

---

September 23, 2024

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

---

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

<b>Version</b>	<b>Effective Date</b>	<b>Summary of Changes</b>	<b>Responsible</b>
1.0	July 12, 2021	Base	COO
1.1	April 8, 2022	Correction to Rules: addition of Rules VI-13, Front Running, and VI-14, Wash Trading, which were originally effective on November 19, 2018; updated Table of Contents	COO
1.2	April 19, 2022	Revised definitions to reflect new entity name as FMX Futures Exchange, L.P.	COO
1.3	April 29, 2022	Clarify voting rules of the Regulatory Oversight Committee.	COO
1.4	February 7, 2023	Delete product rules: IX-1000, IX-1010, IX-1020, IX-1030, IX-1100, IX-1200, IX-2000, IX-3100, IX-3101, IX-3200, IX-3300, IX-3301, IX-3302, and IX-3303	COO
1.5	February 27, 2023	Add new Rule II-12, Transaction Records; delete incentive programs 100, 101, and 102. Add new Rule XI-1, 2023 Automated Liquidity Provider (ALP) Program;	COO
2.0	February 5, 2024	Reorganization of Rules into 3 Parts; establishment of FMX Division and addition of futures trading rules (Part A); reorganization of exchange governance, general rules (Part B); reorganization of CX Division trading rules	COO
2.1	March 20, 2024	Changes to Rules III-13 and III-15; Updates, changes to Rule XXV-1	COO
2.2	August 21, 2024	Chapter I: Added/revised definitions of “Exchange Data” (replace defined term “Market Data”), “Exchange Trading System,” “Services,” and “Trading Facilities;” revised Rule XI-16, Limitation of Liability	COO
2.3	August 29, 2024	Deletion of Market to Limit Order from Rule III-4	COO
2.4	September 23, 2024	Clarifications of daily Settlement Price time and expiration time of Limit Orders	COO

## TABLE OF CONTENTS

	Page
<b>PART A</b>	
<b>RULES OF THE FMX DIVISION.....</b>	<b>1</b>
<b>CHAPTER I DEFINITIONS; INTERPRETATION; AMENDMENTS .....</b>	<b>1</b>
I-1	1
I-2	13
I-3	14
I-4	14
I-5	14
<b>CHAPTER II ADMISSION TO TRADE CONTRACTS .....</b>	<b>14</b>
II-1	14
II-2	15
II-3	16
II-4	18
II-5	18
II-6	19
II-7	20
II-8	20
<b>CHAPTER III FMX TRADING STANDARDS.....</b>	<b>21</b>
III-1	21
III-2	21
III-3	22
III-4	22
III-5	24
III-6	24
III-7	25
III-8	25
III-9	26

III-10	Errors, Trade Cancellation and Price Adjustments on the FMX Division .....	26
III-11	Responsibility for Orders.....	31
III-12	Allocation and Priority of Customer Orders; No Withholding of Orders; Bunched Orders .....	31
III-13	Financial Requirements for Order Entry and Executions.....	32
III-14	Revocation of Clearing Authorization: Trade Nullification .....	32
III-15	Customer Margin .....	32
III-16	Segregation, Custody and Investment of Customer Funds.....	33
III-17	Daily Settlement Price Determination.....	33
III-18	Required Reports.....	34
III-19	Recording of Orders and Record Keeping .....	34
III-20	Reporting of Open Interest by Clearing Members.....	35
<b>CHAPTER IV CLEARING OF FMX DIVISION CONTRACTS .....</b>		<b>35</b>
IV-1	Rules of LCH Limited .....	35
IV-2	Substitution .....	36
<b>CHAPTER V FMX DIVISION CONTRACTS .....</b>		<b>36</b>
V-1	Secured Overnight Financing Rate Futures .....	36
V-2	Reserved. ....	39
<b>CHAPTER VI</b>		<b>39</b>
VI-1	Incentive Programs.....	39
<b>PART B GENERAL RULES OF THE EXCHANGE .....</b>		<b>41</b>
<b>CHAPTER X GOVERNANCE OF THE EXCHANGE .....</b>		<b>41</b>
X-1	Defined Terms .....	41
X-2	Board of Directors.....	41
X-3	Standing Committees .....	41
X-4	Regulatory Oversight Committee .....	42
X-5	Additional Committees and Panels .....	43
X-6	Eligibility .....	43
X-7	Power of the Board of Directors to Review Decisions .....	45
X-8	Officers .....	46
X-9	Restrictions on Certain Persons Who Possess Material, Non-Public Information .....	46

X-10	Conflicts of Interest.....	47
X-11	Regulatory Cooperation.....	51
X-12	Regulatory Services Agreement with NFA.....	51
X-13	Transaction Records.....	52
CHAPTER XI GENERAL TRADING PROVISIONS .....		52
XI-1	Contract Specifications.....	52
XI-2	Contract Modifications.....	52
XI-3	Position Accountability .....	52
XI-4	Price Limits and Temporary Trading Halts .....	53
XI-5	Transfers of Positions.....	53
XI-6	EFP Transactions .....	54
XI-7	Block Trading .....	54
XI-8	EFS Transactions .....	54
XI-9	Emergencies.....	54
XI-10	Daily Reports .....	56
XI-11	Message Traffic Limits.....	56
XI-12	Application of Rules and Jurisdiction Following Termination .....	56
XI-13	Recording of Communications .....	56
XI-14	Notices .....	57
XI-15	Proprietary Nature of Exchange Data .....	57
XI-16	Limitation of Liability .....	57
CHAPTER XII OBLIGATIONS OF PARTICIPANTS .....		60
XII-1	Books and Records; Cooperation in Proceedings.....	60
XII-2	Minimum Financial Reporting Requirements and Reports.....	60
XII-3	Authority of the President to Impose Restrictions .....	60
XII-4	Minimum Financial Requirements.....	61
XII-5	Trade Confirmations .....	61
XII-6	Account Statements.....	61
XII-7	Risk Disclosure Statement.....	62
XII-8	Fraudulent or Misleading Communications .....	62
XII-9	System Security.....	62
XII-10	Communications between the Exchange and Participants .....	63
XII-11	Fees and Payments .....	63

XII-12	Incentive Programs.....	64
XII-13	Exchange Trading System Requirements.....	64
XII-14	Measures to Avoid Self-Matching .....	65
CHAPTER XIII BUSINESS CONDUCT.....		65
XIII-1	Rule Violations .....	65
XIII-2	Fraudulent Acts.....	65
XIII-3	Fictitious Transactions .....	66
XIII-4	Market Demoralization.....	66
XIII-5	Price Manipulation .....	66
XIII-6	Prohibition of Misstatements .....	66
XIII-7	Adherence to Law .....	66
XIII-8	Use of Trading Privileges .....	66
XIII-9	Supervision .....	66
XIII-10	Disclosing Orders.....	67
XIII-11	Reserved. ....	67
XIII-12	Disruptive Practices.....	67
XIII-13	Front Running .....	67
XIII-14	Wash Trading; Accommodation Trading, Money Passes .....	67
XIII-15	Cross Trades .....	68
CHAPTER XIV DISCIPLINE AND ENFORCEMENT.....		68
XIV-1	General .....	68
XIV-2	Inquiries and Investigations.....	70
XIV-3	Reports of Investigations .....	71
XIV-4	Review of Investigative Reports.....	71
XIV-5	Notice of Charges and Opportunity to Respond .....	72
XIV-6	Answer to Notice of Charges.....	73
XIV-7	Service of Notice of Charges .....	74
XIV-8	Settlements.....	74
XIV-9	Disciplinary Panel .....	75
XIV-10	Convening Hearings of Disciplinary Proceedings .....	75
XIV-11	Respondent Review of Evidence .....	76
XIV-12	Conducting Hearings of Disciplinary Proceedings.....	77
XIV-13	Decision of Disciplinary Panel .....	78

XIV-14	Sanctions.....	79
XIV-15	Costs .....	79
XIV-16	Appeal from Disciplinary Panel Decision, Summary Impositions of Fines and Other Summary Actions .....	80
XIV-17	Summary Imposition of Fines.....	82
XIV-18	Summary Suspensions and Other Summary Actions.....	83
XIV-19	Rights and Responsibilities after Suspension or Termination .....	85
XIV-20	Notice to the Respondent, the CFTC and the Public .....	85
CHAPTER XV ARBITRATION .....		86
XV-1	General .....	86
XV-2	Forum .....	86
XV-3	Applicable Arbitration Rules .....	86
XV-4	Penalties.....	86
<b>PART C RULES OF THE CX DIVISION.....</b>		<b>87</b>
CHAPTER XX TERMS APPLICABLE TO THE CX DIVISION.....		87
XX-1	Defined Terms .....	87
XX-2	Rules of Interpretation.....	95
XX-3	Effect of Titles .....	96
XX-4	Amendment of Rules.....	96
XX-5	Hierarchy of Interpretation of Rules .....	96
CHAPTER XXI ADMISSION TO TRADE ON CX DIVISION .....		97
XXI-1	CX Participants and CX Trading Accounts.....	97
XXI-2	Responsible Trading Agents.....	98
XXI-3	CX Trading Privileges.....	99
XXI-4	Eligibility .....	99
XXI-5	Application for CX Trading Privileges .....	101
XXI-6	Referral and Solicitation of Participants and Orders.....	102
CHAPTER XXII CX DIVISION TRADING STANDARDS .....		104
XXII-1	CX Division Contracts .....	104
XXII-2	CX Division Trading Days and Trading Hours .....	104
XXII-3	Opening and Closing Trading in CX Division Contracts.....	105
XXII-4	CX Division Contract Order Entry .....	105
XXII-5	Acceptable CX Division Contract Orders .....	105

XXII-6	Information Regarding CX Contract Orders .....	105
XXII-7	Permissible Pre-Execution Discussions On CX Division .....	106
XXII-8	Errors, Trade Cancellation and Price Adjustments of CX Division Contracts .....	106
XXII-9	Investment of Certain CX Participant Account Funds .....	107
XXII-10	Financial Requirements for Order Entry and Executions on the CX Division .....	107
XXII-11	Reportable Positions.....	109
CHAPTER XXIII CLEARING OF CX DIVISION CONTRACTS .....		109
XXIII-1	Rules of the CX Clearinghouse.....	109
XXIII-2	Clearing Services .....	109
XXIII-3	Transfer of Open Positions to Clearinghouse .....	109
XXIII-4	Substitution .....	109
XXIII-5	Offsets.....	110
CHAPTER XXIV CX DIVISION CONTRACTS .....		110
XXIV-1	Contract Specifications.....	110
CHAPTER XXV CX DIVISION INCENTIVE PROGRAMS .....		111
XXV-1	. 2023 Automated Liquidity Provider (ALP) Program .....	111

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

Scope: The Rules of the Exchange (“the Rules”) in Part A apply to trading of Contracts (as defined below) on the FMX Division of FMX Futures Exchange, L.P. (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 (as defined below) or the context otherwise requires.

##### **Administrator**

The term “Administrator” means an employee or agent designated by a Participant or a Direct Access Customer as its administrator with respect to the use of the Exchange Trading System by the Responsible Trading Agents of such Participant or Direct Access Customer.

##### **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 three (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 three (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 Chief Compliance Officer 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 Federal or state statute, law, regulation, rule or ordinance of any Federal or state 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.

### **Asset Manager**

The term “Asset Manager” means a person or an entity that exercises investment discretion over the assets of any other person or entity.

### **Asset Manager Customer**

The term “Asset Manager Customer” means any Asset Manager who uses an FCM as agent in connection with trading on the FMX Division.

### **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.

### **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.

### **Chief Compliance Officer**

The term “Chief Compliance Officer” 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.

### **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 FMX Division.

### **Combination Order**

The term “Combination Order” means an Order entered into the Exchange Trading System for more than one Contract that is to be executed jointly at a single price. A Combination Order consists of a bid(s) and/or offer(s) for more than one Contract on the same, or a related, underlying product. A Combination Order may be one of a type of Order commonly referred to as an inter-market or intra-market (calendar) spread, pack, bundle, strip or another combination of orders permitted by the Exchange to be entered as a Combination Order.

### **Compliance Department**

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

### **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 Division 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 or Introducing Broker 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 Direct Access Customer.

## **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.

## **Direct Access Customer**

The term “Direct Access 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 a Direct Access Customer's direct access. Direct Access Customers may not place Orders on behalf of Customers.

### **Director of Hearings**

The term "Director of Hearings" means the individual appointed by the Chief Compliance Officer 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 Rule XIV-9.

### **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 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 the Rules of the Exchange or the relevant Contract Rules as taking place at the end of a Trading Day, such as determination of the daily Settlement Prices, take place.

### **Entity**

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

### **Exchange**

The term “Exchange” means FMX Futures Exchange, L.P. (including its successors), a limited partnership organized under the laws of the State of Delaware, 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 delegatee to whom appropriate authority to administer such provision has been delegated by the Board of Directors.

### **Exchange Data**

The term “Exchange Data” means, collectively, any and all information, content and data relating to Orders or Transactions on the Exchange Trading System, whether provided or made available by the Exchange Parties or by a third party, including last sale information, information on bids and offers, volume information, the format and presentation of any such data, content or information, and any and all information, content or data derived from any of the foregoing.

### **Exchange Official**

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

### **Exchange Parties**

The term “Exchange Parties” means the Exchange, its Affiliates, and their respective partners, members, directors, officers, employees, and agents.

### **Exchange Trading System**

The term “Exchange Trading System” means all the Exchange’s owned, licensed, and/or operated automated order entry and execution systems (and any part thereof) currently existing or

as hereafter modified or developed, access to or use of which was, is, or will be directly or indirectly, provided by the Exchange.

### **Executive Committee**

The term “Executive Committee” refers to a group of directors appointed to act on behalf of, and within the powers granted to them by, the Board of Directors.

### **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.

### **Iceberg Order**

The term “Iceberg Order” has the meaning set forth in Rule III-4(b).

### **Independent Software Vendor or ISV**

The term “Independent Software Vendor” or “ISV” means a person that offers software, hardware, applications or devices that are capable of direct or indirect interface with, connection to or use of any of the Trading Facilities.

### **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 Taker**

The term “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.

### **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 aggressing 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. The Matching Algorithm used shall be specified in the terms and conditions of the Contract:

- 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, Responsible Trading Agent or Direct Access Customer or sent to a Participant, Responsible Trading Agent or Direct Access 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 X-8.

## **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 a Contract which gives the holder the right, but not the obligation, to buy or sell any Futures contract at the option’s strike price on or before the option's expiration date.

## **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.

## **Participant Parties**

The term “Participant Parties” means any Participant, and any Reponsible Trading Agents, Direct Access Customers, and Customers of such Participant, and their respective partners, members, directors, officers, employees, agents, and licensors.

## **Passwords**

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

## **Person**

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

## **Position Accountability**

The term “Position Accountability” shall have the meaning ascribed to it in Rule XI-3.

## **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 X-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 Direct Access Customer or Customer that provides liquidity on the Exchange under the terms of an Incentive Program established under Chapter VI.

## **Regulatory Oversight Committee**

The term “Regulatory Oversight Committee” means the committee of the Board of Directors constituted in accordance with Rule X-4.

## **Regulatory Services Agreement**

The term “Regulatory Services Agreement” shall have the meaning ascribed to it in Rule X-12.

### **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 Iceberg Orders.

### **Responsible Trading Agent**

The term “Responsible Trading Agent” means any natural person who is authorized by a Participant or by a Direct Access Customer to place Orders on the Exchange Trading System.

### **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.

### **Secretary**

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

### **Services**

The term “Services” means one or more services provided by the Exchange relating to a Participant’s trading of Contracts through the Exchange Trading System, including (i) access to the Trading Facilities, which will permit a Participant to submit Orders and to view and act upon bids and offers posted by other Participants and to interact with Orders of other Participants in order to enter Transactions; (ii) electronic execution of Transactions between a Participant and other Participants; (iii) access to market information regarding available bids and offers for Transactions, Orders and related information; (iv) use of search and display functions with respect to a Participant’s executed Transactions; (v) help desk coverage; (vi) provision of Exchange Data; (vii) electronic confirmation of Transactions; (viii) facilitation of FCM-required pre-trade risk functionality, as applicable, and (ix) submission of executed Transactions for clearing to LCH Limited.

### **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 Rule III-17 Daily Settlement Price Determination and any additional 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 Responsible Trading Agents will trade CX Division Contracts (“CX Trading Account”) or (2) through which the Participant’s Responsible Trading Agents and Direct Access Customers will trade FMX Division Contracts (“FMX Trading Account”), respectively.

### **Trading Day**

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

### **Trading Facilities**

The term “Trading Facilities” means, collectively, the Exchange Trading System, the Exchange Data, and the Services.

### **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 Responsible Trading Agents and, as applicable, their Direct Access Customers, the right 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.

### **Transactions**

The term “Transactions” means transactions for the purchase and sale of FMX Division Contracts.

### **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.

### **User ID**

The Term “User ID” means the unique identifier provided by the Exchange to a Responsible Trading Agent that provides access to the Exchange Trading System.

### **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 of the Exchange, except as otherwise expressly provided herein or unless the context otherwise requires:

- (a) the terms defined in these Rules of the Exchange 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 of the Exchange,
- (d) any reference to these Rules refers to these Rules of the Exchange, 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 CONTRACTS**

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

(a) Each FMX Participant, its Responsible Trading Agents and Direct Access 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 an 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 Responsible Trading Agents or Direct Access Customers, as the case may be, to trade any or all of the FMX Participant's 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 Direct Access 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 Responsible Trading Agents**

(a) Each FMX Participant or Direct Access Customer, as applicable, shall appoint one or more individuals to act as a Responsible Trading Agent.

(b) FMX Participants or Direct Access Customers may appoint a third party as their Responsible Trading Agent, 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 Responsible Trading Agent or Direct Access 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 Responsible Trading Agent or Direct Access Customer shall not have access to the Exchange Trading System or (ii) the affected Responsible Trading Agent or Direct Access Customer shall not utilize its User ID, and the Exchange shall act promptly, but in any event within one (1) Business Day of receiving notice from the FMX Participant, to disallow Order entry by any such Person.

(d) Without limiting the foregoing, each Responsible Trading Agent will consent, in a form satisfactory to the Exchange, to abide by these Rules 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 Responsible Trading Agents or Direct Access 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 Responsible Trading Agents will be technically proficient,

(iii) each of its Responsible Trading Agents will conduct its business in a fair and equitable manner, and

(iv) each of its Responsible Trading Agents will conduct its business in accordance with these Rules.

### **II-3 Direct Access Customers**

(a) Subject to Rule XII-13, each FMX Participant may provide one or more of its Customers direct access to the Exchange Trading System, and any such Customer will become a Direct Access 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 a Direct Access Customer shall notify the Exchange and must obtain from each Direct Access Customer an agreement, in the form specified by the Exchange, pursuant to which, among other things, the Direct Access Customer agrees to comply with these Rules and Applicable Law. Each Direct Access 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) Direct Access 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, evidence of a guaranty from a Clearing Member for the Direct Access Customer's account or an omnibus account in the name of the FMX Participant through which the Direct Access 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 Direct Access 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. The FMX Participant shall identify the Direct Access Customer's Administrator.

(iv) The Control Desk, once it is satisfied that all requested information has been provided, shall issue to the FMX Participant's Administrator a User ID and Password or identifiers and Passwords for use by such Direct Access Customer.

(v) Only once all requirements are met, risk controls have been established, and the Exchange is satisfied in its sole discretion with the information provided shall the Exchange enable the User ID to be used by the Direct Access Customer for purposes of trading on the Exchange Trading System. Notwithstanding the foregoing, the FMX Participant shall remain responsible in accordance with these Rules for the acts and omissions of any of its Direct Access 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 a Direct Access Customer or an FMX Participant through which a Direct Access Customer or Customer trades and, in any such case, any such Direct Access 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 Direct Access 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 Responsible Trading Agents 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 Direct Access Customer or FMX Participant at issue, such Direct Access

Customer's FMX Participant or the other Direct Access Customers and Responsible Trading Agents 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 Responsible Trading Agents or Direct Access 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 Responsible Trading Agents or Direct Access 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 an FMX Participant shall also be deemed to refer and apply to the exercise of Trading Privileges by any of such FMX Participant's Responsible Trading Agents and Direct Access 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 Responsible Trading Agents and Direct Access 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 Responsible Trading Agents, other personnel and Direct Access Customers.

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

#### **II-5 Eligibility**

(a) None of BGC Group, Inc., Cantor Fitzgerald, L.P., or any Person Affiliated with either of the foregoing may become an Asset Manager Customer, Customer, Direct Access Customer, FMX Participant, or Qualified Market Maker, and no Person may designate the employees or agents of any of the foregoing as a Responsible Trading Agent.

(b) 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 Responsible Trading Agents or Direct Access 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.

(c) In considering any applicant for status as an FMX Participant, Responsible Trading Agent, or Direct Access 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.

(d) 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.

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

(f) The Exchange in its sole discretion may deny (or may condition) the grant of FMX Trading Privileges of any FMX Participant, Responsible Trading Agent or Direct Access 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.

(g) The Exchange in its sole discretion may condition or revoke an FMX Participant's Trading Privileges or, in the case of a Responsible Trading Agent or Direct Access 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, Responsible Trading Agent, or Direct Access Customer or if such FMX Participant, Responsible Trading Agent or Direct Access 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 a Direct Access 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 a Direct Access 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 Direct Access Customer shall:

- (i) submit to the Exchange executed forms of all applicable application documents;
- (ii) pay to the Exchange such initial fees 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, as may be prescribed, has been paid to the Exchange, the applicant shall become an FMX Participant or a Direct Access 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 and Independent Software Vendors**

(a) Access to the Exchange by any FMX Participant using the front-end interface (or any other system) of an Independent Software Vendor shall be impartial, subject to Exchange criteria that are transparent and applied in a non-discriminatory manner. 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 Responsible Trading Agents or Direct Access Customers, is in compliance, in design and operation, with Applicable Law and these Rules.

(b) Any Independent Software Vendor wishing to access the Exchange may do so if it demonstrates that it is able to meet the technical, operational and other conditions set forth by the Exchange. Such conditions shall apply equally to all Independent Software Vendor applicants. All Independent Software Vendors receiving equal access to, or services from, the Exchange shall be subject to comparable fee structures.

## **II-8 Financial and Risk Management Requirements for an FMX Participant that is an FCM; Requirements for an FMX Participant that is an Introducing Broker**

(a) 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.

(b) Any Participant that is an FCM shall be required to comply with the risk management program requirements of CFTC Regulation 1.11.

(c) Any FMX Participant that is an Introducing Broker shall be required to comply with the minimum financial requirements described in Section 1.17 of the CFTC Regulations and other Applicable law and notify the Exchange immediately if at any time its adjusted net capital falls below that amount.

## **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.

(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 Responsible Trading Agents of each FMX Participant or Direct Access Customer shall enter Orders by electronic transmission and shall provide the information required by the Exchange Trading System for such FMX Division Contract. Orders must be in accordance with any parameters with respect to size and price as the Exchange in its discretion shall establish from time to time. The Exchange shall maintain an electronic record of Order entries. Each FMX Participant shall be responsible for any and all Orders in each of its Trading Accounts entered by any of its Direct Access Customers, its Responsible Trading Agents or its Direct Access Customers' Responsible Trading Agents.

### **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:

*Cancel Order.* A "Cancel Order" is an Order that cancels fully an existing buy or sell order.

*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 5:00 p.m. local time in The City of New York on the Trading Day designated on such Order.

*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.

*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 Limit 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.

*Fill or Kill (FOK) Order.* 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 Fill or Kill Order shall be cancelled. Fill or Kill Orders must be submitted with a specified volume. Fill or Kill Orders may be used with the following Order types: Limit Orders and Stop Limit Orders.

*Iceberg Order.* 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 Exchange Data stream to expose its presence. Reserve may be used with the following Order types: Limit Orders and Stop Limit Orders.

(c) Combination Orders:

The Exchange may provide for the entry of Combination Orders into the Exchange Trading System. Any Combination Order may be matched against another Combination Order on the other side of the market provided that the Exchange Trading System maintains an order book for such Combination Orders. If an incoming Combination Order can be matched at a price more favorable to the Participant, or the Participant’s Customer if it is a Customer Order, entering the Combination Order by matching against Orders not in the Combination Order books, the Exchange Trading System, where and as possible shall match the incoming Combination Order against Orders for two or more Contracts which together match the requirements of the Combination Order; provided that such Order match shall not be guaranteed by the Exchange Trading System.

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

The Exchange may make information regarding FMX Division Contract Orders (including prices bid or offered), and any other matters it may deem appropriate available to Participants, Direct Access Customers and their Responsible Trading Agents 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, Direct Access Customer, Responsible Trading Agent 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 Direct Access Customers and each of their Responsible Trading Agents 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 of this Rule.

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

(a) No Person shall enter through the Exchange Trading System into a pre-discussed Transaction or 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 if the following conditions have been met:

(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 not less than five (5) seconds, after the initial Order is submitted before submitting the opposite side Order, or

(ii) the trade is executed by two (2) 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) No Person may enter into a pre-discussed trade except if the following condition has been met; the Person waits for a reasonable period of time, which shall be not less than five (5) seconds, after the initial Order is submitted before submitting the opposite side Order.

(c) 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) The Exchange Trading System will reject any Orders entered prior to the opening of trading. Upon the opening of trading, Order will have the priority in which they are received by the Exchange Trading System.

### **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 ten (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 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 Chief Compliance Officer (or the Chief Compliance Officer'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 Chief Compliance Officer) will be subject

to review by the Chief Compliance Officer 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 (8) 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, Responsible Trading Agents and Direct Access 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 (1) 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, Responsible

Trading Agents and Direct Access 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, Responsible Trading Agents and Direct Access 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.

(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) 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.

(e) 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 (8) 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.

(f) 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 (5) Business Days of the execution of the trade. Failure to file the claim within five (5) Business Days shall be deemed a waiver of all claims. The arbitration claim will be conducted in accordance with Chapter XV.

(g) 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.

(h) 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.

(i) Transfers of FMX Division Contract Positions

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 (k) 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.

(j) Subject to Rule III-11, a Participant may transfer a position on its books to other accounts beneficially owned by such Participant.

(k) 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.

(l) 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 counterparty 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.

(m) 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 (2) 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 (1%) 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 Responsible Trading Agents or Direct Access Customers and (ii) use of any of the User IDs assigned to it and any of its Responsible Trading Agents or Direct Access 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 FCMs 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 Direct Access Customer and each FMX Participant that is not itself a Clearing Member must establish a clearing relationship with a Clearing Member. The Clearing Member shall establish risk-based limits in its proprietary account and in each Customer account based on position size, order size, margin requirements, or similar factors for each FMX Participant, Direct Access Customer and Customer for which it clears. All orders shall be checked against the risk controls prior to admittance into the order book. Clearing Members shall use automated means to screen orders for compliance with the limits in accordance with CFTC Rule 1.73. The FMX Participant shall remain responsible in accordance with these Rules for the acts and omissions of any of its Direct Access Customers or Responsible Trading Agents 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 Member’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) The minimum amount of margin which must be obtained by (i) FMX Participants who carry Customer Accounts and (ii) Clearing Members from each FMX Participant, Direct

Access Customer and Customer for which they carry accounts shall be no less than the minimum amounts which must be so obtained by Clearing Members, as specified by LCH Limited.

(b) The maintenance margin level which must be maintained by all Clearing Members for each account which has an open Contract shall be no less than the amount or level specified by LCH Limited.

(c) At the close of trading on any Business Day when the net liquidating value of any account is less than the maintenance margin level, the Clearing Member carrying such account shall be required to reinstate the minimum amount of margin to the full amount required pursuant to these Rules within a reasonable period of time.

(d) Each Clearing Member which carries an account that is required to reinstate a minimum amount of margin shall issue a call for margin within one (1) Business Day after the account is required to reinstate a minimum amount of margin. Each Clearing Member shall maintain written records of all margin calls (and any cancellations of margin calls). Such records shall be kept and shall be open for inspection in accordance with CFTC Rule 1.31.

(e) A Clearing Member may liquidate any or all positions in a Customer account it carries that does not meet a margin call as required by these Rules. Any loss or deficiency resulting from such liquidation shall be the liability of the Customer account holder.

(f) A Clearing Member shall not accept Orders for an undermargined account except for the establishment or closure of Contracts that reduces the risks of existing Contracts, unless the Clearing Member has been given assurances by the Person for whom the account is carried that funds to restore the equity in the account to the then prevailing minimum amount of margin are forthcoming and will be received within a reasonable period of time.

### **III-16 Segregation, Custody and Investment of Customer 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 Rules 1.20 through 1.30 and CFTC Rule 1.32 and other Applicable Law.

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

(a) The daily Settlement Price of each FMX Division Contract used by LCH Limited, 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 minute before the End of Trading 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 Direct Access 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 Direct Access 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 Direct Access 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 (1) 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.

### **III-20 Reporting of Open Interest by Clearing Members**

On each Trading Day by the time set by the Exchange, and in the format the Exchange specifies, each Clearing Member shall report to the Exchange the total for each Contract of all long open contracts and the total for each Contract of all short open contracts it carries by proprietary and Customer Account for each Contract. Clearing Members shall not include in its report of open Contracts against which delivery notices have been noticed or issued. Clearing Members shall report separately short Contracts that have been noticed for delivery and long Contracts against which delivery notices have been issued by LCH Limited.

## **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 Clearing Member 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 derivatives clearing organization that has been approved by the CFTC to clear FMX Division Contracts.

## **IV-2 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 Secured Overnight Financing Rate Futures**

#### **(a) Scope and underlying**

This Rule governs the trading in three-month Secured Overnight Financing Rate (“SOFR”) futures Contracts. SOFR refers to the annualized interest rate calculated and reported by the FRBNY as SOFR.

(i) The interest rate data used as the basis for calculating the FMX SOFR Index and settling any Contract month shall be the interval that ends on (and does not include) the third Wednesday of the Contract settlement month and begins on (and includes) the third Wednesday of the third calendar month preceding the Contract settlement month (its “Underlying Period”).

(ii) Contracts may be named by the Exchange according to when their Underlying Periods start, the previous month in the March quarterly cycle to the Contract settlement month.

(iii) For a Contract, the unit of trading shall be 100 minus the geometric average of the daily SOFR rates (as published by the FRBNY) during the Contract’s Underlying Period, expressed as an annualized overnight interest rate for which such interest rate shall accrue on the basis of the actual number of days spanned by such contract Underlying Period, divided by a 360-day year.

#### **(b) Trading unit**

The trading unit in the Contract is \$2,500 times the FMX SOFR Index where the par value is 100 Index points.

(c) Prices

Contracts are priced in terms of points. The minimum price fluctuation is one-quarter point (\$6.25) for the nearest eight Contract months and one-half point (\$12.50) for all other months.

(d) Contract months traded

The Exchange may list up to the first 22 Contract settlement months in the March quarterly cycle. The number of Contract settlement months being listed will be published on the Exchange's website.

(e) Hours for trading

Trading in the Contract shall be conducted on each Trading Day from 9:00 p.m. New York City time on the calendar day prior to the Trading Day until 5:00 p.m. New York City time.

(f) Block Trades

Reserved.

(g) Last Trading Day

The Last Trading Day in an expiring Contract shall be the Business Day prior to the third Wednesday of the Contract settlement month.

(h) Position Accountability

In accordance with Rule XI-3 the Position Accountability level for three-month SOFR futures is 10,000 contracts in any one month or all months combined.

(i) Settlement Price Determination Period

In accordance with Rule III-17, the Control Desk will establish the daily settlement price at 3:00 p.m. New York City time or otherwise as soon as practicable after the End of Trading on each Trading Day.

**V-1A FMX SOFR Index**

(a) Calculation

The FMX SOFR Index shall be one hundred minus the compound daily rate during the Underlying Period as follows:

$$\text{SOFR Index} = 100 - [ \prod_{i=1 \dots n} \{ 1 + (d_i / 360) * (\text{SOFR}_i / 100) \} - 1 ] \times (360 / D) \times 100$$

“n” is the number of U.S. government securities market business days (“GSM Business Days”) during the Underlying Period. GSM Business Days shall mean all weekdays excluding any dates identified by the Securities Industry and Financial Markets Association in its U.S. Holiday Recommendations.

“i” is the running variable that indexes each cash business day in such Reference Quarter, such that i takes the values i = 1, 2, ..., (n-1), n.

“ $\prod_{i=1 \dots n}$ ” denotes the product of the values indexed by the counting variable, i = 1, 2, ..., n.

“SOFR<sub>i</sub>” is the SOFR value corresponding to GSM Business Day i, expressed as an interest rate per annum.

“d<sub>i</sub>” are the number of calendar days to which SOFR<sub>i</sub> applies. For any calendar day that is not a GSM Business Day the applicable value shall be SOFR for the immediately preceding cash business day.

“D” is the number of calendar days in the Underlying Period:  $D = \sum_{i=1 \dots n} d_i$ .

(b) Final settlement

The final settlement price for 3-Month SOFR futures, the FMX SOFR Index on the Settlement Day, is 100 minus the geometric average of the daily SOFR rates (as published by the FRBNY) during the Contract’s Underlying Period, which is the interval from (and including) the third Wednesday of the third month prior to the settlement month, to (and not including) the third Wednesday of the settlement month. Every SOFR published during the Underlying Period is included in the final settlement price calculation.

The Final Settlement Price for an expiring contract shall be calculated by the Exchange on the day on which the FRBNY publishes the SOFR value for the last day of such SOFR Contract’s Underlying Period, usually the third Wednesday of such SOFR Contract’s settlement month.

The SOFR value for the last day of such expiring SOFR Contract’s Underlying Period shall be as first published by the FRBNY.

The value of the FMX SOFR Index shall be rounded to the nearest 1/10,000th of one percent per annum, that is, the nearest 1/100th of one basis point per annum, or 0.0001 Index point. When such value ends in 0.00005, the FMX SOFR Index shall be rounded up.

(c) Cash settlement

All positions open on the final Settlement Day in an expiring Contract month shall be marked to market against the Final Settlement Price and settled through Participants' accounts with their Clearing Members in accordance with normal variation margin payments.

**V-2 Reserved.**

## **CHAPTER VI**

### **FMX DIVISION INCENTIVE PROGRAMS**

Incentive programs applicable to the FMX Division are as follows:

#### **VI-1 Incentive Programs**

(a) **Market Maker Incentive Program**

The Market Maker Incentive Program provides that FMX Participants, or Direct Access Customers, meeting objective criteria with respect to providing liquidity to Contracts shall be entitled to receive benefits, as provided under the terms of the Incentive Program.

(i) FMX Participants and Direct Access Customers may apply for participation in the Market Maker Incentive Program, and the Exchange in its discretion shall select applicants, thereafter "Qualified Market Makers," to participate in each cycle of the Market Maker Incentive Program;

(ii) the obligations of such Qualified Market Maker, including, but not limited to, any applicable minimum time-in-market, quote spread width and other trading requirements; and

(iii) the benefits accruing to such Qualified Market Maker

(b) **Asset Manager Incentive Program**

The Asset Manager Incentive Program provides that Asset Manager Customers meeting objective criteria with respect to providing certain calendar spread volume to Contracts shall be entitled to benefits as defined in the program Asset Manager Incentive Program provides for the following:

(i) Asset Manager Customers may apply to the Asset Manager Incentive Program, with FMX specifying the conditions, obligations and maximum number of Participants;

(ii) the benefits accruing to such Asset Manager Customers.

[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    Defined Terms**

The following terms have the meanings specified herein with regard to the Exchange unless otherwise specifically provided in the Rules of the Exchange (as defined below) or the context otherwise requires.

All defined terms listed in Part A – Chapter I – Definitions; Interpretation; Amendments – I-1 Defined Terms (Rule I-1) are hereby incorporated into this Part B of the Rules of the Exchange.

#### **X-2    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-3    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”. In the event that the Board of Directors establishes an Executive Committee, the number of Public Directors on the committee shall constitute at least 35% of its members.

(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-4 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 (2) 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 Chief Compliance Officer, 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-5 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-3 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, Responsible Trading Agents 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-6 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 Chief Compliance Officer if such Person:

(i) was found within the past three (3) 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 (3) 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 (3) years a CFTC registration revocation or suspension in any capacity for any reason, or has been convicted within the past three (3) 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-6, 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-6(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-6, 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-6(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-6.

(d) For purposes of this Rule X-6, 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-7 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-5(b) and officers of the Exchange appointed pursuant to Rule X-8 (other than the Regulatory Oversight Committee).

### **X-8 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-9 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 Chief Compliance Officer 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, Chief Compliance Officer or employee or agent of the Exchange who violates any provision of this Rule X-9 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-9, 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-9, 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-10 Conflicts of Interest**

(a) *Definitions.* For purposes of this Rule X-10, 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, Chief Compliance Officer 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 Chief Compliance Officer has or may have one of the relationships listed in paragraph (b)(i) of this Rule X-10 with a named party in interest, the Chief Compliance Officer 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 Chief Compliance Officer to serve as Chief Compliance Officer 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 Chief Compliance Officer 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 X-10 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, Chief Compliance Officer 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 Chief Compliance Officer 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 Chief Compliance Officer 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 Chief Compliance Officer to serve as Chief Compliance Officer 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 Chief Compliance Officer 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 Chief Compliance Officer) 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-10 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-11 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 President, or his or her 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-12 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.

## **X-13 Transaction Records**

All regulatory records as defined in CFTC Regulation 1.31 relating to transactions on the Exchange shall be maintained by the Exchange in accordance with the CFTC's requirements for data creation and storage. Records shall be maintained for at least five years from the time the record was created or for such longer period required by CFTC regulations and shall be sufficient to provide a complete audit trail. Data for any swap transaction shall be maintained for at least five years after the date of termination, maturity, transfer, assignment or novation of the swap.

## **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 (a), 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 and Temporary Trading Halts**

(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 Responsible Trading Agents (and Direct Access 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 Responsible Trading Agents 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**

Reserved.

**XI-7 Block Trading**

Reserved.

**XI-8 EFS Transactions**

Reserved.

**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 thirty (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 in the Customer Accounts they carry, 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-10 and the related documentation requirements set forth in Rule X-10 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. For the avoidance of doubt, this includes blocking all Message Traffic from an FMX Participant where such action is appropriate to safeguard the security of the Exchange or to preserve market integrity or fair and orderly trading.

#### **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 Direct Access Customers, as applicable, Customers and Responsible Trading Agents 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 Direct Access Customers and Responsible Trading Agents.

(b) Any CX Participant or FMX Participant, its Direct Access Customers and Responsible Trading Agents whose Trading Privileges are revoked or terminated and any Customers of such FMX Participant 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 Direct Access Customer as applicable and its Responsible Trading Agent 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, Direct Access Customers or Responsible Trading Agents, 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, Direct Access Customer as applicable, and Responsible Trading Agents 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 Exchange Data**

All Participants, Direct Access Customers, and Responsible Trading Agents:

- (a) acknowledge the Exchange's proprietary interest in Exchange 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**

NEITHER THE EXCHANGE PARTIES, ANY CONTRACTORS OR SUB-CONTRACTORS PROVIDING SERVICES TO THE EXCHANGE PARTIES, NOR ANY OF THEIR RESPECTIVE DIRECTORS, OFFICERS, EMPLOYEES OR AGENTS SHALL BE LIABLE TO ANY PERSON, INCLUDING ANY OF THE PARTICIPANT PARTIES OR PERSONS ASSOCIATED WITH A PARTICIPANT PARTY, FOR ANY LOSSES, DAMAGES, COSTS OR EXPENSES (INCLUDING LOSS OF PROFITS, LOSS OF BUSINESS, LOSS OF REVENUE OR OPPORTUNITY, LOSS OF USE, LOSS OF DATA, OR ANY DIRECT, INDIRECT, INCIDENTAL, EXEMPLARY, SPECIAL, PUNITIVE OR CONSEQUENTIAL DAMAGES), ARISING FROM OR RELATING TO: (A) ANY FAILURE, UNAVAILABILITY OR MALFUNCTION, INCLUDING ANY INABILITY TO ENTER OR CANCEL ORDERS, OF THE TRADING FACILITIES, CONNECTIVITY OR ANY SYSTEM OR SERVICES USED TO SUPPORT THE TRADING FACILITIES OR CONNECTIVITY, (B) ANY FAULT IN OPERATION OR DELIVERY, OR ANY DELAY, OMISSION, SUSPENSION, INACCURACY, TERMINATION, OR ANY OTHER CAUSE, IN CONNECTION WITH THE FURNISHING, PERFORMANCE, MAINTENANCE, ACCESS, USE OF OR INABILITY TO USE ALL OR ANY PART OF THE TRADING FACILITIES, CONNECTIVITY OR ANY SYSTEM OR SERVICES USED TO SUPPORT THE TRADING FACILITIES OR CONNECTIVITY, OR (C) ANY USE OF THE TRADING FACILITIES OR CONNECTIVITY.

THE FOREGOING SHALL APPLY REGARDLESS OF WHETHER A CLAIM ARISES IN CONTRACT, TORT, NEGLIGENCE, STRICT LIABILITY OR OTHERWISE AND WHETHER THE CLAIM IS BROUGHT DIRECTLY OR AS A THIRD PARTY CLAIM.

WITHOUT LIMITING THE FOREGOING AND IN ADDITION THERETO, THE EXCHANGE PARTIES AND ANY CONTRACTORS AND SUBCONTRACTORS PROVIDING SERVICES TO THE EXCHANGE PARTIES SHALL HAVE 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.

THE EXCHANGE PARTIES AND ANY CONTRACTORS, SUBCONTRACTORS, OR VENDORS PROVIDING SYSTEMS OR SERVICES TO THE EXCHANGE PARTIES EXPRESSLY DISCLAIM ANY AND ALL, AND MAKE NO EXPRESS OR IMPLIED, WARRANTIES OR REPRESENTATIONS RELATING TO THE TRADING FACILITIES OR CONNECTIVITY OR SYSTEMS OR SERVICES USED TO SUPPORT THE TRADING FACILITIES OR CONNECTIVITY, INCLUDING WARRANTIES OF MERCHANTABILITY, WARRANTIES OF FITNESS FOR A PARTICULAR PURPOSE OR USE, WARRANTIES OF TITLE, WARRANTIES RELATING TO THE USE OR RESULT OF THE USE OF THE TRADING FACILITIES OR CONNECTIVITY, INCLUDING WITH RESPECT TO ACCURACY, TIMELINESS, CORRECTNESS, QUALITY, COMPLETENESS, RELIABILITY, PERFORMANCE, OR CONTINUED AVAILABILITY OR OTHERWISE. NEITHER THE EXCHANGE PARTIES, ANY CONTRACTORS, SUB-CONTRACTORS, OR VENDORS PROVIDING SYSTEMS OR SERVICES TO THE EXCHANGE PARTIES NOR ANY OF THEIR RESPECTIVE DIRECTORS, OFFICERS, EMPLOYEES OR AGENTS SHALL HAVE ANY LIABILITY, CONTINGENT OR OTHERWISE, TO PARTICIPANT PARTIES OR TO ANY PERSONS, FOR THE CORRECTNESS, QUALITY, ACCURACY, SECURITY, COMPLETENESS, RELIABILITY, PERFORMANCE, FAILURE, TIMELINESS, PRICING OR CONTINUED AVAILABILITY OF THE TRADING FACILITIES OR CONNECTIVITY OR FOR ANY DELAYS OR OMISSIONS OF THE TRADING FACILITIES OR CONNECTIVITY, INCLUDING FOR ANY FAILURE OF ANY CONNECTION OR COMMUNICATION SERVICE TO PROVIDE OR MAINTAIN ACCESS TO TRADING FACILITIES, OR FOR ANY INTERRUPTION IN OR DISRUPTION OF ACCESS OR ANY ERRONEOUS COMMUNICATIONS BETWEEN THE EXCHANGE PARTIES AND PARTICIPANT PARTIES OR FOR ANY DELAYS, OMISSIONS OR INTERRUPTIONS IN THE TRADING FACILITIES OR CONNECTIVITY, OR FOR THE CREDITWORTHINESS OF ANY OF THE PARTICIPANT PARTIES. THE TRADING FACILITIES AND CONNECTIVITY ARE BEING PROVIDED ON AN "AS IS" BASIS AT THE SOLE RISK OF THE PARTICIPANT PARTIES AND ANY PERSON ASSOCIATED WITH THE PARTICIPANT PARTIES.

THE EXCHANGE PARTIES SHALL HAVE NO DUTY OR OBLIGATION TO VERIFY ANY EXCHANGE DATA OR ANY OTHER INFORMATION, DATA OR CONTENT, INCLUDING THE ONES DISPLAYED ON THE EXCHANGE TRADING SYSTEM. EACH OF THE PARTICIPANT PARTIES ACKNOWLEDGES AND AGREES THAT THE EXCHANGE PARTIES DO NOT AND SHALL NOT SERVE AS A BASIS FOR ANY DECISIONS MADE BY ANY OF THE PARTICIPANT PARTIES, AND ARE NOT AGENTS, ADVISORS OR FIDUCIARIES OF ANY OF THE PARTICIPANT PARTIES.

ANY LIABILITY OF THE EXCHANGE PARTIES WILL BE LIMITED TO DIRECT, OUT-OF-POCKET LOSSES DIRECTLY AND PRIMARILY CAUSED BY THE ACTS OR OMISSIONS OF THE EXCHANGE PARTIES; PROVIDED, HOWEVER, THAT THE TOTAL COMBINED AGGREGATE LIABILITY OF THE EXCHANGE PARTIES SHALL NOT EXCEED TWO HUNDRED THOUSAND DOLLARS (\$200,000) FOR ANY AND ALL LOSSES SUFFERED FROM ALL CAUSES DURING A SINGLE CALENDAR MONTH, PROVIDED, FURTHER, IF THE ALLOWED CLAIMS IN A SINGLE CALENDAR MONTH CANNOT BE FULLY SATISFIED BECAUSE OF THE MONTHLY LIABILITY LIMITATION SET FORTH IN THIS PARAGRAPH, ALL SUCH CLAIMS SHALL BE LIMITED TO A PRO RATA SHARE OF SUCH MONTHLY LIMITATION.

ANY DISPUTE ARISING OUT OF OR RELATED TO THE USE OF OR ACCESS TO THE TRADING FACILITIES OR CONNECTIVITY IN WHICH ANY OF THE EXCHANGE PARTIES 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 EXCHANGE PARTIES MUST BE BROUGHT WITHIN TWO YEARS FROM THE TIME THEY FIRST ARISE, AND ANY SUCH ACTION, SUIT OR PROCEEDING MUST BE BROUGHT IN ANY FEDERAL OR STATE COURTS LOCATED IN THE BOROUGH OF MANHATTAN, THE CITY OF NEW YORK.

IF ANY OF THE PARTICIPANT PARTIES FAILS TO PREVAIL IN A LAWSUIT OR OTHER LEGAL PROCEEDING INSTITUTED BY SUCH PERSON AGAINST ANY OF THE EXCHANGE PARTIES, AND RELATED TO THE BUSINESS OF THE EXCHANGE, THEN SUCH PARTICIPANT PARTY WILL PAY TO THE APPLICABLE EXCHANGE PARTY ALL REASONABLE EXPENSES, INCLUDING ATTORNEYS' FEES, INCURRED BY THE EXCHANGE PARTIES IN CONNECTION WITH SUCH PROCEEDING TO THE EXTENT THAT SUCH EXPENSES EXCEED FIFTY THOUSAND DOLLARS (US\$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.

THIS RULE XI-16 SHALL BE SUBJECT TO THE CEA AND CFTC REGULATIONS. NOTWITHSTANDING ANY OF THE FOREGOING PROVISIONS, A PERSON WHO HAS BEEN FINALLY ADJUDICATED TO HAVE ENGAGED IN WILLFUL MISCONDUCT MAY NOT AVAIL ITSELF OF THE PROTECTIONS IN THIS RULE XI-16.

## **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 (5) 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 (2) 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 Direct Access 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 Direct Access 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 Direct Access 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 an Administrator. Each Participant that is a natural person shall serve as its own Administrator. The Exchange may prescribe such qualification standards for Administrators as it may from time to time determine necessary or advisable. Among other things, each Administrator shall (i) have full control over access to the Exchange Trading System by the Participant (including its Responsible Trading Agents) represented by such Administrator and (ii) be able to access, and, if required, modify and withdraw, any and all Orders placed, or purported to be placed, by the Responsible Trading Agents of such Participant. The Administrator or Administrators 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 Administrator or Administrators by the Exchange shall be binding on such Participant. Each Participant shall notify the Exchange promptly of any change regarding any of its Administrators.

(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 Responsible Trading Agents and Administrators by the Exchange, (ii) provide such Passwords only to its Responsible Trading Agents and Administrators, 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 Responsible Trading Agents, 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 Responsible Trading Agent of such Participant.

(c) Notwithstanding anything to the contrary in Rule XII-9(b), each Direct Access Customer and Responsible Trading Agent shall have his or her own unique Passwords that may

be used only by such Responsible Trading Agent and solely for the purpose of submitting Orders in respect of the Trading Account for which the Direct Access Customer or Responsible Trading Agent has Trading Privileges.

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

- (a) Each Participant and Direct Access 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 Direct Access Customer must provide the Exchange with the current electronic mail address for each of its Responsible Trading Agents, its Administrator 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 Direct Access Customers, Responsible Trading Agents and/or Administrator) 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 in any incentive program. All such fees or payments shall be paid when due.
- (b) Participants receiving equal access to, or services from, the Exchange shall be provided comparable fee structures.
- (c) If a Participant fails to pay when due any Exchange fees or other amounts due, and such payment obligation remains unsatisfied for thirty (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 Responsible Trading Agents and Direct Access Customers as applicable. For the avoidance of doubt, the Exchange may also suspend, revoke, limit, condition, restrict or qualify the Trading Privileges of any Participant and its Responsible Trading Agents or Direct Access Customers as applicable that has had its FMX or CX Privileges suspended, revoked, limited, conditioned, restricted or qualified under this Rule XII-11(c).

## **XII-12 Incentive Programs**

The Exchange may from time to time adopt one or more programs under which one or more Participants, Responsible Trading Agents, Direct Access Customers or Customers, including those Persons who are designated by the Exchange as Market Takers or Qualified 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, Responsible Trading Agents, Direct Access Customers, or 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, Responsible Trading Agents or Direct Access Customers in their capacity as an incentive program participant, Market Taker or Qualified Market Maker,

(e) the criteria and procedures under which Participants, Direct Access Customers or Customers shall qualify as being a Market Taker or Qualified Market Maker, including applicable trading patterns that such Person must satisfy, and

(f) the benefits accruing to such Market Takers or Qualified Market Makers, including priority in the execution of transactions effected by Participants, Direct Access Customers, or Customers in their capacities as Market Takers or Qualified Market Makers, reduced transaction fees or the receipt of compensatory payments from the Exchange.

## **XII-13 Exchange 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, Direct Access Customer or Responsible Trading Agent 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, Direct Access Customer, or Responsible Trading Agent 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, Direct Access Customer, or Responsible Trading Agent 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, Responsible Trading Agent, Direct Access 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, Direct Access Customer, or Responsible Trading Agent 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 regarding an impending transaction by another person in the same or related Contract or a related Futures Contract on another designated contract market.

### **XIII-14      Wash Trading; Accommodation Trading, Money Passes**

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.

It shall also 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, an “accommodation trade.” Non-competitive trading entered into by a Participant, usually to assist another Participant with illegal trades, shall also be deemed to violate the prohibition on accommodation trades.

It shall also 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 “money pass.” Non-competitive trading between authorized traders where a profit is passed from one Participant to the other Participant shall also be deemed to violate the prohibition on accommodation trades.

### **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, Direct Access Customers, Customers and Responsible Trading Agents shall be subject to the Exchange’s jurisdiction. This includes 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. All Participants, Direct Access Customers, Customers and Responsible Trading Agents 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, Direct Access Customer or Responsible Trading Agent 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 Direct Access Customer or Responsible Trading Agent 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) a Direct Access Customer liable for, and impose sanctions against him or her for, such Direct Access Customer's own acts and omissions that constitute a violation or of any of the Direct Access Customer's Responsible Trading Agents; and impose sanctions against him or her, for the acts and omissions of each agent or representative of such Responsible Trading Agents that constitute a violation as if such violation were that of the Direct Access Customer.

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

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

(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, Direct Access Customer or Responsible Trading Agent:

(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 Chief Compliance Officer 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 Chief Compliance Officer within ten (10) Business Days of receipt of the applicable investigation report.

(b) If the Chief Compliance Officer 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 Chief Compliance Officer will direct the Compliance Department to conduct further investigation.

(c) After receiving completion of an investigation, the Chief Compliance Officer 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 Chief Compliance Officer 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 Chief Compliance Officer 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 twenty (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 twenty (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 twenty (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 Chief Compliance Officer shall, within ten (10) Business Days after receipt of the written statement, advise the respondent:

(i) of the Chief Compliance Officer'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 twenty (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 twenty (20) Business Days after being served with such notice, or within such other time period determined appropriate by the Chief Compliance Officer.

(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 Chief Compliance Officer with a recommendation on whether to accept or reject the offer. If the Chief Compliance Officer conditionally accepts an offer of settlement, the settlement will become final upon the expiration of twenty (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 (5) 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 ten (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-10 or for any other reasonable grounds, by serving written notice on the Chief Compliance Officer 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 Chief Compliance Officer will decide the merits of any request for disqualification within his or her sole discretion. Any such decision will be final and not subject to appeal.

#### **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 thirty (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 Responsible Trading Agent 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 Responsible Trading Agents 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 Responsible Trading Agent 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 twenty (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 Responsible Trading 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; (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 thirty (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 Responsible Trading Agent authorized by, or other agent or representative of, such Participant.

(c) The Exchange will enforce the Rules and impose sanctions impartially.

#### **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 thirty (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 twenty (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 Chief Compliance Officer. 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 Chief Compliance Officer 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 Chief Compliance Officer 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 Chief Compliance Officer and serve on the Compliance Department a brief supporting the notice of appeal and documents supporting the brief. On or before the 20th day after the date on which the appellant serves their supporting brief, the appellee must file and serve its brief in opposition.

On or before the 10th day after the date on which the appellee serves its brief in opposition, the appellant must file and serve a brief in reply.

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

(e) Within thirty (30) Business Days after the last submission filed pursuant to paragraph (c) above, the Chief Compliance Officer 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 Chief Compliance Officer or the Chief Compliance Officer'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 Chief Compliance Officer 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 Chief Compliance Officer. 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 Chief Compliance

- 81 -

General Rules of the Exchange

Officer, or the Chief Compliance Officer's Designee, as the case may be;

(ii) In excess of the authority or jurisdiction of the Disciplinary Panel or the Chief Compliance Officer, 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 ten (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 Chief Compliance Officer 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 Chief Compliance Officer will decide the merits of any request for disqualification within his or her sole discretion. Any such decision will be final and not subject to appeal.

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

(a) The Chief Compliance Officer may summarily impose a fine against any Person with Trading Privileges jointly and severally with such Participant through which Person has been granted Trading Privileges 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 Chief Compliance Officer, will give notice of any fine imposed pursuant to this Rule XIV-17 to each Participant or Responsible Trading Agent 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 twenty (20) Business Days of serving the notice of fine, the Participant or Responsible Trading Agent, 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 twenty (20) Business Days after the notice of fine is served on the Participant or Responsible Trading Agent, 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 Responsible Trading Agent, 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 Chief Compliance Officer or the Chief Compliance Officer'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 Responsible Trading Agent, and may take other summary action against any Participant or Responsible Trading Agent in accordance with the Rules of the Exchange; *provided, however*, that the Chief Compliance Officer or the Chief Compliance Officer'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 Chief Compliance Officer, 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 twenty (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 Chief Compliance Officer may, in its discretion, present its case opposing or supporting the reinstatement and each may present relevant and admissible evidence and facts and call, examine and cross-examine witnesses. At the hearing for reinstatement, the Exchange may require any Participant or any Responsible Trading Agent 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 sixty (60) days unless the Chief Compliance Officer or the Chief Compliance Officer'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 sixty (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 Chief Compliance Officer or the Chief Compliance Officer'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 a Direct Access Customer or Responsible Trading Agent with a Participant is, suspended for a period of twelve (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 Responsible Trading Agent in question to assert claims against others as provided in the Rules of the Exchange. Any such suspension will not relieve the Participant, Direct Access Customer or Responsible Trading Agent 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, Direct Access Customer or Responsible Trading Agent 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 a Direct Access Customer or Responsible Trading Agent with a Participant is, terminated, all of its rights and Trading Privileges will terminate, except for the right of the Participant, Direct Access Customer or Responsible Trading Agent in question to assert claims against others, as provided in the Rules of the Exchange. A terminated Participant or Responsible Trading Agent 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, Direct Access Customer or Responsible Trading Agent if such Participant, Direct Access Customer or Responsible Trading Agent, 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, Direct Access Customer or Responsible Trading Agent 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, Direct Access Customer or Responsible Trading Agent 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, Direct Access Customers and Responsible Trading Agents 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 Responsible Trading Agents 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 Responsible Trading Agent to disciplinary proceedings pursuant to Chapter XIV.

(b) The Exchange may summarily suspend, pursuant to Chapter XIV, a Participant or Responsible Trading Agent 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.

#### **Administrator**

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

#### **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.

#### **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.

**Chief Compliance Officer**

The term “Chief Compliance Officer” 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 Responsible Trading Agents) 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” shall have the meaning assigned to such term in Chapter I of the Rules of the Exchange.

## **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.

## **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 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.

### **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” shall have the meaning assigned to such term in Chapter I of the Rules of the Exchange

### **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.

### **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.

### **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.

### **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.

### **Responsible Trading Agent**

The term “Responsible Trading 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 Responsible Trading Agents 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.

## **User ID**

The term “User ID” 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 Responsible Trading Agents 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 Responsible Trading Agents 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 Responsible Trading Agents**

(a) Participants that are natural persons may act as their own Responsible Trading Agent or may appoint a third party as their Responsible Trading Agent, 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 Responsible Trading Agent or may appoint a third party as its Responsible Trading Agent 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 Responsible Trading Agent with respect to such Trading Account.

(c) Each Responsible Trading Agent 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 Responsible Trading Agent 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 Responsible Trading Agent 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 Responsible Trading Agent 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 Responsible Trading Agent shall not have access to the Exchange Trading System or (ii) the affected Responsible Trading Agent 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 Responsible Trading Agent 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 Responsible Trading Agents is subject to a disqualification pursuant to any Applicable Law (unless an appropriate exemption has been obtained with respect thereto), (ii) each of its Responsible Trading Agents will be technically proficient, (iii) each of its Responsible Trading Agents will conduct its business in a fair and equitable manner, and (iv) each of its Responsible Trading Agents 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 Responsible Trading Agents, and other personnel, and each Participant shall be responsible for the

actions and omissions of each of its Responsible Trading Agents and other personnel. Each Participant will ensure on an ongoing basis that none of its Responsible Trading Agents 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 Responsible Trading Agents (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 Responsible Trading Agents 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 Responsible Trading Agents (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 Responsible Trading Agents 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 Responsible Trading Agents and other personnel.

(b) Each Responsible Trading Agent 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 Responsible Trading Agents 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 Responsible Trading Agents 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 Responsible Trading Agents 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 Responsible Trading Agents 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, Responsible Trading Agent, 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 Responsible Trading Agent 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 Responsible Trading Agent, condition or revoke its association with a Participant or its access rights, respectively, if any of the circumstances specified in the preceding paragraph ( ) exist with respect to such CX Participant, or Responsible Trading Agent, or if such CX Participant or Responsible Trading Agent:

(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 CX Referred 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 Responsible Trading Agent 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. The Exchange shall disclose to CX Referred Participants whether it makes payments for referrals to Referring Participants.

## **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 Responsible Trading Agents 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 Responsible Trading Agents.

### **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), and any other matters it may deem appropriate, available to Participants, and their Responsible Trading Agents 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, Responsible Trading Agent 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 Responsible Trading Agents 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) Responsible Trading Agents 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 Responsible Trading Agents 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 Responsible Trading Agent may, within ten (10) 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 fifteen (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 CX 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 DIVISION 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-3003. ATLANTIC NAMED STORM LANDFALL (“ANSLS”) SWAPS
  - <https://www.cxmarkets.com/wp-content/uploads/2019/05/CX-ANSLS-Contract-Rules.pdf>

**CHAPTER XXV**  
**CX DIVISION INCENTIVE PROGRAMS**

**XXV-1. 2023 Automated Liquidity Provider (ALP) Program**

(a) This incentive program provides the initial liquidity for the Atlantic Named Storm Landfall Swaps contracts for the 2024 tropical storm season.

(b) No direct payments to Participants will be made under this program.

(c) The Exchange, using its own funds, will allocate an amount not to exceed \$25,000 for this program and such funds will be placed in a CX Participant Clearing Account for this purpose.

(d) Using funds allocated for this program, the exchange will purchase 250 contracts at 16 different locations upon the listing of each named storm contract, provided that:

(i) the named storm is listed on or after June 1, 2024;

(ii) at the time of listing, the purchase price of contracts is \$1.00;

(iii) the CX Participant Clearing Account has at least \$4,000 of available funds to cover such purchases.

(e) Contracts will be purchased at the zip codes closest to the 16 landfall locations of tropical storms during the 2021, 2022 and 2023 tropical storm seasons. The locations are attached here as Schedule A.

(f) Once purchased, contracts will be retained by the Exchange in a designated Participant Account for this program. Accordingly, all such contract purchases will be reported as volume and open interest in the normal course.

(g) Contracts purchased will be held until settlement at the original strike code locations. This Participant Account will not engage in strike code switching, as permitted by contract rules.

(h) Contracts will be settled in the normal course for each named storm. Any proceeds from settlements will be returned to the Exchange's Participant Clearing Account in the normal course and, therefore, may continue to be used for the program.

(i) At the end of the 2024 tropical storm season, the Exchange will close its account(s) and withdraw any remaining funds.

(j) This program shall be in effect for the 2024 tropical storm season and may be terminated at any time by the Exchange in its absolute discretion upon three (3) days' notice to Participants.

*Initial effective date: June 1, 2024*

## **Schedule A**

### **2021 Landfall Locations**

- 29.2N 91.0W
- 32.3N 80.5W
- 29.8N 83.5W
- 40.9N 72.3W
- 41.4N 71.7W
- 29.7N 89.4W
- 41.2N 71.6W
- 29.1N 90.2W
- 29.7N 85.1W
- 28.7N 95.7W

### **2022 Landfall Locations**

- 26.7N 82.2W
- 33.3N 79.2W
- 27.6N 80.4W

### **2023 Landfall Locations**

- 27.1N 97.4W
- 29.8N 83.6W
- 34.7N 77.0W