iSwap Venue Rulebook

Trade Review and Error Policy

Appendix 5 to the Venue Rulebook~~–~~

Version	Effective Date	Sections Changed	Summary Changes	Owner
	12 May 2021	Application Filing	None	CCO
V2.0	Feb 2022		Conforming changes for Venue	CCO
V2.1	Oct 2024	2 Additional Definitions	Market Level Parameters defined	CCO
V2.~~21~~	Oct 202~~65~~4	~~Trade Reviews General~~3.1.2 4.2.2	~~Tightening rule 3.1.2Market Level Parameters defined~~Reduce time to	CCO

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		~~2 Additional Definitions~~Determination ~~of Error Orders~~	notify to 5 minutes More explicit scenario explanation	

Market Appendix 5 – Trade Review and Error Policy

1. Objective

This Policy is issued pursuant to the iSwap Venue Rulebook, the Market Appendices and the Agreements. The purpose of this Policy is to set out the policies and procedures that iSwap Euro B.V. (Operator) may consider and employ when handling Trade cancellations and Trades executed on the iSwap Venue in error. The aim is to ensure that such Trades are dealt with in a quick, efficient, transparent and fair way for the parties involved with the least possible disruption to the integrity of the market at large.

In the event of conflict between the iSwap Venue Rulebook, the Market Appendices and the Agreements, the following order of precedence shall apply to the extent of any inconsistency: 1. this Policy; 2. the applicable Market Appendix; 3. the Rulebook and 4. the Agreements.

2. Additional Definitions

In this Policy, terms not defined shall have the meanings given to them in the iSwap Venue Rulebook. In addition, the following words and expressions have the following meanings:

Error Orders: An Order that exceeded the Market Level Parameters or Maximum Overlap at the time a User attempted to submit it, including Implied Orders that exceed the Market Level Parameters or Maximum Overlap at the time they are generated.

Error Trade: A Trade outside the Market Level Parameters or the result of an Error Order.

Fair Market Price: will be determined according to the context of the market at the time the Order was entered onto the iSwap Venue and is the price of an Eligible Instrument that is derived by calculating the average of prices obtained by:

a) Referencing applicable Trades, Orders and the Market Mid-Price of the Order Book; and
b) Referencing the mid of indicative prices published by ICAP via its market data vendors

Market Level Parameters: a deviation from Fair Market Price in relation to any relevant Eligible Instrument of:

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a) For EUR IRS or OIS outright maturities of up to and including 2 years, greater than 0.6 basis points.
b) For EUR IRS or OIS outright maturities of greater than 2 years, greater than 0.6 basis points.
c) For EUR strategies, greater than 0.6 basis points.
d) For 1 year gap EUR butterflies, greater than 0.3 basis points.

Maximum Overlap: Maximum overlap of bid and offer orders in basis points, which may be rejected by the platform, to prevent disruptive trading.

Market Alert: A message sent via the platform to all connected Market Authorised Users

3. Trade Reviews

3.1 General

3.1.1 Where a Participant has entered into a Trade in error, it may request that the Operator review the transaction.

3.1.2 A Participant (the "Requesting Participant") shall notify the Operator of a request to cancel or revise the terms of a Trade (the "Relevant Trade") within 5~~10~~ minutes from the time of execution of the Relevant Trade. If the Operator receives such a request later than 5~~10~~ minutes from the time of execution, the Requesting Participant acknowledges that the Operator may, in its sole discretion, decline to review the transaction.

3.1.3 Where the Requesting Participant is the Broker Participant, the Operator will confirm with the Member Participant, who is the counterparty to the Trade, that the review should proceed.

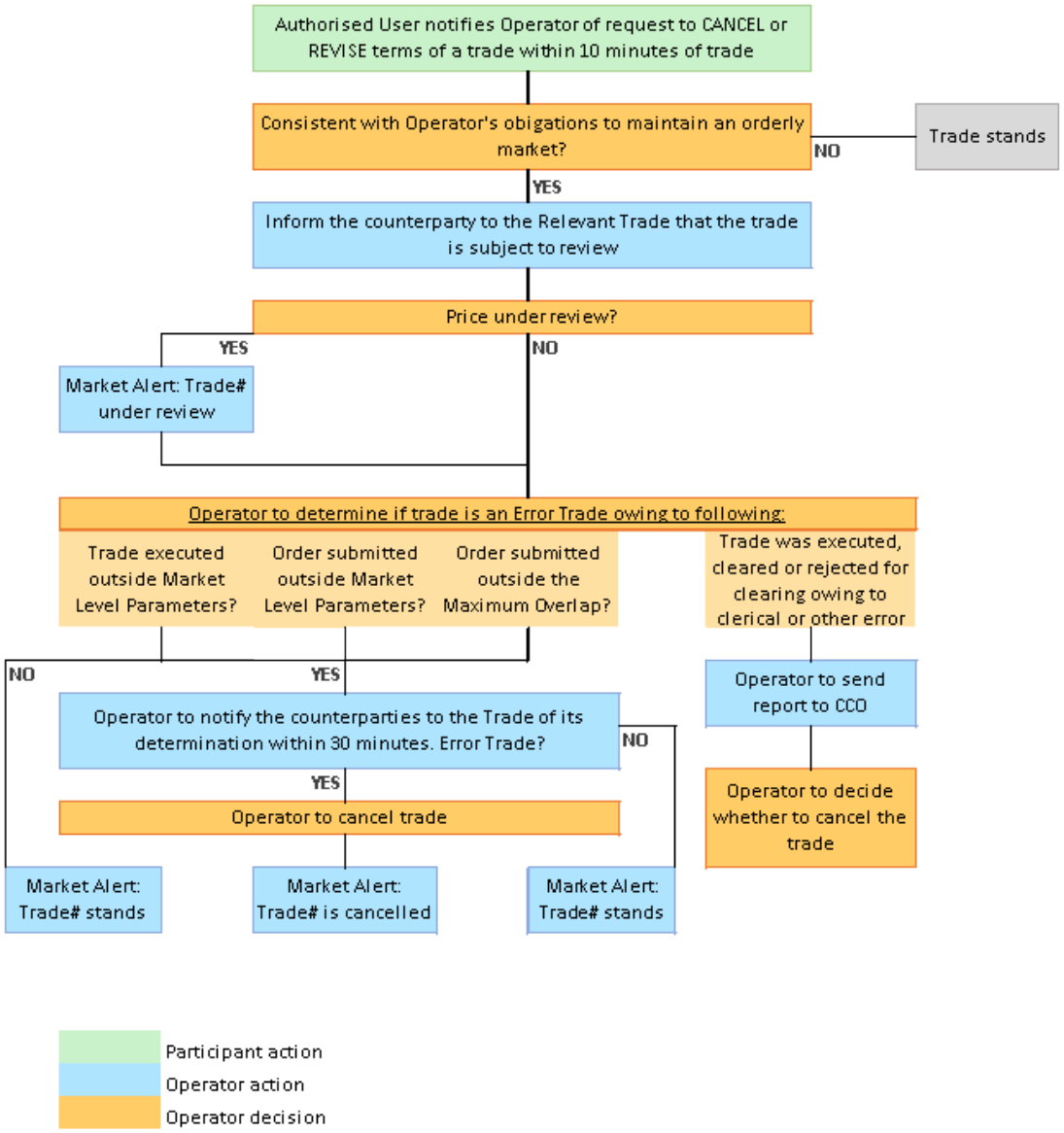
3.1.4 For the avoidance of doubt, a Participant is prohibited from submitting cancellations or corrections for the purpose of delaying the reporting of a Trade to an SDR.

3.2 Market Control Procedure

3.2.1 After receiving the request the Operator shall, provided that the review is consistent with the Operator's obligations to maintain an orderly market on the iSwap Venue, promptly inform the counterparty to the Relevant Trade (the "Other Participant") that the Relevant Trade is subject to a review and if the trade price is under review send a Market Alert.

3.2.2 Market Control will take the following actions as defined in Trade Cancellation Flow Diagram below.

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3.2.3 If a Market Alert was sent subject to 3.2.1 then Market Control will send a second Market Alert, depending upon their determination, informing Participants that either trade stands or is cancelled.

4. Errors

4.1 Determination of Error Trades

4.1.1 Operator will determine whether the Trade was executed outside the Market Level Parameters using the Fair Market Price as determined by Market Control.

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4.1.2 If such Trade was executed outside the Market Level Parameters, the Operator will inform the Participants that such Trade is an Error Trade.

4.2 Determination of Error Orders

4.2.1 Operator will determine whether the Order submitted was outside the Market Level Parameters using the Fair Market Price as determined by Market Control.

4.2.2 If such Order was submitted outside the Market Level Parameters, the Operator will inform the Participants that any resulting Trade is an Error Trade.

Note: An Error Order in a strategy instrument (i.e. one submitted outside of the Market Level Parameter) can create an Error Trade by matching against Orders in the associated legs of the strategy where the leg Orders are submitted within their Market Level Parameters.

4.2.3 Operator will determine whether the Order submitted was outside the Maximum Overlap as determined by Market Control.

4.2.4 If such Order was submitted outside the Maximum Overlap, the Operator will inform the Participants that any resulting Trade is an Error Trade.

4.3 Determination of clerical or other error

4.3.1 Operator will determine whether a Trade was executed, cleared or rejected for clearing as a result of errors including but not limited to,

i. the trading system, a Participant or Broker Participant made a material mistake or that a mistake occurred as a result of a malfunction in a trading system or by human error;
ii. the trading system, a Broker Participant or a Participant made a clerical or operating error or omission that caused a transaction to be rejected from clearing and void ab initio; or
iii. a Clearing Firm or DCO rejected a leg of a Package Transaction for clearing because of the sequencing of submission for clearing of the legs of the applicable Package Transaction.

5. Cancellation of Error Trades

5.1 Procedure for cancelling Error Trades

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5.1.1 If the Operator determines that a Trade is an Error as determined in 4.1.1, 4.2.1 or 4.2.3 it shall notify the counterparties to such Trade of its determination. The Operator shall use its reasonable endeavours to notify the counterparties to the Error Trade as promptly as possible but no later than 30 minutes from the time of execution of the Error Trade. If a counterparty has not been notified that a Trade has been determined to be Error Trade within 30 minutes of execution, such Trade shall not be considered an Error Trade.

5.1.2 The counterparties to an Error as determined in 4.1.1, 4.2.1, 4.2.3 or 4.3.1 shall take all such action required to effect the cancellation of the Error Trade. Failure by any Member Participant to comply with any instruction from the Operator to cancel, revise or reverse an Error Trade shall constitute a material breach of the Rulebook and the Agreements and the Operator shall be permitted to unilaterally cancel the Error Trade in accordance with Rule 16 of the Rulebook.

5.1.3 Where Market Control has determined that the error is as determined in 4.3.1 (i), a report will be sent to the CCO describing the review to allow the CCO to evaluate if there is any potential evidence of manipulation.

5.1.4 If Operator determines that an error has occurred as determined in 4.3.1 (i) the Operator may, in its sole discretion, decide to cancel or not cancel the trade.

6. Procedures for correcting errors

6.1 Correcting Error Trades

6.1.1 The procedures described in this policy are in accordance with CFTC Regulations Part 37.9(e), governing swaps with clerical and operational errors executed on a swap execution facility, and are limited to:

i. A Trade that was rejected for clearing and void ab initio because of a clerical or operational error or omission by the iSwap Venue or a Participant (a "Rejected Transaction"),

ii. A leg of a Package Transaction that was rejected for clearing because of the sequencing of submission for clearing of the legs of the applicable Package Transaction and only for such rejected leg (a "Rejected Leg"), and

iii. A Trade that is carried on a DCO's books as a result of a clerical or operational error or omission by the iSwap Venue or a Participant that was not identified until after the Trade had been cleared (an "Erroneously Cleared Transaction"),

in each case where the Operator has affirmatively determined that the transaction or a term thereof resulted from an error.

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6.1.2 For Rejected Transactions and Rejected Legs, if a Participant or Clearing Firm believes that a transaction qualifies as a Rejected Transaction or a Rejected Leg, such Participant or Clearing Firm shall request review of the transaction pursuant to this policy.

i. Upon completion of the review of the transaction pursuant to this policy, if Operator determines that an error resulted in a Rejected Transaction or a Rejected Leg and:

- If the Operator is able to determine how to correct the error, the Operator shall execute a new Trade with the same terms as the Rejected Transaction or Rejected Leg, other than the error, without obtaining consent of the Participant that submitted the Rejected Transaction or Rejected Leg.

- If the Operator is unable to determine how to correct the error, the Operator shall consult with the Clearing Firms for the Rejected Transaction or Rejected Leg and the Participants involved in such transaction, as necessary, and the Clearing Firms for such transactions may, with the consent of each respective Participant, agree to a new Trade with the same terms as the rejected Trade, other than the error. Such Participant consent may not be obtained in advance, and must be sought and obtained by each Clearing Firm on a case-by-case basis, after the Trade has been rejected.

ii. Upon execution of such a new Trade to replace a Rejected Transaction or Rejected Leg, the Operator shall submit the transaction to the DCO for clearing as quickly as technologically practicable, but in any case no later than 60 minutes from the issuance of the notice of rejection by the DCO to the Clearing Firms.

iii. If the new Trade is rejected from clearing, it is void ab initio and no additional new Trade will be permitted to be submitted under this policy.

iv. The Operator shall report Swap transaction data to the relevant SDR pursuant to this policy for a new Trade that clears with the same terms as the Rejected Transaction or Rejected Leg, as applicable, other than the error, including: a Part 43 cancellation for the original transaction, a Part 45 termination indicating the original transaction is void ab initio, and swap transaction data pursuant to Parts 43 and 45 for the new Trade. Such data shall reference the original cancelled trade, indicate that it has been reported pursuant to the procedures described in this policy and link the original cancelled trade to the new trade for reporting to the relevant SDR under Part 43 and Part 45 of the Commission Regulations.

v. The procedures in this policy are not available for Rejected Legs of Package Transactions that are rejected for clearing by a Clearing Firm or DCO because the Package Transaction as a whole failed to satisfy the applicable Risk-Based Limits.

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6.1.3 For Erroneously Cleared Transactions, if a Participant or Clearing Firm believes that a Trade is carried on the books of a DCO as a result of an error, such Participant, Customer or Clearing Firm may request review of the transaction pursuant to this policy.

i. Upon completion of the review of the transaction pursuant to this policy, if the Operator determines that an error resulted in an Erroneously Cleared Transaction and:

- If the Operator is able to determine how to correct the error, it shall execute a Trade that offsets the Erroneously Cleared Transaction carried on the books of the relevant DCO through the same Clearing Firms that cleared the Erroneously Cleared Transaction and the Operator shall execute a new Trade with the same terms as the Erroneously Cleared Transaction, other than the error, in each case without obtaining consent of the Participant that submitted the Erroneously Cleared Transaction; provided that, where an Erroneously Cleared Transaction did not satisfy the Risk-Based Limits of a Participant's Clearing Firm, the Operator shall obtain the consent of the relevant Clearing Firm prior to executing such offsetting Trade.

- If the Operator is unable to determine how to correct the error, it shall consult with the Clearing Firms for Erroneously Cleared Transactions and the Participants and, as necessary, and the Participant may agree to execute a Trade that offsets the Erroneously Cleared Transaction carried on the books of the relevant DCO through the same Clearing Firms that cleared the Erroneously Cleared Transaction and to execute to a new Trade with the same terms as the rejected Trade, other than the error.

ii. Upon execution of such new Trade by the Operator to offset an Erroneously Cleared Transaction and to enter into a new Trade, it shall submit the transactions to the DCO for clearing as quickly as technologically practicable, but in any case no later than three days after the Erroneously Cleared Transaction was executed.

iii. The Operator shall report Swap transaction data to the relevant SDR pursuant to this policy for a new Trade that clears with the same terms as the Erroneously Cleared Transactions, as applicable, other than the error, including: a Part 43 cancellation for the original transaction, a Part 45 termination indicating the original transaction is void ab initio, and swap transaction data pursuant to Parts 43 and 45 for the new Trade. Such data shall reference the original cancelled trade, indicate that it has been reported pursuant to the procedures described in this policy and link the original cancelled trade to the new trade for reporting to the relevant SDR under Part 43 and Part 45 of the Commission Regulations.

6.1.4 For the avoidance of doubt, the procedures of this policy are not applicable to any transaction rejected by a DCO for credit reasons.

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7. Authority Regarding Cancellations, Price Adjustments and New or Offsetting Transactions

Operator has authority to cancel any transaction or adjust the price of any transaction executed, or to execute or require the execution of a new or offsetting transaction: (i) when Operator determines in its sole discretion such action is necessary to mitigate market disrupting events caused by the improper or erroneous use of the Market or by system defects; or (ii) at any time Operator determines, in its sole discretion, that allowing a transaction to stand as executed may have a material adverse effect on the integrity of the market. All decisions of Operator regarding cancellations of transactions or the adjustment of transaction prices and the execution of new or offsetting transactions shall be final.

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