of CFTC Regulation 1.55 as well as any other disclosure statement required by the Exchange before they may be permitted to enter into transactions on the Exchange.

## **XII-8 Fraudulent or Misleading Communications**

No Participant shall make, or attempt to make, any fraudulent or misleading communications relating to the purchase or sale of any Contract.

## **XII-9 System Security**

(a) Each Participant that is an Entity shall at all times have at least one employee or agent (each, a “Responsible Agent”) designated as its administrator with respect to the use of the Exchange Trading System by the Authorized Traders of such Participant. Each Participant that is a natural person shall serve as its own Responsible Agent. The Exchange may prescribe such qualification standards for Responsible Agents as it may from time to time determine necessary or advisable. Among other things, each Responsible Agent shall (i) have full control over access to the Exchange Trading System by the Participant (including its Authorized Traders) represented by such Responsible Agent and (ii) be able to access, and, if required, modify and withdraw, any and all Orders placed, or purported to be placed, by the Authorized Traders of such Participant. The Responsible Agent or Responsible Agents of any Participant shall also be solely responsible for any and all communications between the Exchange and such Participant, and any and all notices or other communications sent to such Responsible Agent or Responsible Agents by the Exchange shall be binding on such Participant. Each Participant shall notify the Exchange promptly of any change regarding any of its Responsible Agents.

(b) Each Participant shall (i) be solely responsible for controlling and monitoring the use of all user identification codes and passwords to access the Exchange Trading System (collectively, “Passwords”) issued to its Authorized Traders and Responsible Agents by the Exchange, (ii) provide such Passwords only to its Authorized Traders and Responsible Agents, and (iii) shall notify the Exchange promptly upon becoming aware of any unauthorized disclosure or use of the Passwords or access to the Exchange or of any other reason for deactivating Passwords. Each Participant, on behalf of itself and its Authorized Traders, shall be bound by any actions taken through the use of its Passwords (other than any such actions resulting from the fault or negligence of the Exchange), including the execution of transactions, whether or not such actions were

authorized by such Participant or executed by anyone other than an Authorized Trader of such Participant.

(c) Notwithstanding anything to the contrary in Rule XII-9(b), each Authorized Customer and Authorized Trader shall have his or her own unique Passwords that may be used only by such Authorized Trader and solely for the purpose of submitting Orders in respect of the Trading Account for which the Authorized Customer or Authorized Trader has Trading Privileges.

## **XII-10 Communications between the Exchange and Participants**

(a) Each Participant and Authorized Customer shall

(i) identify in writing to the Exchange one or more Designated Contacts as the Exchange may determine, and

(ii) ensure that at least one of its Designated Contacts is available by telephone at all times when any person to whom it has given permission is accessing the Exchange Trading System or has an open Order.

(b) Each Participant and Authorized Customer must provide the Exchange with the current electronic mail address for each of its Authorized Traders, its Responsible Agent and immediately (and in any event within 24 hours) update each such address whenever it changes. All communications between the Exchange and the Participant (and its Authorized Customers, Authorized Traders and/or Responsible Agent) will be transmitted by electronic mail and/or posted on the Exchange website. Each Participant will be responsible for promptly reviewing and, if necessary, responding to all electronic communications from the Exchange. The NFA will have access to such communications to the extent required to perform certain regulatory services to the Exchange pursuant to the Regulatory Services Agreement.

## **XII-11 Fees and Payments**

(a) The Board of Directors shall have the sole authority to set the times and amounts of any fees to be paid by Participants or any incentive payments to be paid to a Participant, including with respect to CX Division, CX Referring Participants, in any incentive program. All such fees or payments shall be paid when due. The Exchange shall disclose to CX Referred Participants whether it makes payments for referrals to Referring Participants.

(b) If a Participant fails to pay when due any Exchange fees or other amounts due, and such payment obligation remains unsatisfied for 30 Business Days after its due date, the Exchange as it deems necessary or appropriate may suspend, revoke, limit, condition, restrict or qualify the Trading Privileges of such Participant and its Authorized Traders and Authorized Customers as applicable. For the avoidance of doubt, the

Exchange may also suspend, revoke, limit, condition, restrict or qualify the Trading Privileges of any FMX (CX) Participant and its Authorized Traders or Authorized Customers as applicable that has had its CX (FMX) Privileges suspended, revoked, limited, conditioned, restricted or qualified under this Rule XII-11(b).

(c) With respect to CX Division, if a CX Referring Participant fails to pay when due any Exchange fees or other amounts due on such Referring Participant, and such payment obligation remains unsatisfied for 30 Business Days after its due date, the Exchange as it deems necessary or appropriate may suspend, revoke, limit, condition, restrict or qualify the permission of a CX Referring Participant to act in the capacity of a CX Referring Participant.

## **XII-12 Incentive Programs**

The Exchange may from time to time adopt one or more programs under which one or more Participants, Authorized Traders or Authorized Customers, including those Persons who are designated by the Exchange as Market Takers or Market Makers may be designated as program participants with respect to one or more Contracts, and may be granted certain benefits, which may include fee reductions, compensatory payments or other benefits, in return for participating in the program and/or assuming obligations in order to provide liquidity and orderliness in the market or markets for such Contract or Contracts. Any such program may provide for any or all of the following:

- (a) qualifications, including any minimum net capital requirements, that any such program participant must satisfy,
- (b) the procedure by which Participants, Authorized Traders or Authorized Customers may seek and receive designation as a participant in such incentive programs,
- (c) the obligations of such incentive program participant, including any applicable minimum bid and offer commitments,
- (d) the benefits accruing to such incentive program participant, including priority in the execution of transactions effected by Participants, Authorized Traders or Authorized Customers in their capacity as an incentive program participant, Market Taker or Market Maker,
- (e) the criteria and procedures under which Participants or Authorized Customers shall qualify as being a Market Taker or Market Maker, including applicable trading patterns that such Person must satisfy, and
- (f) the benefits accruing to such Market Takers or Market Makers, including priority in the execution of transactions effected by Participants or Authorized Traders in their capacities as Market Takers or Market Makers, reduced transaction fees or the receipt of compensatory payments from the Exchange.

## **XII-13 Electronic Trading System Requirements**

Participants with access to the Exchange Trading System or any other electronic trading facility of the Exchange, including but not limited to any application programming interface(s), software development library(ies), or internet-based connection(s) used to transmit electronic trading information, shall:

- (a) prevent any such electronic trading system or other application connecting to the Exchange from causing a market disruption,
- (b) comply at all times with any system certification requirements as required by the Exchange from time to time,
- (c) monitor and detect any abnormalities in such systems and promptly notify the Exchange of such abnormalities, and
- (d) disconnect such system from the Exchange upon discovering any anomaly in the behavior of such system or if so directed by the Exchange.

## **XII-14 Measures to Avoid Self-Matching**

Participants with access to the Exchange Trading System must take reasonable steps to prevent the matching of orders for the same account and for accounts with common ownership, within and across Clearing Members including installing self-match prevention software on their trading devices and implementing, as appropriate, any self-match prevention software provided by the Exchange for use in the Exchange Trading System.

# **CHAPTER XIII BUSINESS CONDUCT**

## **XIII-1 Rule Violations**

It shall be an offense for any Person to violate any Rule of the Exchange or Rule of the respective clearinghouse regulating the conduct or business of a Participant, or any agreement made with the Exchange, or to engage in fraud, dishonorable or dishonest conduct, or in conduct which is inconsistent with just and equitable principles of trade.

## **XIII-2 Fraudulent Acts**

- (a) No Participant, Authorized Customer or Authorized Trader shall engage, or attempt to engage, in any fraudulent act or engage, or attempt to engage, in any scheme to defraud, deceive or trick in connection with or related to any trade on or other activity related to the Exchange or the applicable clearinghouse.

(b) Notwithstanding anything to the contrary in these Rules, neither the prohibitions on trading described in Rule XIII-12 nor any other provisions of these Rules will supersede any applicable prohibitions on fraud and manipulation, whether such prohibitions are prescribed by law, regulation or the Rules of the Exchange or the Rules of the respective Clearinghouse. All such prohibitions on fraud and manipulation, including, but not limited to, the antifraud provisions of the CEA and the antifraud rules promulgated by the CFTC thereunder, will remain in full force and effect with respect to, and will be fully applicable to, the trading of all Contracts. The Exchange and the respective clearinghouse each retain the right to take any appropriate disciplinary actions against Participants as permitted by the Rules of the Exchange or the Rules of the respective clearinghouse, as applicable.

### **XIII-3 Fictitious Transactions**

No Participant, Authorized Customer, or Authorized Trader shall create fictitious transactions or execute any such Order with knowledge of its nature.

### **XIII-4 Market Demoralization**

Orders entered into the Exchange Trading System for the purpose of upsetting the equilibrium of the market in any Contract or creating a condition in which prices do not or will not reflect fair market values are prohibited, and any Participant, Authorized Customer, or Authorized Trader who enters or assists in entering any such Order with knowledge of the purpose thereof or who, with such knowledge, in any way assists in carrying out any plan or scheme for the entering of any such Order, will be deemed to have engaged in an act detrimental to the Exchange.

### **XIII-5 Price Manipulation**

Any manipulation of the market in any Contract is prohibited. It shall be a violation of this Rule for any person to manipulate or attempt to manipulate the price of any Contract traded on or subject to the rules of the Exchange.

### **XIII-6 Prohibition of Misstatements**

It shall be an offense to make any misstatement of a material fact to the Exchange (including the Board of Directors, any committee thereof or any panel of any such committee, any Exchange Official or any committee of the Exchange) or to the NFA (including any members of its staff) or to engage in any other conduct that violates CFTC Regulation 180.1.

### **XIII-7 Adherence to Law**

No Participant, Authorized Trader, Authorized Customer, or, if applicable, any other personnel of the Participant shall engage in conduct in violation of Applicable Law, the Rules of the Exchange or the Rules of the applicable clearinghouse (insofar as the Rules of the applicable

clearinghouse relate to the reporting or clearance of any transaction on the CX Division or the FMX Division, respectively).

### **XIII-8 Use of Trading Privileges**

No Participant, Authorized Customer, or Authorized Trader may use its Trading Privileges or access the Exchange in any way which could be expected to bring disrepute upon such Participant or the Exchange.

### **XIII-9 Supervision**

Each Participant shall be responsible for establishing, maintaining, and administering reasonable supervisory procedures to ensure that it complies with Applicable Law, the Rules of the Exchange, and the Rules of CX Clearinghouse or LCH Limited, as applicable, shall be responsible for supervising its personnel and may be held accountable for the actions of such Persons.

### **XIII-10 Disclosing Orders**

Except in accordance with any policies or procedures for pre-execution discussion from time to time adopted by the Exchange, no Participant shall disclose to any Person any Order placed by any other Person, except to an Exchange Official or a member of the staff of the CFTC, the NFA, or the Department of Justice, respectively.

### **XIII-11 Reserved.**

### **XIII-12 Disruptive Practices**

It shall be a violation of this Rule for any Person to enter an Order into the Trading System with the intention to cancel such bid or offer before it is executed or to engage in any trading, practice, or conduct on or subject to the rules of the Exchange that:

- (a) violates bids or offers;
- (b) demonstrates intentional or reckless disregard for orderly execution of transactions during the closing period; or
- (c) is, is of the character of, or is commonly known to the trade as, “spoofing” or “layering.”

### **XIII-13 Front Running**

It shall be a violation of this Rule for any person to engage in the practice of trading ahead of another person, including a Customer, by taking a futures or option position based upon nonpublic information obtained in violation of a duty to that person regarding an impending transaction by that other person in the same or related future or option.



### **XIII-14 Wash Trading**

It shall be a violation of this Rule for any person to engage in a transaction that is of the character of, or is commonly known to the trade as, a “wash trade.” Entering buy and sell orders for different accounts with common beneficial ownership with the intent to negate market risk or price competition shall also be deemed to violate the prohibition on wash trades. Execution as well as accommodation of such orders by direct or indirect means shall also be a violation of this Rule.

### **XIII-15 Cross Trades**

It shall be a violation of this Rule for any person to enter through the Exchange Trading System a Cross Trade or any other trade against the person’s Customer’s order except in the case of transactions effected pursuant to Rule III-6.

## **CHAPTER XIV DISCIPLINE AND ENFORCEMENT**

### **XIV-1 General**

(a) All Participants, Authorized Customers and Authorized Traders shall be subject to the Exchange’s jurisdiction. All Participants, Authorized Customers and Authorized Traders are subject to this Chapter XIV if they are alleged to have violated, to have aided and abetted a violation, to be violating, or to be about to violate, any Rule of the Exchange or any provision of Applicable Law for which the Exchange possesses disciplinary jurisdiction.

(b) The Exchange will conduct inquiries, investigations, disciplinary proceedings and appeals from disciplinary proceedings, summary impositions of fines, summary suspensions or other summary actions in accordance with this Chapter XIV.

(c) The Exchange may delegate any or all of its powers or responsibilities under this Chapter XIV to the NFA (acting in its compliance role, the “Compliance Department”) and the Disciplinary Panel, which may take any actions on behalf of the Exchange that the Exchange is permitted to take hereunder. In the event of any such delegation, references to the Exchange in this Chapter XIV shall be construed to be references to the Compliance Department or the Disciplinary Panel, as the case may be.

(d) No member of the staff of the Exchange will interfere with or attempt to influence the process or resolution of any inquiry, investigation, disciplinary proceeding, appeal from a disciplinary proceeding, summary imposition of fines, summary suspension or other summary action. No member of the Board of Directors will interfere with or attempt to influence the process or resolution of any inquiry, investigation, disciplinary proceeding, appeal from a disciplinary proceeding, summary, imposition of fines, summary suspension or other summary action with respect to which the member of the Board of Directors is not a member of the relevant Appeals Panel.

(e) Any Participant, Authorized Customer or Authorized Trader may be represented by counsel during any inquiry, investigation, disciplinary proceeding, appeal from a disciplinary proceeding, summary imposition of fines, summary suspension or other summary actions pursuant to this Chapter XIV.

(f) Pursuant to this Chapter XIV, the Exchange may hold:

(i) a Participant liable for, and impose sanctions against such Participant for, such Participant's own acts and omissions that constitute a violation;

(ii) a Participant liable for, and impose sanctions against such Participant for, the acts and omissions of each Authorized Customer or Authorized Trader authorized by, and each other agent or representative of, such Participant that constitute a violation as if such violation were that of the Participant;

(iii) an Authorized Customer liable for, and impose sanctions against him or her for, such Authorized Customer's own acts and omissions that constitute a violation or of any of the Authorized Customer's Authorized Traders; and impose sanctions against him or her, for the acts and omissions of each agent or representative of such Authorized Trader that constitute a violation as if such violation were that of the Authorized Customer.

(iv) an Authorized Trader liable for, and impose sanctions against him or her for, such Authorized Trader's own acts and omissions that constitute a violation; and

(v) an Authorized Trader liable for, and impose sanctions against him or her for, the acts and omissions of each agent or representative of such Authorized Trader that constitute a violation as if such violation were that of the Authorized Trader.

(g) Pursuant to this Chapter XIV, the Exchange may in its sole discretion, and subject to the conditions specified in Rule XIV-16(g), review an appeal by any applicant of the Exchange's decision to deny or otherwise limit Trading Privileges of such applicant pursuant to the Rules of the Exchange; *provided, however*, that any such decision by the Exchange to deny or otherwise limit applicant's Trading Privileges shall continue in effect during such review.

## **XIV-2 Inquiries and Investigations**

(a) The Compliance Department will, in conjunction with NFA, investigate any matter within the Exchange's disciplinary jurisdiction that it or the Control Desk discovers or that is brought to the Compliance Department's attention, including but not limited to, possible violations of the Rules of the Exchange or manipulation of a Contract that is traded

on the Exchange. All such investigations must be completed in a timely manner, as determined in the reasonable judgment of the Exchange. The Compliance Department will determine the nature and scope of its inquiries and investigations within its sole discretion and will function independently of any commercial interests of the Exchange.

(b) The Compliance Department has the authority to:

- (i) initiate and conduct inquiries and investigations;
- (ii) prepare investigative reports and make recommendations concerning initiating disciplinary proceedings;
- (iii) prosecute alleged violations within the Exchange's disciplinary jurisdiction; and
- (iv) represent the Exchange on appeal from any disciplinary proceeding, summary imposition of fines, summary suspension or other summary action.

(c) Each Participant, Authorized Customer or Authorized Trader:

- (i) is obligated to appear and testify and respond in writing to interrogatories within the time period required by the Compliance Department in connection with: (A) any Rule of the Exchange; (B) any inquiry or investigation; or (C) any preparation by and presentation during a disciplinary proceeding or appeal from a decision in a disciplinary proceeding, summary imposition of fines, summary suspension or other summary action by the Exchange;
- (ii) is obligated to produce books, records, papers, documents or other tangible evidence, including any oral and written pre-trade communications, as described by CFTC Rule 1.35(a)(1)(iii), in its, his or her possession, custody or control within the time period required by the Compliance Department in connection with: (A) any Rule of the Exchange; (B) any inquiry or investigation; or (C) 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 the Exchange; and
- (iii) may not impede or delay any inquiry, investigation, disciplinary proceeding, appeal from a disciplinary proceeding, summary imposition of fines, summary suspension or other summary action.

### **XIV-3 Reports of Investigations**

(a) The Compliance Department will maintain a log of all investigations and their dispositions. The Compliance Department will prepare a written report of each investigation, regardless of whether the evidence gathered during any inquiry or

investigation forms a reasonable basis to believe that a violation within the Exchange's jurisdiction has occurred or is about to occur or whether the evidence gathered results in closing the matter without further action or through summary action.

(b) Any written report of investigation will include the reasons for initiating the investigation (including a summary of the complaint, if any), all relevant facts and evidence gathered, and the recommendation of the Compliance Department. For each potential respondent, the Compliance Department will recommend either (i) closing the investigation without further action, (ii) summary action, (iii) resolving the investigation through an informal disposition, including the issuance of a warning letter or (iv) initiating disciplinary proceedings. An informal disposition (including the issuance of a warning letter) will not constitute a finding of a violation or a sanction.

#### **XIV-4 Review of Investigative Reports**

(a) The Compliance Director will review promptly each completed investigation report to determine whether a reasonable basis exists to believe that a violation within the Exchange's jurisdiction has occurred or is about to occur. Such determination will be made by the Compliance Director within 10 Business Days of receipt of the applicable investigation report.

(b) If the Compliance Director determines that additional investigation or evidence is needed to decide whether a reasonable basis exists to believe that a violation within the Exchange's jurisdiction has occurred or is about to occur, the Compliance Director will direct the Compliance Department to conduct further investigation.

(c) After receiving completion of an investigation, the Compliance Director will determine for each potential respondent whether to authorize:

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

(ii) the informal disposition of the investigation (by issuing a warning letter or otherwise) if the Compliance Director determines that a violation of the Rules of the Exchange or any applicable Contract Rules may have occurred but that formal disciplinary proceedings are unwarranted; or

(iii) the closing of the investigation without any action, and without the issuance of a warning letter, because disciplinary proceedings are not warranted and no reasonable basis exists to believe that a violation within the Exchange's jurisdiction has occurred or is about to occur.

## **XIV-5 Notice of Charges and Opportunity to Respond**

(a) If the Compliance Director authorizes disciplinary proceedings pursuant to Rule XIV-4, the Compliance Department will prepare in accordance with Rule XIV-5 and serve in accordance with Rule XIV-7, a notice of charges within 20 Business Days thereafter.

(b) A notice of charges will:

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

(ii) state the Rule of the Exchange or provision of Applicable Law alleged to have been violated or about to be violated,

(iii) state the proposed sanctions,

(iv) advise the respondent of its right to submit a written statement explaining why a disciplinary proceeding should not be instituted or one or more of the potential charges should not be brought, which statement must be submitted within 20 Business Days after service of the notice of charges,

(v) advise the respondent of its right to a hearing and its right to have counsel present,

(vi) state the period of time within which the respondent can request a hearing on the notice of charges, in lieu of submitting a written statement pursuant to Rule XIV-5(b)(iv), which will not be less than 20 Business Days after service of the notice of charges,

(vii) 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

(viii) advise the respondent that any allegation in the notice of charges that is not expressly denied will be deemed to be admitted.

(c) If the respondent submits a written statement pursuant to Rule XIV-5(b)(iv), the Compliance Director shall, within 10 Business Days after receipt of the written statement, advise the respondent:

(i) of the Compliance Director's decision to drop any or all of the potential charges,

(ii) that the disciplinary proceedings will proceed with respect to all remaining charges in accordance with the notice of charges delivered to the respondent, and/or, as appropriate

(iii) that the respondent shall have 20 Business Days to submit an answer to the notice of charges, as described in Rule XIV-6.

#### **XIV-6 Answer to Notice of Charges**

(a) If the respondent determines to answer a notice of charges, the respondent must file answers within 20 Business Days after being served with such notice, or within such other time period determined appropriate by the Compliance Director.

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

- (i) specify the allegations that the respondent denies or admits,
- (ii) specify the allegations that the respondent does not have sufficient information to either deny or admit,
- (iii) specify any specific facts that contradict the notice of charges,
- (iv) specify any affirmative defenses to the notice of charges, and
- (v) sign and serve the answer on the Director of Hearings.

(c) Any failure by the respondent to timely serve an answer to a notice of charges will be deemed to be an admission to the allegations in such notice. Any failure by the respondent to 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 expressly deny will be deemed to be admitted. A general denial by the respondent, without more, will not satisfy the requirements of paragraph (b) above.

#### **XIV-7 Service of Notice of Charges**

(a) Any notice of charges or other documents contemplated to be served pursuant to this Chapter XIV may be served (and service shall be deemed complete) upon the respondent either personally or by (i) leaving the same at his or her place of business 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 on the books and records of the Exchange, or (ii) sending the same via electronic mail to the e-mail address of the respondent as it appears on the books and records of the Exchange.

## **XIV-8 Settlements**

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

(b) If a respondent or potential respondent submits an offer of settlement in accordance with paragraph (a) above, the Compliance Department will forward the offer to the Compliance Director with a recommendation on whether to accept or reject the offer. If the Compliance Director conditionally accepts an offer of settlement, the settlement will become final upon the expiration of 20 Business Days after an order of the disciplinary proceedings consistent with the terms of the offer of settlement is served on the respondent.

(c) 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.

(d) If the offer of settlement of a respondent or potential respondent is not accepted, fails to become final or is withdrawn by the respondent or potential respondent, the matter will proceed as if the offer had not been made and the offer and all documents relating to it will not become part of the record. Neither a respondent or potential respondent nor the 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.

## **XIV-9 Disciplinary Panel**

(a) A disciplinary panel consisting of five individuals selected by the Board of Directors from the Exchange's Hearing Panel Committee (with one individual acting as chairman) (the "Disciplinary Panel"), will conduct hearings in connection with any disciplinary proceedings, to make findings and impose sanctions pursuant to this Chapter XIV. A separate disciplinary panel will be established prior to the commencement of each disciplinary matter. No Disciplinary Panel shall be comprised in a manner such that any group or class of industry participants may reasonably be expected to dominate or exercise disproportionate influence on such panel. Each Disciplinary Panel shall consist of at least one individual who would qualify as a Public Director (if the individual was a director of the Exchange), except in cases limited to decorum, attire, or the timely submission of accurate records required for clearing or verifying each day's transactions.

Members of the Compliance Department of the Exchange shall not be eligible to serve on a Disciplinary Panel.

(b) Within 10 Business Days of being notified of the appointment of the Disciplinary Panel, a respondent may seek to disqualify any individual named to the Disciplinary Panel for the reasons identified in Rule X-9 or for any other reasonable grounds, by serving written notice on the Compliance Director and providing a copy thereof to the Director of Hearings. 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 Compliance Director 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.

#### **XIV-10 Convening Hearings of Disciplinary Proceedings**

(a) All disciplinary proceedings (except for summary impositions of fines pursuant to Rule XIV-17) will be conducted at a hearing before the Disciplinary Panel. A hearing will be conducted privately and confidentially unless the Disciplinary Panel decides that the hearing, or any part of it, should be held in public after giving each respondent the opportunity to present its, his or her views on holding a public hearing. 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.

(b) After reasonable notice to each respondent, the Disciplinary Panel will promptly (but in no event later than 30 Business Days following such notice) 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.

(c) The chairman of the Disciplinary Panel may continue, adjourn or otherwise conduct the hearing, as he or she 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 or law. Once admitted during the hearing, the Disciplinary Panel may consider, and attach the weight it believes appropriate to, evidence or other materials. The Exchange will provide guidance to the chairman of the Disciplinary Panel on the conduct of the hearing.

(d) Except for procedural and evidentiary matters decided by the chairman of the Disciplinary Panel pursuant to paragraph (c) above and Rule XIV-11, unless each respondent otherwise consents, the entire Disciplinary Panel must be present during the entire hearing and any related deliberations.



#### **XIV-11 Respondent Review of Evidence**

(a) Prior to the commencement of a hearing, each respondent will be given the opportunity to review all books, records, documents, papers, transcripts of testimony and other tangible evidence in the possession or under the control of the Exchange that the 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 the Exchange will have no obligation to disclose, any information protected by attorney-client privilege or any other privileges recognized by Applicable Law.

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

(i) Notwithstanding anything in paragraph (b) above to the contrary, the Compliance Department:

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

(iii) 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.

(c) For purposes of this Rule VII-11, information that could adversely affect competitive positions include positions in Contracts currently held, trading strategies employed in establishing or liquidating positions, the identity of any Participant or Authorized Trader and the personal finances of the Person providing the information.

#### **XIV-12 Conducting Hearings of Disciplinary Proceedings**

(a) 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 Rule XIV-6, the respondent is entitled to attend and participate in the hearing.

(b) At a hearing conducted in connection with any disciplinary proceedings, the Disciplinary Panel or 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.

(c) 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 timely file an answer. If the Disciplinary Panel determines that the respondent had a compelling reason for failing to timely file an answer, the Disciplinary Panel will adjourn the hearing and direct the respondent to promptly file a written answer in accordance with Rule XIV-6.

(d) Any Person entitled, or required or called upon, to attend a hearing before a Disciplinary Panel pursuant to paragraph (b)(ii) above will be given reasonable notice, confirmed in writing, specifying the date, time and place of the hearing, and the caption of the disciplinary proceedings. The Exchange will require all Participants and Authorized Traders that are called as witnesses to appear at the hearing and produce evidence. The Exchange will make reasonable efforts to secure the presence of all other Persons called as witnesses whose testimony would be relevant.

(e) If during any disciplinary proceedings the Disciplinary Panel determines that a reasonable basis exists to believe that the respondent violated or is about to violate a Rule of the Exchange or a provision of Applicable Law other than the violations alleged in the notice of charges, the Disciplinary Panel may consider those apparent violations after providing the respondent with an opportunity to answer the additional allegations in accordance with Rule XIV-6. In connection with considering apparent violations pursuant to this paragraph (e), the Disciplinary Panel may request that the Compliance Department provide the Panel with any additional information.

(f) The Disciplinary Panel may summarily impose sanctions on any Participant or Authorized Trader that impede or delay the progress of a hearing.

(g) The Exchange will arrange for any hearing conducted in connection with disciplinary proceedings to be recorded hearing verbatim, or substantially verbatim, in a manner capable of accurate transcription. If the respondent requests a copy of all or portions of the recording of a hearing, the chairman of the Disciplinary Panel may within his or her sole discretion order the respondent to pay the costs for transcribing the recording of the hearing.

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

#### **XIV-13 Decision of Disciplinary Panel**

(a) 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.

(b) The Exchange will serve a copy of the order of the disciplinary proceedings 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,
- (iv) findings of fact and conclusions concerning each allegation, including each specific Rule of the Exchange and provision of Applicable Law that the respondent is found to have violated,
- (v) the imposition of sanctions, if any, and the effective date of each sanction; and
- (vi) notice of the respondent's right to appeal pursuant to Rule XIV-16.

(c) Unless a timely notice of appeal is filed pursuant to Rule XIV-16, the order of the disciplinary proceedings will become final upon the expiration of 20 Business Days after the order is served on the respondent and a copy thereof is provided to the Compliance Department.

#### **XIV-14 Sanctions**

(a) After notice and opportunity for hearing in accordance with these Rules, the Exchange will impose sanctions if a Participant or Authorized Trader is found to have violated or to have attempted to violate a Rule of the Exchange or provision of Applicable Law for which the Exchange possesses disciplinary jurisdiction. The Exchange may impose one or more of the following sanctions or remedies: (i) censure; (ii) limitation on Trading Privileges, association with a Participant or other activities, functions or operations; (iii) suspension of Trading Privileges or association with a Participant for a period not to exceed 12 months; (iv) fine (subject to paragraph (b) below); (v) restitution or disgorgement; (vi) termination of Trading Privileges; or (vii) any other sanction or remedy deemed to be appropriate.

(b) The Exchange may impose a fine of up to \$500,000 for each violation. If a fine or other amount is not paid within 30 Business Days of the date that it becomes payable, then interest will accrue on the sum from the date that it became payable at the quoted prime rate plus three percent. The Exchange has sole discretion to select the bank on whose quotations to base the prime rate. Each Participant will be responsible for paying any fine or other amount imposed on, but not paid by, any Authorized Trader authorized by, or other agent or representative of, such Participant.

#### **XIV-15 Costs**

(a) Regardless of the outcome of any disciplinary proceeding, the Disciplinary Panel may order a respondent to pay some or all of the costs associated with the disciplinary proceedings that the Disciplinary Panel believes were unnecessarily caused by the respondent. Costs may include costs associated with the inquiry or investigation, the prosecution by the Compliance Department, legal and professional assistance, the hearing and administrative and other expenses incurred by the Disciplinary Panel.

(b) The Disciplinary Panel may only award costs against the Exchange if the Panel concludes that the Exchange has behaved in a manifestly unreasonable manner in the commencement or conduct of the disciplinary proceedings in question. The Disciplinary Panel must limit any award of costs against the Exchange to an amount that the Panel concludes is reasonable and appropriate, but does not exceed the respondent's costs for external legal or other external professional assistance.

(c) The Disciplinary Panel may determine the amounts and allocation of costs in any manner it may deem appropriate. The Exchange or the respondent will pay any costs ordered to be paid by it by the Disciplinary Panel within 30 Business Days of the later of either written notice of (i) the amount imposed by the Disciplinary Panel or (ii) the determination of an appeal by the Appeals Panel against the Disciplinary Panel's determination.

#### **XIV-16 Appeal from Disciplinary Panel Decision, Summary Impositions of Fines and Other Summary Actions**

(a) Each respondent found by the Disciplinary Panel to have violated a Rule of the Exchange or a provision of Applicable Law or who is subject to any summary fine imposed pursuant to Rule XIV-17 or any summary action imposed pursuant to Rule XIV-17 may appeal the decision within 20 Business Days of receiving the order of the disciplinary proceedings or the notice of summary action, as the case may be, by filing a notice of appeal with the Compliance Director. While an appeal is pending, the effect of the order of disciplinary proceedings or the summary action (including any sanctions, remedies or costs imposed thereby) shall be suspended; *provided however*, any summary sanction entered under Rule XIV-18 shall continue in effect during the appeal.

(b) 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 disciplinary proceedings or any summary decision on the grounds that:

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

(ii) the decision exceeded the authority or jurisdiction of the Disciplinary Panel, the Compliance Director or the Exchange;

(iii) the decision failed to observe required procedures;

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

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

(c) The Compliance Director will forward copies of any notice of appeals 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 Compliance Director 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.

(d) In connection with any appeal, the Compliance Department will furnish to the Compliance Director 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.

(e) Within 30 Business Days after the last submission filed pursuant to paragraph (c) above, the Compliance Director will appoint the Appeals Panel to consider and determine the appeal. No member of the Disciplinary Panel that originally heard the matter may be a member of the Appeals Panel on such matter.

(f) The Appeals Panel may hold a hearing to allow parties to present oral arguments. Any hearing will be conducted privately and confidentially unless the Appeals Panel decides that the hearing, or any part of it, should be held in public after giving each appellant the opportunity to present their views on holding a public hearing. Notwithstanding the confidentiality of hearings, the Appeals Panel may appoint individuals 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 be bound by evidentiary or procedural rules or law.

(g) 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 Compliance Director or the Compliance Director's Designee, 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 on why the evidence was not introduced during the disciplinary proceeding or when imposing the summary action.

(h) After completing its review, the Appeals Panel may affirm or, only if it finds that the decision of the Disciplinary Panel or the Compliance Director that is under review, as the case may be, meets one of the criteria listed in Rule XIV-16(i) below, modify or reverse any order of the disciplinary proceedings or summary action under appeal, in whole or in part, including increasing, decreasing or eliminating any sanction or remedy imposed, imposing any other sanction or remedy authorized by the Rules of the Exchange, or remanding the matter to the same or a different Disciplinary Panel for further disciplinary proceedings or for reconsideration by the Compliance Director. The Appeals Panel may order a new hearing for good cause or if the Appeals Panel determines in its sole discretion that the appellant was not given a full and fair opportunity to make an argument in its favor and present supporting evidence.

(i) As described in Rule XIV-16(h) above, the Appeals Panel may modify or reverse any order of the disciplinary proceedings or summary action under appeal only if it finds that the decision was:

(i) Arbitrary, capricious, or an abuse of the discretion of the Disciplinary Panel, the Compliance Director, or the Compliance Director's Designee, as the case may be;

(ii) In excess of the authority or jurisdiction of the Disciplinary Panel or the Compliance Director, as the case may be; or

(iii) Based on a clearly erroneous application or interpretation of the Rules of the Exchange or the applicable Contract Rules.

(j) 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 of the Exchange 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.

(k) The Appeal 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 the Exchange and will not be subject to appeal within the Exchange.

(l) Within 10 Business 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 this Rule XIV-16 or for any other reasonable grounds, by serving written notice on the Compliance Director and providing a copy thereof to the Director of Hearings. By not timely filing a request for disqualification, the respondent will be deemed to have waived any objection to the composition of an Appeals Panel. The Compliance Director 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.

#### **XIV-17 Summary Imposition of Fines**

(a) The Compliance Director may summarily impose a fine against a Participant or Authorized Trader for failing:

- (i) to make timely payments of margin, options premiums, fees, cost, charges or fines to the Exchange or the Clearinghouse,
- (ii) to make timely and accurate submissions to the Exchange of notices, reports or other information required by the Rules of the Exchange, and
- (iii) to keep any books and records required by the Rules of the Exchange.

(b) The Compliance Department, acting on behalf of the Compliance Director, will give notice of any fine imposed pursuant to this Rule XIV-17 to each Participant or Authorized Trader subject thereto. The notice will specify (i) the violations of the Rules of the Exchange for which the fine is being imposed, (ii) the date of the violation for which the fine is being imposed and (iii) the amount of the fine. Within 20 Business Days of serving the notice of fine, the Participant or Authorized Trader, as the case may be, must either pay the fine or file notice of an appeal pursuant to Rule XIV-16. Unless timely notice of appeal is filed pursuant to Rule XIV-16, the fine will become final upon the expiration of 20 Business Days after the notice of fine is served on the Participant or Authorized Trader, as the case may be.

(c) The Exchange, in its sole discretion, may deduct the amount of any fine imposed pursuant to Rule XIV-17(b) directly from the Participant's Trading Account; *provided*, that the Exchange may not make such a deduction if the result would be to cause an Event of Default with respect to any Open Contract Positions then held in the Trading Account of such Participant.

(d) The Exchange will set the amount of any fines imposed pursuant to this Rule XIV-17, with the maximum fine for each violation not to exceed \$5,000. Summary

imposition of fines pursuant to this Rule XIV-17 will not preclude the Exchange from bringing any other action against the Participant or Authorized Trader, as the case may be.

#### **XIV-18 Summary Suspensions and Other Summary Actions**

(a) Notwithstanding anything in the Rules of the Exchange to the contrary, the Compliance Director or the Compliance Director's Designee, upon a good faith determination that there are substantial reasons to believe that such immediate action is necessary to protect the public or the best interests of the Exchange, may order that any party be denied access to the Trading System or the Exchange, or summarily limit, condition, restrict or qualify the Trading Privileges of a Participant or Authorized Trader, and may take other summary action against any Participant or Authorized Trader in accordance with the Rules of the Exchange; *provided, however*, that the Compliance Director or the Compliance Director's Designee in issuing an order denying access, may permit such party to enter Orders solely for the purpose of liquidating the Open Contract Positions of such Participant while the applicable suspension, limitation, condition, restriction or qualification of access is in effect.

(b) Promptly after an order is issued pursuant to paragraph (a), the party shall be informed of the action taken, the reasons for the action, the effective date and the duration of the action. The party shall also be informed of his or her right to appeal the action under Rule XIV-16. Whenever practicable, the Compliance Department, acting on behalf of the Compliance Director, shall provide such notice prior to taking the action.

(c) Unless timely notice of appeal is filed pursuant to Rule XIV-16, the summary action will become final upon the expiration of 20 Business Days after the notice of action is served on the respondent.

(d) At the request of the Exchange or the Clearinghouse, a respondent against whom a summary action is brought pursuant to this Rule XIV-18 must provide books and records over which the respondent has access or control and must furnish information to, or appear or testify before, the Exchange or the Clearinghouse in connection with the enforcement of any Rule of the Exchange or Rule of the Clearinghouse.

(e) A respondent whose Trading Privileges are suspended, limited, conditioned, restricted or qualified pursuant to this Rule XIV-18 may apply for reinstatement by filing with the Compliance Department a written request stating the applicant's reasons for seeking reinstatement. The Exchange will not consider a respondent's request for reinstatement if the respondent (i) persists in the conduct which was the subject of the order denying access; (ii) owes any fines, fees, charges or costs to the Exchange, (iii) continues to fail to appear at disciplinary proceedings without good cause or (iv) continues to impede the progress of disciplinary proceedings.

(f) 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 or her case supporting the reinstatement and the Compliance Department, acting on behalf of the Compliance Director 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, the Exchange may require any Participant or any Authorized Trader to appear as witnesses and produce evidence if the Appeals Panel determines that the evidence is relevant.

(g) 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, or association with a Participant, 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 Appeals Panel's initial order issued pursuant to Rule XIV-18(d) above. The Appeals Panel's order may not be appealed.

(h) Any decision to deny access pursuant to paragraph (a) shall not remain in effect for more than 60 days unless the Compliance Director or the Compliance Director's Designee, upon further consideration of the circumstances giving rise to the order denying access, issues a separate order denying access for an additional period of time, not to exceed 60 days. The party must be notified thereof prior to issuance of the second order, unless prior notice is impracticable. Such notice must meet the standards provided in paragraph (b). At any time, a party subject to an action under this Rule XIV-18, may petition the Compliance Director or the Compliance Director's Designee to reconsider an access denial pursuant to this Rule based upon materially changed circumstances.

#### **XIV-19 Rights and Responsibilities after Suspension or Termination**

(a) When the Trading Privileges of a Participant are, or the association of an Authorized Customer or Authorized Trader with a Participant is, 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, enter Orders into the Exchange Trading System and receive Participant rates for fees, costs, and charges and deposit margin at Participant levels) will apply during the period of the suspension, except for the right of the Participant or Authorized Trader in question to assert claims against others as provided in the Rules of the Exchange. Any such suspension will not relieve the Participant, Authorized Customer or Authorized Trader in question of its, his or her obligations under the Rules of the Exchange to perform any Contracts entered into before the suspension, or for any Exchange fees, costs, or charges incurred during the suspension. The Exchange may discipline a suspended Participant, Authorized Customer or Authorized Trader under this Chapter XIV for any violation of a Rule of the Exchange or provision of Applicable Law committed by the Participant before, during or after the suspension.

(b) When the Trading Privileges of a Participant are, or the association of an Authorized Customer or Authorized Trader with a Participant is, terminated, all of its rights and Trading Privileges will terminate, except for the right of the Participant, Authorized Customer or Authorized Trader in question to assert claims against others, as provided in the Rules of the Exchange. A terminated Participant or Authorized Trader may only seek to reinstate its Trading Privileges by applying for Trading Privileges pursuant to Rule II-6 or Rule XXI-5. The Exchange will not consider the application of a terminated Participant, Authorized Customer or Authorized Trader if such Participant, Authorized Customer or Authorized Trader, as the case may be, continues to fail to appear at disciplinary proceedings without good cause or continues to impede the progress of disciplinary proceedings.

(c) A suspended or terminated Participant Authorized Customer or Authorized Trader remains subject to the Rules of the Exchange and the jurisdiction of the Exchange for acts and omissions prior to the suspension or termination, and must cooperate in any inquiry, investigation, disciplinary proceeding, appeal of disciplinary proceedings, summary suspension or other summary action as if the suspended or terminated Participant Authorized Customer or an Authorized Trader still had Trading Privileges or was still associated with a Participant, as the case may be.

#### **XIV-20 Notice to the Respondent, the CFTC and the Public**

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

### **CHAPTER XV ARBITRATION**

#### **XV-1 General**

Except as otherwise provided in the Rules of the Exchange, Participants, Authorized Customers and Authorized Traders must arbitrate all controversies arising in connection with their Exchange business between or among themselves. Notwithstanding the foregoing, this Rule XV-1 does not require arbitration of claims alleging employment discrimination (including sexual harassment) in violation of Applicable Law.

#### **XV-2 Forum**

NFA will conduct any and all arbitrations of a type described in Rule XV-1.

### **XV-3 Applicable Arbitration Rules**

Any and all arbitrations of a type described in Rule XV-1 above will be conducted pursuant to NFA's Member Arbitration Rules.

### **XV-4 Penalties**

(a) Any failure on the part of any Participant or Authorized Trader to arbitrate a case subject to arbitration, or the commencement by any such Person of a suit in any court prior to arbitrating a case subject to arbitration, violates the Rules of the Exchange and subjects such Participant or Authorized Trader to disciplinary proceedings pursuant to Chapter XIV.

(b) The Exchange may summarily suspend, pursuant to Chapter XIV, a Participant or Authorized Trader that fails to satisfy an arbitration award rendered in any arbitration pursuant to this Chapter XV.

## **PART C      RULES OF THE CX DIVISION**

Scope: The rules of Part C apply to trading of Contracts on the CX Division of the Exchange.

### **CHAPTER XX TERMS APPLICABLE TO THE CX DIVISION**

#### **XX-1 Defined Terms**

The following terms have the meanings specified herein with regard to the Exchange and the CX Division unless otherwise specifically provided in the Rules of the Exchange or the context otherwise requires.

##### **Affiliate**

The term “Affiliate” shall have the meaning assigned to such term in Chapter I of the Rules of the Exchange.

##### **Appeals Panel**

The term “Appeals Panel” shall have the meaning assigned to such term in Chapter I of the Rules of the Exchange.

##### **Applicable Law**

The term “Applicable Law” shall have the meaning assigned to such term in Chapter I of the Rules of the Exchange.

##### **Assistant Secretary**

The term “Assistant Secretary” means any individual appointed by the Board of Directors from time to time.

##### **Available Funds**

The term “Available Funds” shall have the meaning assigned to such term in the Rules of the CX Clearinghouse.

##### **Authorized Trader**

The term “Authorized Trader” shall have the meaning assigned to such term in Chapter I of the Rules of the Exchange.

### **Block Trade**

The term “Block Trade” shall have the meaning assigned to such term in Chapter I of the Rules of the Exchange.

### **Block Trade Contract**

The term “Block Trade Contract” shall have the meaning assigned to such term in Chapter I of the Rules of the Exchange.

### **Block Trader ID**

The term “Block Trader ID” shall have the meaning assigned to such term in Chapter I of the Rules of the Exchange.

### **Board of Directors**

The term “Board of Directors” shall have the meaning assigned to such term in Chapter I of the Rules of the Exchange.

### **Business Day**

The term “Business Day” shall have the meaning assigned to such term in Chapter I of the Rules of the Exchange.

### **Cancel CX Order**

The term “Cancel CX Order” means an Order that cancels fully an existing buy or sell order for a CX Division Contract.

### **Cancel Replace CX Order**

The term “Cancel Replace CX Order” means an order to cancel fully an existing buy or sell Order for a CX Division Contract and replace it with a new Order for a CX Division Contract for a different quantity or price.

### **CEA**

The term “CEA” shall have the meaning assigned to such term in Chapter I of the Rules of the Exchange.

### **CFTC**

The term “CFTC” shall have the meaning assigned to such term in Chapter I of the Rules of the Exchange.

### **CFTC Regulation**

The term “CFTC Regulation” shall have the meaning assigned to such term in Chapter I of the Rules of the Exchange.

### **Closed Contract Positions**

The term “Closed Contract Positions” shall have the meaning assigned to such term in the Rules of the CX Clearinghouse.

### **Compliance Department**

The term “Compliance Department” shall have the meaning assigned to such term in Chapter I of the Rules of the Exchange.

### **Compliance Director**

The term “Compliance Director” shall have the meaning assigned to such term in Chapter I of the Rules of the Exchange.

### **Contract**

The term “Contract” shall have the meaning assigned to such term in Chapter I of the Rules of the Exchange.

### **Contract Profit or Loss Amounts**

The term “Contract Profit or Loss Amounts” shall have the meaning assigned to such term in the Rules of the CX Clearinghouse.

### **Contract Rules**

The term “Contract Rules” shall have the meaning assigned to such term in Chapter I of the Rules of the Exchange.

### **Control**

The term “Control” shall have the meaning assigned to such term in Chapter I of the Rules of the Exchange.

### **CX Clearinghouse**

The term “CX Clearinghouse” means CX Clearinghouse, L.P. (including its successors), a limited partnership organized under the laws of the State of Delaware, and a registered derivatives clearing organization, that the Exchange has designated to provide clearing services with respect to CX Division Contracts that the Exchange lists for trading.

## **CX Direct System**

The term “CX Direct System” means the proprietary order entry and execution system used by the Exchange for the placement and execution of Orders or the collection and transmission of information relating to Contracts. Participants (and their Authorized Traders) will access the CX Direct System directly via the Internet.

## **CX Division**

The term “CX Division” means the Division of the Exchange that lists Contracts only for direct Participant trading and for self-clearing by Participants through CX Clearinghouse.

## **CX Division Contract**

The term “CX Division Contract” means a Contract listed for trading on the CX Division and which is designated to be cleared by CX Clearinghouse, L.P.

## **CX Participant**

The term “CX Participant” means a Participant that is admitted to the Exchange for trading on the CX Division, only for its own account (or whose account is traded by a registered or exempt Commodity Pool Operator or Commodity Trading Advisor).

## **CX Participant Clearing Account**

The term “CX Participant Clearing Account” means, with respect to each CX Participant, the account established and maintained by such Participant at the CX Clearinghouse through which the Participant will hold, and the CX Clearinghouse will maintain and monitor, Available Funds, Open Contract Positions, Closed Contract Positions, Contract Profit or Loss Amounts and the corresponding margin requirements, if any, in connection with Open Contract Positions in CX Division entered into through the Participant’s Trading Account.

## **CX Referred Participant**

The term “Referred Participant” means a Person that has been referred or solicited by a Referring Participant to become a CX Participant or whose Orders for CX Division Contracts have been solicited by a Referring Participant.

## **CX Referring Participant**

The term “Referring Participant” means a Participant that has been approved by the Exchange to solicit or refer another Person to become a CX Participant (the Referred Participant) or to solicit a Referred Participant’s Orders for CX Division Contracts, but not to enter such Referred Participant’s Orders into the Trading System on behalf of that Referred Participant.

### **Director of Hearings**

The term “Director of Hearings” shall have the meaning assigned to such term in Chapter I of the Rules of the Exchange.

### **Disciplinary Panel**

The term “Disciplinary Panel” shall have the meaning assigned to such term in Chapter I of the Rules of the Exchange.

### **DPM**

The term “DPM” means any designated primary market maker approved by the Exchange from time to time

### **Equilibrium Price**

The term “Equilibrium Price” shall have the meaning assigned to such term in Chapter I of the Rules of the Exchange.

### **EFP**

The term “EFP” shall have the meaning assigned to such term in Chapter I of the Rules of the Exchange.

### **EFS**

The term “EFS” shall have the meaning assigned to such term in Chapter I of the Rules of the Exchange.

### **Emergency**

The term “Emergency” shall have the meaning assigned to such term in Chapter I of the Rules of the Exchange.

### **End of Trading**

The term “End of Trading” shall have the meaning assigned to such term in Chapter I of the Rules of the Exchange.

### **Entity**

The term “Entity” shall have the meaning assigned to such term in Chapter I of the Rules of the Exchange.



## **Exchange**

The term “Exchange” shall have the meaning assigned to such term in Chapter I of the Rules of the Exchange.

## **Exchange Official**

The term “Exchange Official” shall have the meaning assigned to such term in Chapter I of the Rules of the Exchange.

## **First Trading Day**

The term “First Trading Day” shall have the meaning assigned to such term in Chapter I of the Rules of the Exchange.

## **Floor Trader Participant**

The term “Floor Trader Participant” means any Participant who (i) is registered as a floor trader under the CEA, or (ii) has a pending application for such registration.

## **Funds Deposit Request**

The term “Funds Deposit Request” means a Participant’s written or electronic authorization to withdraw and transmit funds from such Participant’s bank account relating to trading in CX Division including all information required to give effect to such withdrawal and transmission.

## **Futures**

The term “Futures” shall have the meaning assigned to such term in Chapter I of the Rules of the Exchange.

## **General Partner**

The term “General Partner” shall have the meaning assigned to such term in Chapter I of the Rules of the Exchange.

## **Hearing Panel Committee**

The term “Hearing Panel Committee” shall have the meaning assigned to such term in Chapter I of the Rules of the Exchange.

## **Last Trading Day**

The term “Last Trading Day” shall have the meaning assigned to such term in Chapter I of the Rules of the Exchange.

**Limit Order**

The term “Limit Order” shall have the meaning assigned to such term in Rule VI-4(a) of the Rules of the Exchange.

**Qualified Market Maker**

The term “Qualified Market Maker” shall have the meaning assigned to such term in Chapter I of the Rules of the Exchange.

**Market Order**

The term “Market Order” shall have the meaning assigned to such term in Rule III-4(a) of the Rules of the Exchange.

**Matched Trade**

The term “Matched Trade” has the meaning set forth in Rule XXII-10(h).

**NFA**

The term “NFA” shall have the meaning assigned to such term in Chapter I of the Rules of the Exchange.

**Officer**

The term “Officer” shall have the meaning assigned to such term in Chapter I of the Rules of the Exchange.

**Open Contract Positions**

The term “Open Contract Positions” shall have the meaning assigned to such term in the Rules of the CX Clearinghouse.

**Opening Auction**

The term “Opening Auction” shall have the meaning assigned to such term in Chapter I of the Rules of the Exchange.

**Operating Agreement**

The term “Operating Agreement” shall have the meaning assigned to such term in Chapter I of the Rules of the Exchange.

### **Option on Futures**

The term “Option on Futures” shall have the meaning assigned to such term in Chapter I of the Rules of the Exchange.

### **Order**

The term “Order” shall have the meaning assigned to such term in Chapter I of the Rules of the Exchange.

### **Original Margin**

The term “Original Margin” shall have the meaning assigned to such term in the Rules of the CX Clearinghouse.

### **Participant**

The term “Participant” means any Person that has been granted, and continues to have, Trading Privileges, or otherwise remains subject to the jurisdiction of the Exchange under these Rules.

### **Passwords**

The term “Passwords” shall have the meaning assigned to such term in Chapter I of the Rules of the Exchange.

### **Person**

The term “Person” shall have the meaning assigned to such term in Chapter I of the Rules of the Exchange.

### **President**

The term “President” shall have the meaning assigned to such term in Chapter I of the Rules of the Exchange.

### **Public Director**

The term “Public Director” shall have the meaning assigned to such term in Chapter I of the Rules of the Exchange.

### **Regulatory Services Agreement**

The term “Regulatory Services Agreement” shall have the meaning assigned to such term in Chapter I of the Rules of the Exchange.

### **Regulatory Oversight Committee**

The term “Regulatory Oversight Committee” shall have the meaning assigned to such term in Chapter I of the Rules of the Exchange.

### **Responsible Agent**

The term “Responsible Agent” shall have the meaning assigned to such term in Chapter I of the Rules of the Exchange.

### **Rules of the CX Clearinghouse**

The term “Rules of the CX Clearinghouse” means the constitutive documents and any rules, regulations, interpretations, stated policies or instruments corresponding to any of the foregoing, in each case as adopted or amended from time to time by the CX Clearinghouse relating to the CX Division Contracts for which CX Clearinghouse has been designated as the clearinghouse by the Exchange.

### **Rules of the Exchange**

The term “Rules of the Exchange” shall have the meaning assigned to such term in Chapter I of the Rules of the Exchange.

### **Secretary**

The term “Secretary” shall have the meaning assigned to such term in Chapter I of the Rules of the Exchange.

### **Settlement Price**

The term “Settlement Price” shall have the meaning assigned to such term in Chapter I of the Rules of the Exchange.

### **Supervised Persons**

The term “Supervised Persons” shall mean any directors, officers or employees or Authorized Traders of any Participant.

### **Trading Account**

The term “Trading Account” shall have the meaning assigned to such term in Chapter I of the Rules of the Exchange.

### **Trading Day**

The term “Trading Day” shall have the meaning assigned to such term in Chapter I of the Rules of the Exchange.

### **Trading Hours**

The term “Trading Hours” shall have the meaning assigned to such term in Chapter I of the Rules of the Exchange.

### **Trading Privileges**

The term “Trading Privileges” shall have the meaning assigned to such term in Chapter I of the Rules of the Exchange.

### **Treasurer**

The term “Treasurer” shall have the meaning assigned to such term in Chapter I of the Rules of the Exchange.

### **Vice President**

The term “Vice President” shall have the meaning assigned to such term in Chapter I of the Rules of the Exchange.

## **XX-2 Rules of Interpretation**

For all purposes of these Rules, except as otherwise expressly provided herein or unless the context otherwise requires:

- (a) the terms defined in these Rules include the plural as well as the singular and *vice versa*;
- (b) words importing gender include all genders;
- (c) any reference to a Chapter, Rule or Appendix refers to a Chapter or Rule of, or Appendix to, these Rules;
- (d) any reference to these Rules refers to these Rules, including all Appendices hereto, and the words herein, hereof, thereto, hereto and hereunder and words of similar

import refer to these Rules and their appendices as a whole and not to any particular Part, Chapter, Rule, appendix or any other subdivision;

(e) references to days, months and years refer to calendar days, months and years, respectively;

(f) all references herein to “including” shall be deemed to be followed by the words “without limitation;”

(g) any term used herein that is defined in the CEA or CFTC Regulations shall have the meaning assigned to it therein; and

(h) all references herein to a time of day refer to local time in The City of New York.

### **XX-3 Effect of Titles**

The titles of these Rules have been inserted for convenience of reference only and shall not affect the meaning of these Rules.

### **XX-4 Amendment of Rules**

New Rules of the Exchange may be adopted, and existing Rules of the Exchange may be amended or repealed, by the Board of Directors. All such new Rules of the Exchange, amendments or repeals shall become effective on such date (after any required certification with or approval thereof by the CFTC) as may be determined by the Exchange.

### **XX-5 Hierarchy of Interpretation of Rules**

(a) The Rules are divided into three Parts. The rules specific to the FMX Division are included in Part A, the General Rules of the Exchange are included in Part B, and the rules specific to the CX Division are located in Part C. Notwithstanding any provision of these Rules to the contrary, in the event of any conflict between a Rule in Part A governing the FMX Division and a General Rule of the Exchange in Part B of this Rulebook, the Part A Rule shall govern, or in the event of any conflict between a Rule in Part C governing the CX Division and a General Rule of the Exchange in Part B of this Rulebook, the Part C Rule shall govern.

(b) Notwithstanding any provision of these Rules to the contrary, in the event of any conflict between a Rule in Parts A, B or C of this Rulebook and a specific Contract Rule in Chapter V for FMX Division Contracts or Chapter XXV for CX Division Contracts, the specific Contract Rules shall govern with respect to trading in the relevant Contract.

(c) Notwithstanding the generality of Rule XX-5(a) or anything to the contrary in Rule XXI-4, the Contract Rules for each individual Contract may specify:

(i) different classes of Participants eligible to trade such Contracts. Each such class of Participants shall have the rights and obligations specified by the Contract Rules for each such Contract; and

(ii) whether such Contract may be settled via cash settlement, physical delivery of the underlying commodity, or by any other means, as applicable.

## **CHAPTER XXI**

### **ADMISSION TO TRADE ON CX DIVISION**

#### **XXI-1 CX Participants and CX Trading Accounts**

(a) Each CX Participant and its Authorized Traders shall have the right to access the Exchange Trading System, including the right to place Orders for Trading Accounts as provided in this Chapter.

(b) Upon application to the Exchange and an explanation of the reasons and uses therefore, the Exchange in its discretion may permit a CX Participant to maintain more than one Trading Account.

(c) In the event that the Exchange determines that Participants may be permitted to maintain more than one Trading Account, the CX Participant shall designate each of its Authorized Traders to trade any or all of its Trading Accounts, provided that a Participant shall at all times be responsible for all of its Trading Accounts as set forth under these Rules.

(d) Subject to the requirements and procedures set forth in this Chapter, CX Trading Privileges shall be offered to all applicants eligible to be CX Participants, as determined by the Exchange, subject to any limitations or restrictions from time to time imposed by the Exchange. CX Trading Privileges are non-transferable, non-assignable, may not be sold or leased, and are specifically limited to trading on the CX Division. For the avoidance of doubt, a CX Participant may trade FMX Division Contracts on the FMX Division only if also admitted as an FMX Participant.

(e) By virtue of obtaining CX Trading Privileges, a CX Participant shall not obtain any equity or other interest in the Exchange, including voting rights or rights to receive any dividends or other distributions, whether arising from a dissolution, merger, consolidation involving the Exchange or otherwise, unless specifically so provided by agreement with the Exchange.

(f) For the avoidance of doubt, and notwithstanding anything to the contrary in these Rules, under no circumstances shall any employees, officers, directors or agents of the Exchange

(i) trade directly or indirectly in any commodity interest traded on the Exchange or cleared by the CX Clearinghouse, or in a related commodity interest;  
or

(ii) trade directly or indirectly in a commodity interest traded on a designated contract market or swap execution facility other than the Exchange or



cleared by a derivatives clearing organization other than the Exchange's clearinghouse, if the employee, officer or director has access to material non-public information concerning such commodity interest.

## **XXI-2 Authorized Traders**

(a) Participants that are natural persons may act as their own Authorized Trader or may appoint a third party as their Authorized Trader, pursuant to a power of attorney or other instrument, in a form prescribed or approved by the Exchange, providing such third party with discretionary trading authority with respect to the CX Participant's Trading Account.

(b) A CX Participant that is an Entity may appoint an employee to act as its Authorized Trader or may appoint a third party as its Authorized Trader pursuant to a power of attorney or other instrument, in a form prescribed or approved by the Exchange, providing such third party with discretionary trading authority with respect to the CX Participant's Trading Account. A CX Participant that authorizes a third party to trade for its Trading Account on a discretionary basis pursuant to a power of attorney or other instrument must identify a specific natural person as its Authorized Trader with respect to such Trading Account.

(c) Each Authorized Trader that is an employee of a CX Participant that is an Entity and any CX Participant that is a natural person acting as their own Authorized Trader pursuant to paragraph (a) above (i) may trade only for one CX Participant, and (ii) must satisfy any other requirements as may be prescribed by the Exchange from time to time. Each Authorized Trader that is an employee of a third party with discretionary trading authority with respect to the Participant's Trading Account (i) must be a natural person, (ii) may have Trading Privileges with respect to the Trading Accounts of more than one Participant, and as applicable, (iii) must allocate contracts executed for such multiple accounts in a fair and equitable manner so that no account or group of accounts consistently receives favorable or unfavorable treatment over time, and (iv) must satisfy any other requirements as may be prescribed by the Exchange from time to time. Each CX Participant may at any time revoke its authorization to its Authorized Trader by providing written notice of such revocation to the Exchange. A Participant shall take immediate measures appropriate to ensure that, after such revocation, (i) the affected Authorized Trader shall not have access to the Exchange Trading System or (ii) the affected Authorized Trader shall not utilize its User ID, and the Exchange shall act promptly, but in any event within one Business Day of receiving notice from the Participant, to disallow Order entry by any such Person.

(e) Without limiting the foregoing, each Authorized Trader will consent, in a form satisfactory to the Exchange, to abide by the Rules of the Exchange and Applicable Law prior to accessing the Exchange Trading System, and each Participant will ensure on an ongoing basis that (i) none of its Authorized Traders is subject to a disqualification

pursuant to any Applicable Law (unless an appropriate exemption has been obtained with respect thereto), (ii) each of its Authorized Traders will be technically proficient, (iii) each of its Authorized Traders will conduct its business in a fair and equitable manner, and (iv) each of its Authorized Traders will conduct its business in accordance with the Rules of the Exchange.

(f) All obligations of Participants under these Rules shall also apply to each of their Authorized Traders, and other personnel, and each Participant shall be responsible for the actions and omissions of each of its Authorized Traders and other personnel. Each Participant will ensure on an ongoing basis that none of its Authorized Traders is subject to a disqualification pursuant to any Applicable Law (unless an appropriate exemption has been obtained with respect thereto) and that each of its Authorized Traders (as applicable) will be technically proficient in respect of the use of the Exchange Trading System. Each Participant shall have procedures for performing day-to-day monitoring of its Authorized Traders to ensure that each will conduct its business in a fair and equitable manner and in accordance with the Rules of the Exchange.

### **XXI-3 CX Trading Privileges**

(a) For purposes of these Rules, any reference to (i) the Trading Privileges of a CX Participant shall also be deemed to refer and apply to the exercise of CX Trading Privileges by any of such Participant's Authorized Traders (ii) a CX Participant submitting or receiving orders, bids, offers or Message Traffic into or from the Exchange Trading System or engaging in transactions on the CX Division shall be deemed also to refer and apply to any such actions engaged in by any of such Participant's Authorized Traders and (iii) the knowledge of, or matters known to, any Participant shall be deemed also to refer to and include the knowledge of, or matters known to, its Authorized Traders and other personnel.

(b) Each Authorized Trader shall be deemed to be a "member" of the Exchange for all purposes under the CEA.

### **XXI-4 Eligibility**

(a) A CX Participant initially and on a continuing basis thereafter, is eligible to hold either long or short positions in CX Division Contracts only for their proprietary CX Trading Accounts. In addition, CX Participants must: (i) satisfy all requirements generally applicable to CX Participants and Authorized Traders under these Rules and any applicable CX Contract Rules; (ii) satisfy such financial criteria as may be prescribed by the Exchange from time to time; (iii) have sufficient technical and operational capabilities to fulfill any other obligations applicable to CX Participants, or their Authorized Traders as may from time to time be required by the Exchange; and (iv) satisfy such other requirements or criteria as may from time to time be adopted by the Exchange.

(b) The Exchange shall have the right to establish more than one class of CX Participants, which shall include Referring Participants as a separate class, in connection with the trading of particular CX Division Contracts, and which shall include Floor Traders as a separate class, in connection with the trading of all CX Division Contracts, subject to and in accordance with the applicable Exchange Rules., (ii)

(i) All Rules that apply to Participants also apply to Referring Participants except where the context requires otherwise. All rules that apply to Referring Participants shall only apply to such Persons.

(ii) All Rules that apply to Participants also apply to Floor Trader Participants. A Floor Trader Participant shall have the same obligations, responsibilities, and rights as a Participant.

(c) Each applicant to become a CX Participant that is a natural person must: (A) have a mechanism that is acceptable for transferring funds to and receiving funds from the applicant's CX Clearing Account, (B) have attained the age of majority in the individual's place of residence, (C) appoint one or more Authorized Traders pursuant to Rule XXI-2, and (D) satisfy such other requirements or criteria as may from time to time be adopted by the Exchange.

(d) Each applicant to become a CX Participant that is an Entity must: (A) be duly organized and in good standing in its jurisdiction of organization, (B) have a mechanism that is acceptable for transferring funds to and receiving funds from the applicant's Clearing Account, (C) have the legal authority and be duly authorized and empowered to become a Participant and to effect transactions on the Exchange, (D) appoint one or more Authorized Traders pursuant to Rule XXI-2, and (E) satisfy such other requirements or criteria as may from time to time be adopted by the Exchange.

(e) Notwithstanding anything in the foregoing paragraphs (c) or (d) to the contrary:

(i) In considering any applicant for status as a CX Participant, Authorized Trader, or Referring Participant, the Exchange may request additional information, or employ such other means that it deems desirable or appropriate, to ascertain relevant facts bearing on the applicant's qualifications; and

(ii) The Exchange may limit a Participant to trading specified CX Contract(s) based upon financial, regulatory or other criteria established by the Exchange, or the Exchange may limit a Referring Participant to acting in the capacity of Referring Participant for specific Contracts based upon regulatory or other criteria established by the Exchange.

(f) The Exchange in its sole discretion may deny (or may condition) the grant of CX Trading Privileges to any CX Participant or any Authorized Trader of any CX Participant.

(i) If such Person is unable satisfactorily to demonstrate a capacity to adhere to all applicable Rules of the Exchange, Rules of the CX Clearinghouse and CFTC Regulations, including, to the extent applicable, those concerning record-keeping, reporting, finance and trading procedures;

(ii) if such Person would bring the Exchange into disrepute; or

(iii) for such other causes as the Exchange may determine from time to time.

(g) The Exchange in its sole discretion may condition or revoke a CX Participant's CX Trading Privileges or, in the case of an Authorized Trader, condition or revoke its association with a Participant or its access rights, respectively, if any of the circumstances specified in the preceding paragraph (f) exist with respect to such CX Participant, or Authorized Trader, or if such CX Participant or Authorized Trader:

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

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

(iii) violates any agreement with, or Rule of, the Exchange.

(h) Futures commission merchants or other intermediaries shall not be permitted to submit trades on the CX Division for execution on behalf of customers.

(i) No Participant may refer or solicit another Person to become a CX Participant or to solicit another CX Participant to enter an Order on the Exchange, including providing related software, technical or other associated services except in accordance with the provisions of Rule XXI-6.

#### **XXI-5 Application for CX Trading Privileges**

(a) Each application to become a CX Participant shall be in such form as may from time to time be prescribed by the Exchange. Each applicant to become a CX Participant shall promptly update the application materials if any of the information provided therein becomes inaccurate or incomplete. The Exchange shall act upon, and approve or disapprove, any such application without unreasonable delay.

(b) Each applicant to become a CX Participant shall:

(i) submit to the Exchange executed forms of all application documents;

(ii) pay to the Exchange such initial fee as may be prescribed by the Exchange from time to time; and

(iii) agree in written or electronic form to abide by these Rules and Applicable Law.

(c) Upon the Exchange's approval of an applicant's CX Participant application and upon the Exchange's confirmation that the initial fee payable by the applicant has been paid to the Exchange, the applicant shall become a CX Participant and as a CX Participant obtain CX Trading Privileges applicable to CX Division.

(d) Any Person who has been denied CX Trading Privileges or granted only conditional CX Trading Privileges pursuant to this Rule XXI-5, and any Person who is not permitted to keep its CX Trading Privileges or whose CX Trading Privileges are conditioned pursuant to this Rule XXI-5, may appeal the Exchange's decision in accordance with the provisions of Chapter XIV relating to disciplinary proceeding appeals.

#### **XXI-6 Referral and Solicitation of Participants and Orders**

(a) Notwithstanding anything to the contrary in these Rules, a CX Participant may refer or solicit another Person to become a Referred CX Participant or may solicit a CX Referred Participant's Orders, and may provide software, technical or other associated services, upon being notified by the Exchange under the procedures specified in paragraph (b) that the CX Referring Participant satisfies, and remains in compliance with, the following conditions and is being permitted by the Exchange to act in the capacity of CX Referring Participant. The CX Referring Participant must:

(i) be a CX Participant in good standing with the Exchange;

(ii) if applicable, be registered with the National Futures Association in an appropriate registration category, or be exempt from such registration;

(iii) submit to the Exchange such additional forms and agreements as the Exchange shall require and promptly update any information provided therein that becomes inaccurate or incomplete;

(iv) maintain an amount of funds on deposit (the level of such amount(s) to be determined by the Exchange in the Exchange's sole discretion) for as long as the person remains a CX Referring Participant of the Exchange. Such amount, minus any financial obligations payable to the Exchange, shall be returned to the

CX Referring Participant upon the CX Referring Participant's withdrawal from the Exchange or revocation of such Person's status as a CX Referring Participant; provided however, that in establishing the level of such deposits, the Exchange may implement a tiered structure with the level of deposit corresponding to a particular category of CX Participant;

(v) provide a means acceptable to the Exchange of identifying to the Exchange those CX Participants which it refers or solicits, and the referred CX Participant's acknowledgment that it has been referred;

(vi) demonstrate sufficient technical and operational capabilities to meet Exchange technical specifications and requirements as specified by the Exchange from time to time;

(vii) solicit or refer Persons to become a CX Participant or solicit their Orders to the Exchange via:

(A) electronic media of the CX Referring Participant approved by the Exchange;

(B) electronic media made available to the Referring Participant by the Exchange; or

(C) such other method as the Exchange may accept from time to time;

(viii) satisfy such other requirements or criteria as may from time to time be adopted by the Exchange under these Rules.

(ix) For the avoidance of doubt, a CX Referring Participant shall not enter Orders into the Exchange Trading System on behalf of a CX Referred Participant as the Authorized Trader of a CX Referred Participant or in any other capacity.

(b) Following a request by a CX Participant for a determination by the Exchange that the CX Participant meets the conditions of paragraph (a) to act as a CX Referring Participant, the Exchange shall notify such CX Participant without unreasonable delay whether such CX Participant is permitted by the Exchange to refer or solicit CX Participants or their Orders. *Provided, however*, the Exchange may limit its permission to particular CX Division Contract(s).

(c) The Exchange in its sole discretion may deny, condition or revoke its permission to a CX Referring Participant to act as a CX Referring Participant. Any such action may be appealed by the CX Referring Participant in accordance with the procedures under the provisions of Chapter XIV, *provided, however*, that such sanction shall continue

in effect during the appeal. The Exchange may take such action to deny, condition or revoke its permission, if:

- (i) upon request, the CX Referring Participant is unable satisfactorily to demonstrate a capacity to adhere to all applicable Rules of the Exchange, Rules of the CX Clearinghouse, CFTC Regulations and Applicable Law;
  - (ii) at any time the CX Referring Participant fails to meet any of the conditions in paragraph (a);
  - (iii) the CX Referring Participant fails to meet any limitation placed by the Exchange on its permission to the CX Referring Participant under paragraph (b);
  - (iv) the CX Referring Participant violates any agreement with the Exchange;
  - (v) the actions or activities of the CX Referring Participant would bring the Exchange into disrepute;
  - (vi) in the discretion of the Exchange, such action is in the best interests of the Exchange or for such other causes as the Exchange may determine from time to time.
- (d) Upon granting permission to a CX Referring Participant to act in that capacity, the Exchange shall record the referral relationship between a CX Participant and the CX Referring Participant in its account records and shall make available daily reports and information about the referred account activity in such form and manner as the Exchange shall from time to time determine.

## **CHAPTER XXII**

### **CX DIVISION TRADING STANDARDS**

#### **XXII-1 CX Division Contracts**

- (a) The Exchange shall determine which CX Division Contracts are available for trading from time to time and, subject to the provisions of Rule XXIV-1, approve rules containing the specifications for such CX Division Contracts, *provided* that certifications or applications with respect to such CX Division Contracts shall be submitted to the CFTC as required by the CEA and CFTC Regulations.
- (b) CX Division Contracts shall be traded by a CX Participant only for its own account and be self-cleared through CX Clearinghouse.

## **XXII-2 CX Division Trading Days and Trading Hours**

(a) The Exchange shall from time to time determine (a) the Trading Days during any particular calendar year and (b) the Trading Hours with respect to any particular CX Division Contract. All time references shall be based on local time prevailing in The City of New York, New York, unless otherwise expressly set forth in the relevant CX Division Contract Rules. Opening times start on the first second of the minute cited. Closing times end on the first second of the minute cited. Trading Hours may vary among different CX Division Contracts. No CX Participant may make any bid or offer for, or engage in any transaction in, any CX Division Contract before or after such hours.

(b) Trading will be suspended during periods the Exchange schedules for routine maintenance and during any announced periods of non-routine maintenance. In the event that trading is suspended either for routine or non-routine maintenance, notice will be given to CX Participants as promptly as practicable both by posting of a notice on the Exchange's website and by e-mail directly to each Participant.

(c) The Exchange may from time to time adopt procedures for the opening or closing of trading in any CX Division Contract. The Control Desk will be staffed and operate at all times during the Trading Hours of any CX Division Contract. No Person may make any bid or offer for, or engage in any transaction in, any CX Division Contract before or after such hours.

## **XXII-3 Opening and Closing Trading in CX Division Contracts**

The Exchange may from time to time adopt procedures for the opening or closing of trading in any CX Division Contract which shall be incorporated into the operation of the Exchange Trading System.

## **XXII-4 CX Division Contract Order Entry**

The Authorized Traders of each CX Participant shall enter orders by electronic transmission to and shall be required to provide the information required by the Exchange Trading System for entry of an order to buy or sell such CX Division Contract. The Exchange shall maintain an electronic record of those entries. Each CX Participant shall be responsible for any and all orders in each of its Trading Accounts to be entered by any of its Authorized Traders.

## **XXII-5 Acceptable CX Division Contract Orders**

The order type or types available on the Exchange Trading System for any CX Division Contract is at the discretion of the Exchange from among the Available Order Types supported by the Exchange Trading System for CX Division Contracts.



## **XXII-6 Information Regarding CX Contract Orders**

(a) The Exchange may make information regarding Orders (including prices bid or offered), trades and any other matters it may deem appropriate, available to Participants, and their Authorized Traders and other Persons at such times and in such manner (whether through the Exchange Trading System, a ticker, financial information services or otherwise) as it may consider necessary or advisable from time to time.

(b) Each Participant, Authorized Trader or other Person receiving any such information through the Exchange Trading System is expressly prohibited from redistributing such information unless expressly permitted by the Exchange. Employees and agents of the Exchange shall have access to the offices of any Participant and each of its Authorized Traders or other Persons with receiving information through the Exchange Trading System during regular business hours in order to observe the compliance by such persons with this Rule XXII-6.

## **XXII-7 Permissible Pre-Execution Discussions On CX Division**

(a) Authorized Traders seeking to execute a pre-negotiated transaction must wait for a reasonable period of time, which shall be presumed to be not less than 15 seconds after the initial Order is submitted to the Exchange Trading System, before submitting the opposite side Order.

(b) Except in the case of transactions effected pursuant to this Rule XXII-7, no Authorized Traders shall enter through the Exchange Trading System into a pre-discussed or pre-arranged transaction.

## **XXII-8 Errors, Trade Cancellation and Price Adjustments of CX Division Contracts**

(a) If an Order for a CX Division Contract was incorrectly executed or rejected by the Exchange Trading System, a Participant or its Authorized Trader may, within ten minutes thereafter, request review of the Order by providing the confirmation number for the Order and stating the grounds for the disagreement.

(b) Upon receipt by the Exchange of a request for review of an Order for a CX Division Contract and the accompanying confirmation number, the Exchange will review its electronic audit trail to determine if the Exchange Trading System correctly interpreted and executed the Order. Such review will be completed (i) on the same Business Day if the Exchange received such request for review prior to 12:00 Noon on any Business Day or (ii) by the end of the following Business Day if such request was received (x) on or after 12:00 Noon on any Business Day or (y) on any day that is not a Business Day.

(c) If the review described in Rule XXII-8(b) reveals that the Order was incorrectly handled, then the Order in question shall be cancelled in the Trading Accounts of all affected Participants.

(d) If the review described in Rule XXII-8(b) reveals that the Order was correctly handled, then no adjustment shall be made in the Trading Accounts of any Participants.

(e) Notwithstanding anything to the contrary in this Rule XXII-8, if the Exchange determines in its sole discretion that the execution of any trade was the result of Orders being incorrectly processed by the Exchange Trading System, or any other cause beyond the control of any CX Participant, then the Exchange may cancel such trade in the Trading Accounts of all affected Participants.

#### **XXII-9 Investment of Certain CX Participant Account Funds**

CX Participant funds on deposit with the Exchange and funds in the Trading Accounts of such CX Participants (i.e., the account containing the funds paid by CX Participants to purchase or sell CX Division Contracts and which are to be used to pay CX Participants at expiration of CX Division Contracts) will be segregated in accordance with the CFTC's Regulations. The Exchange may invest such funds subject to the limitations and conditions set forth in CFTC Regulation 1.25. The Exchange will pay interest to CX Participants' Trading Accounts at a rate to be determined by the Exchange on funds in CX Participants' Trading Accounts in excess of an amount to be determined by the Exchange. The Exchange will retain all profit from investment of the Participant funds not paid to Participants in accordance with the preceding sentence

#### **XXII-10 Financial Requirements for Order Entry and Executions on the CX Division**

(a) Participants are required to have sufficient funds on deposit with the CX Clearinghouse such that any executed Orders for CX Division Contracts will "PASS" the credit check as described in Rule XXII-10(h).

(b) To facilitate compliance with Rule XXII-10(a), the Exchange shall establish a maximum CX Contract Order size for each Trading Account of each Participant based upon the Participant's Available Funds, the size of the Participant's Participant CX Clearing Account, the Participant's trading behavior, and any other factors that the Exchange deems relevant.

(c) To facilitate compliance with Rule XXII-10(a) the Exchange, in its sole discretion and from its own funds, may advance funds for immediate use to a Participant's CX Clearing Account provided that:

- (i) Such Participant has Trading Privileges,
- (ii) such Participant has submitted a bona-fide Funds Deposit Request,
- (iii) such Funds Deposit Request is being processed in the normal course of banking transactions by the CX Clearinghouse, and

(iv) such amount shall not exceed the lesser of the Funds Deposit Request or \$1,000.

(d) Notwithstanding the provisions of paragraph (c) of this Rule, in the event that any Funds Deposit Request has not cleared the Participant's issuing bank or the funds are otherwise deemed as non-collectable by the CX Clearinghouse then such Participant shall be subject to a summary fine not to exceed \$2,500 for each such Funds Deposit Request.

(e) Nothing hereinabove shall be deemed a limitation or waiver of the CX Clearinghouse's rights to enforce its own rules respecting the collection of Original Margin (as defined in the rules of the Clearinghouse).

(f) The Exchange shall review the maximum Order size for each Trading Account within 15 days of the end of each calendar quarter and at any other time at which the Participant deposits funds or withdraws funds from the Participant's Participant CX Clearing Account. The maximum Order size for any Trading Account may be revised by the Exchange at any of the foregoing times, or at any time that the Exchange determines it necessary to make any such revision based on market conditions, a Participant's trading activity or other reasons as the Exchange deems appropriate.

(g) Notwithstanding the imposition of the limits described in Rule XXII-4(b) and Rule XXII-4(c), the Participant shall remain solely responsible for compliance with the Rules of the Exchange and the Rules of the CX Clearinghouse.

(h) When a bid or offer for a CX Division Contract is entered into the Exchange Trading System such that a trade would execute (each such occurrence, a "Matched Trade"), the CX Clearinghouse shall undertake an immediate credit check prior to such Matched Trade being confirmed to any of the purchaser, the seller or the CX Clearinghouse. The credit check procedures shall be as follows:

(i) For liquidating Orders, or any portion of a Matched Trade that represents a liquidating quantity, the credit check shall "PASS".

(ii) For the establishment of new positions or an increase in size of existing positions, or any portion of a liquidating trade that would create a new position or add to an existing position, the credit check shall PASS if and only if the funds immediately available in the applicable CX Participant Clearing Account are greater than or equal to the Original Margin required to establish the new position or increase an existing position.

(iii) The credit check will "FAIL" if the funds immediately available in the applicable CX Participant Clearing Account are less than the Original Margin required to establish the new position or increase an existing position. In such case, the size of the Matched Trade shall be reduced such that the minimum quantity of

Contracts that would PASS the credit check, if any, based on the level of Original Margin in the applicable Participant Clearing Account, will be matched. Any remaining portion of the purchaser's or seller's Order that would have passed the credit check had the purchaser or seller's Order originally been limited to such amount shall be restored with its original price and time priority to the order book and any remaining portion of the purchaser's or seller's Order that failed the credit check shall be cancelled.

(i) If a standing Limit Order "FAILS", as described in Rule XXII-4(a), then the Exchange will notify the CX Participant of such event via email.

#### **XXII-11 Reportable Positions**

(a) The Exchange shall meet the requirements of paragraphs (a) through (h) of CFTC Regulation 17.00 as they apply to trading on the CX Division with respect to contracts that qualify as "exclusively self-cleared contracts" within the meaning of CFTC Regulation 15.00.

### **CHAPTER XXIII CLEARING OF CX DIVISION CONTRACTS**

#### **XXIII-1 Rules of the CX Clearinghouse**

The clearing services provided by the CX Clearinghouse with respect to CX Division Contracts, and the rights and obligations of purchasers and sellers under cleared Contracts (including, without limitation, rights and obligations in respect of clearing and settlement, variation margin payments and performance at maturity, and in the case of Options on Futures, upon exercise thereof), shall be governed by the Rules of the CX Clearinghouse.

#### **XXIII-2 Clearing Services**

The Exchange may discontinue the clearance of CX Division Contracts through CX Clearinghouse and select and substitute another derivatives clearing organization that has been approved by the CFTC to clear CX Division Contracts.

#### **XXIII-3 Transfer of Open Positions to Clearinghouse**

Each CX Participant shall comply in all respects with any statement of policy or other notice issued by the Exchange relating to the procedures and processes that must be followed to effectuate the transfer of open positions to any clearinghouse.

#### **XXIII-4 Substitution**

Where a CX Contract is cleared through the CX Clearinghouse, the CX Clearinghouse shall be deemed substituted as seller to the buyer and shall also be deemed substituted as buyer to

the seller, and thereupon the CX Clearinghouse shall have all of the rights and be subject to all of the liabilities of the original parties with respect to such contract.

### **XXIII-5 Offsets**

Where a CX Participant buys and sells the same CX Contract for the same delivery, the purchases and sales shall be offset to the extent of their equality, as provided for by the Rules of the CX Clearinghouse.

## **CHAPTER XXIV CX CONTRACTS**

### **XXIV-1 Contract Specifications**

The terms and conditions of the existing CX Division Contracts are unchanged (save for renumbering) and are published on the website as follows:

- IX-1000. EUR-USD
  - <https://cxmarkets.com/wp-content/uploads/2021/02/CX-Contract-Rules-EUR-USD-Rule-IX-1000.pdf>
- IX-1010. USD-JPY
  - <https://cxmarkets.com/wp-content/uploads/2021/02/CX-Contract-Rules-USD-JPY-Rule-IX-1010.pdf>
- IX-1020. GBP-USD
  - <https://cxmarkets.com/wp-content/uploads/2021/02/CX-Contract-Rules-GBP-USD-Rule-IX-1020.pdf>
- IX-1030. AUD-USD
  - <https://cxmarkets.com/wp-content/uploads/2021/02/CX-Contract-Rules-AUD-USD-Rule-IX-1030.pdf>
- IX-1100. EUR-JPY
  - <https://cxmarkets.com/wp-content/uploads/2021/02/CX-Contract-Rules-EUR-JPY-Rule-IX-1100.pdf>
- IX-1200. GBP-JPY
  - <https://cxmarkets.com/wp-content/uploads/2021/02/CX-Contract-Rules-GBP-JPY-Rule-1200.pdf>

- IX-2000. GOLD
  - <https://cxmarkets.com/wp-content/uploads/2021/02/CX-Contract-Rules-GOLD-Rule-IX-2000.pdf>
- IX-3003. ATLANTIC NAMED STORM LANDFALL (“ANSLS”) SWAPS
  - <https://www.cxmarkets.com/wp-content/uploads/2019/05/CX-ANSLS-Contract-Rules.pdf>
- IX-3101. SEASONAL AGGREGATE SNOWFALL INDEX (“SASI”) SWAPS
  - <https://www.cxmarkets.com/wp-content/uploads/2019/10/CX-Seasonal-Aggregate-Snowfall-Index-Swaps-Contract-Rules-1.pdf>
- IX-3100. MONTHLY AGGREGATE RAINFALL INDEX (“MARI”) SWAPS
  - <https://www.cxmarkets.com/wp-content/uploads/2019/09/CX-Contract-Rules-MARI.pdf>
- IX-3200. WEEKLY PRECIPITATION DAY COUNT (“WPDC”) SWAPS
  - <http://regulatory.cantorexchange.com/wp-content/uploads/2018/03/CX-Contract-Rules-WPDC.pdf>
- IX-3300. DAILY AGGREGATE SNOWFALL INDEX (“DASI”) SWAPS
  - <https://www.cxmarkets.com/wp-content/uploads/2019/10/CX-Daily-Aggregate-SnowFall-Index-DASI-Swaps-Contract-Rules.pdf>
- IX-3301. DAILY AGGREGATE RAINFALL INDEX (“DARI”) SWAPS
  - <https://www.cxmarkets.com/wp-content/uploads/2019/10/CX-Daily-Aggregate-Rainfall-Index-DARI-Swaps-Contract-Rules.pdf>
- IX-3302. HIGH EXTREME DAILY TEMPERATURE INDEX (“HEDTI”) SWAPS
  - <https://www.cxmarkets.com/wp-content/uploads/2019/05/CX-High-Extreme-Daily-Temperature-Index-HEDTI-Swaps-Contract-Rules.pdf>
- IX-3303. LOW EXTREME DAILY TEMPERATURE INDEX (“LEDTI”) SWAPS

- <https://www.cxmarkets.com/wp-content/uploads/2019/05/CX-Low-Extreme-Daily-Temperature-Index-LEDTI-Swaps-Contract-Rules.pdf>

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**CHAPTER XXV**  
**CX DIVISION INCENTIVE PROGRAMS**

**XXV-1 ABC Incentive Program**

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