

tpSEF Inc.
SBSEF Rulebook

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SECTION 1 DEFINITIONS

Rule 1000 Definitions

Unless otherwise specifically provided in the SBSEF Rules or the context otherwise requires, the following terms have the meanings specified herein.

“*AAA*” has the meaning specified in Rule 6026(c).

“*Account Manager*” means an investment manager or other Person acting in a similar capacity that (i) is not an individual, and (ii) acts as an agent and attorney-in-fact to transact SB Swaps via the SBSEF in the name and on behalf of a Client. An Account Manager may be a Participant or a Customer.

“*Affected Person*” has the meaning specified in Section 3 Rule 3103(b).

“*Affiliate*” means with respect to any Person, any Person who, directly or indirectly, controls, is controlled by or is under common control with, such other Person.

“*Affirm*” means the process by which the counterparties to a Cleared SB Swap verify that they agree on the details of the transaction after execution on the SBSEF but prior to submission to the relevant Clearing Agency, which may be done by any means acceptable to the counterparties, including the use of an Affirmation Hub.

“*Affirmation Hub*” means a third-party service designated by the SBSEF to route Cleared SB Swaps to Clearing Agencies and which may provide Participants or Customers, as applicable, with the opportunity to Affirm the Cleared SB Swaps.

“*Appeals Panel*” means a panel appointed by the Chief Compliance Officer pursuant to Rule 6015.

“*Applicable Law*” means, with respect to any Person, any statute, law, regulation, rule or ordinance of any governmental or self-regulatory authority applicable to such Person, including (without limitation) the SBSEF Rules, any Clearing Agency Rule, the Securities Exchange Act and SEC Regulations.

“*Authorized Representative*” means any natural Person who is employed and authorized by a Participant to represent the Participant in SBSEF matters pursuant to Rule 3111.

“*Authorized Trader*” means any natural person (i) who has been authorized by a Participant to enter Orders or execute SB Swaps on the SBSEF on behalf of such Participant or a Customer of such Participant and (ii) who has been assigned a User ID by the SBSEF. Each Authorized Trader: (i) must have been granted Trading Privileges with respect to the trading activities of a Participant (including as an Introducing Broker on behalf of one or more Customers); and (iii) must satisfy any other requirements as may be prescribed by the SBSEF from time to time.

“*Board*” means the Board of Directors of tpSEF.

“*Business Day*” means a day on which the SBSEF is open for trading in accordance with Rule 4000.

“*By-Laws*” means the by-laws of the tpSEF, as may be amended from time to time.

“*CEA*” means the Commodity Exchange Act, as amended.

“*CFTC*” means the U.S. Commodity Futures Trading Commission.

“*CFTC Regulations*” means the rules and regulations promulgated by the CFTC, as amended.

“*Chief Compliance Officer*” means the chief compliance officer of the SBSEF appointed pursuant to Rule 2201.

“*Chief Executive Officer*” or “*CEO*” means the chief executive officer of the SBSEF appointed by the Board pursuant to Rule 2200.

“*Cleared Error Trade*” has the meaning specified in Rule 4015(g)(1).

“*Cleared SB Swap*” means (i) an SB Swap that is subject to the Clearing Requirement, or (ii) any SB Swap of a type that is accepted by a Clearing Agency for clearing that the parties have elected to submit for clearing, whether or not the particular SB Swap is accepted or rejected.

“*Clearing Agency*” means a clearing agency as defined in Section 3(a)(23) of the Securities Exchange Act that is registered with, or has been exempted from registration by, the SEC and that provides clearing services with respect to any SB Swap traded on the SBSEF or pursuant to the SBSEF Rules.

“*Clearing Agency Rules*” means the rules of a Clearing Agency, as defined in Section 3(a)(27) of the Securities Exchange Act.

“*Clearing Exception*” means an exception to, or an exemption from, the Clearing Requirement, which exception or exemption is set forth in Section 3C(g) of the Securities Exchange Act or the SEC Regulations.

“*Clearing Exempt Transaction*” means a Transaction that is not subject to the Clearing Requirement due to an election by one or more counterparties to use an available Clearing Exception.

“*Clearing Firm*” means a Clearing Member that provides clearing services to one or more Participants, Clients or Customers and has either executed a Clearing Firm Agreement or in relation to which the relevant Participant, Client, Customer and/or Clearing Member has provided the SBSEF with evidence or assurances satisfactory to the SBSEF of the existence and scope of the clearing services provided.

“*Clearing Firm Agreement*” means an agreement between the SBSEF and a Clearing Firm that includes (i) a list of the Clearing Agencies of which the Clearing Firm is a member, (ii) a list of the Persons for whom the Clearing Firm provides clearing services and (iii) if the Clearing Firm

does not clear at all such Clearing Agencies for all such Persons, a per-Person list of the Clearing Agencies at which it does clear for such Person. The Clearing Firm shall be entitled to update this information in its sole discretion by written notice to the SBSEF and upon receipt of such notice, the SBSEF shall take such action necessary to effect the Clearing Firm's modifications as promptly as practicable. For the avoidance of doubt, notwithstanding that such notice has not yet been provided or such modifications made, if the Clearing Firm has ceased to provide clearing services to a Person on any or all Clearing Agencies, the Clearing Firm may reject all such Person's trades during the pre-execution credit check described in Rule 4019.

"Clearing Member" means a member of a Clearing Agency that is authorized to clear SB Swaps for itself and/or for other Persons.

"Clearing Requirement" means the mandatory clearing requirement set forth in Section 3C(a)(1) of the Securities Exchange Act.

"Client" means a Person that granted in writing to an Account Manager investment discretion on behalf and in the name of such Person.

"Confirmation" means a written record of all the terms of a Transaction that were agreed to on the SBSEF.

"Correcting Trade" has the meaning specified in Rule 4015(f)(1).

"Covered Interest" means (i) any SB Swap; (ii) any security of an issuer that has issued a security that underlies an SB Swap; or (iii) a derivative based on a security of an issuer that has issued a security that underlies an SB Swap.

"Cross Transaction" a Permitted Cross Transaction or a Required Cross Transaction.

"Customer" means a Person for whom an Introducing Broker, as a securities "broker" (as defined in Section 3(a)(4) of the Securities Exchange Act) and agent, enters Orders and/or engages in Transactions on the SBSEF or pursuant to the SBSEF Rules. A Customer may be a Participant acting through an Introducing Broker as agent in accordance with the foregoing sentence.

"Customer Type Indicator Code" has the meaning specified in Rule 8001(a).

"DCM" means a designated contract market as defined in CFTC Regulation 1.3.

"DCO" means a derivatives clearing organization as defined in Section 1a(9) of the CEA.

"Deal Management System" means the SBSEF's back-end systems that facilitate post-trade processing and that can be used to execute Permitted Cross Transactions as described in Rule 4006.

"Director" means any member of the Board.

"Disciplinary Action" means any inquiry, investigation, disciplinary proceeding, appeal from a disciplinary proceeding, summary imposition of fines, summary suspension or other summary action.

“*Disciplinary Offense*” means any of the following, which, in each case, arises out of a proceeding or action that is brought by the SBSEF, any other Security-Based Swap Execution Facility, the SEC or any Governmental Agency:

- (1) Any violation of the SBSEF Rules or the rules of any other Security-Based Swap Execution Facility, except those violations related to (i) decorum or attire, (ii) financial requirements or (iii) reporting or recordkeeping resulting in fines aggregating to less than \$5,000 within any calendar year;
- (2) Any violation of the SBSEF Rules or the rules of any other Security-Based Swap Execution Facility that involves fraud, deceit or conversion or results in a suspension or expulsion;
- (3) Any violation of the Securities Exchange Act or SEC Regulations; or
- (4) Any failure to exercise supervisory responsibility when such failure is itself a violation of the SBSEF Rules or the rules of any other Security-Based Swap Execution Facility, the Securities Exchange Act or SEC Regulations.

“*Disciplinary Panel*” means the panel appointed by the Chief Compliance Officer (or in event that the Chief Compliance Officer has a Material Conflict of Interest as defined in Rule 2500(a) in respect of the relevant matter, the member of the Market Regulation Department appointed by the Regulatory Oversight Committee pursuant to Rule 6000(h)) to act in an adjudicative role and fulfill various adjudicative responsibilities and duties described in Section 6 of the SBSEF Rules.

“*Disclosable Financial Interest*” means, with respect to any member of the Board, any committee established by the Board (including the ROC) or any SBSEF Panel, any positions, whether maintained at the SBSEF or elsewhere, held in the member’s personal accounts or the proprietary accounts of the member’s affiliated firm that the SBSEF reasonably expects could be affected by a Significant Action.

“*Displayed Order*” has the meaning specified in Rule 4013(a)(2).

“*ECP*” means an “eligible contract participant” as defined in Section 1a(18) of the CEA.

“*Emergency*” means any occurrence or circumstance that, in the opinion of the Board and/or the CEO (or, if the CEO is not available, the most senior Officer that is available), requires immediate action and threatens or may threaten such things as the fair and orderly trading in, or the liquidation of or delivery pursuant to, any SB Swaps, including, without limitation, the following:

- (1) any manipulative or attempted manipulative activity;
- (2) any actual, attempted or threatened corner, squeeze, congestion or undue concentration of positions in an SB Swap or any related asset;
- (3) any circumstance that may materially affect the performance of SB Swaps or Transactions, including failure of the payment system or the bankruptcy or insolvency of any Participant;

- (4) any action taken by any governmental body, or any other Security-Based Swap Execution Facility, market or facility that may have a direct impact on trading or clearing and settlement of, or the legality or enforceability of, any SB Swap;
- (5) the imposition of any injunction or other restraint by any Government Agency, court or arbitrator upon a Clearing Agency which may affect the ability of a Clearing Agency to perform on an SB Swap;
- (6) any circumstance that may have a severe, adverse impact upon the functions and facilities of the SBSEF, including, but not limited to, acts of God, fire, flood or other natural disasters, bomb threats, acts of terrorism or war, severely inclement weather or failure or malfunction of all or a portion of the SBSEF, or other system breakdowns or interruptions such as power, computer, communication or transportation systems or the Internet;
- (7) any circumstance in which it appears to the Board and/or the CEO (or, if the CEO is not available, the most senior Officer that is available) that a Clearing Agency or any other Person:
 - (i) has failed to perform on an SB Swap;
 - (ii) is insolvent; or
 - (iii) is in a financial or operational condition or is conducting business such that (A) the Clearing Agency cannot be permitted to continue to clear SB Swaps transacted on the SBSEF or pursuant to the SBSEF Rules without jeopardizing the safety of Participants, the SBSEF or any other Person or (B) the Person cannot be permitted to continue to transact business on the SBSEF without jeopardizing the safety of Participants, the SBSEF, any Clearing Agency or any other Person; or
- (8) any other circumstance that may have a severe, adverse effect upon the functioning of the SBSEF.

“Emergency Action” means any action taken in accordance with Rule 7000 by the SBSEF, the Board, any committee of the Board, the CEO or any other Officer in response to an Emergency, including, without limitation, any of the following actions:

- (1) impose or modify any SBSEF services;
- (2) modify or suspend any provision of the SBSEF Rules or Obligations;
- (3) impose or modify position limits, price limits and/or intraday market restrictions;
- (4) impose special margin requirements;
- (5) order the liquidation or transfer of open positions in any SB Swap;

- (6) order the fixing of a settlement price;
- (7) extend or shorten the expiration date of any SB Swap;
- (8) extend, limit or change the Trading Hours;
- (9) suspend or curtail trading in any SB Swap;
- (10) transfer customer contracts and associated margin;
- (11) alter any SB Swap's settlement terms or conditions;
- (12) if applicable, provide for the carrying out of such actions through its agreements with its third-party provider of clearing or regulatory services; or
- (13) order any other action or undertaking to address or relieve the Emergency.

“*Emergency Rules*” has the meaning specified in Rule 7000.

“*Error*” has the meaning specified in Rule 5103.C.

“*Execution Specialist*” means an SBSEF employee responsible for assisting Participants in entering of Orders and execution of Transactions on the SBSEF.

“*Family Relationship*” means, with respect to any natural person, such natural person's spouse, former spouse, parent, stepparent, child, stepchild, sibling, stepbrother, stepsister, grandparent, grandchild, uncle, aunt, nephew, niece or in-law.

“*Final Decision*” means (i) a decision of a Security-Based Swap Execution Facility which cannot be further appealed within the Security-Based Swap Execution Facility, is not subject to the stay of the SEC or a court of competent jurisdiction, and has not been reversed by the SEC or any court of competent jurisdiction; or (ii) any decision by an administrative law judge, a court of competent jurisdiction or the SEC which has not been stayed or reversed.

“*Financial Entity*” has the meaning set forth in Section 3C(g)(3) of the Securities Exchange Act.

“*Government Agency*” means any governmental entity, body or agency of any government (including the United States, a state or foreign government).

“*Instrument Reference Price*” has the meaning specified in Rule 4005(d)(1)(ii).

“*Interested Person*” has the meaning specified in Rule 2500(a).

“*Introducing Broker*” is a Participant that (i) is a registered or exempt broker-dealer under the Securities Exchange Act, and (ii) acts as a securities “broker” (as defined in Section 3(a)(4) of the Securities Exchange Act) to enter Orders or engage in Transactions on the SBSEF, or pursuant to the SBSEF Rules, on behalf of one or more Customers.

“*Investigation Report*” means any written report of investigation prepared by the Market Regulation Department.

“*ISDA*” means the International Swaps and Derivatives Association, Inc.

“*ISV*” means independent software vendor.

“*Legal Entity Identifier*” or “*LEI*” means a “Legal Entity Identifier” issued by or through the Global LEI System, administered by the Regulatory Oversight Committee.

“*Major Security-Based Swap Participant*” has the meaning set forth in Section 3(a)(67) of the Securities Exchange Act and SEC Regulations thereunder.

“*Market Regulation Department*” means the department within the SBSEF managed and overseen by the Chief Compliance Officer that regulates compliance with the SBSEF Rules, including enforcement of the SBSEF Rules. For purposes of the SBSEF Rules, Market Regulation Department may, as applicable, also include any Regulatory Services Provider pursuant to a Regulatory Services Agreement.

“*MAT/Agency MBS Package Transaction*” means a Package Transaction where at least one component is a Required Transaction and in which all non-SB Swap components are agency mortgage-backed securities, as set out in Rule 815(d)(3)(iii) of Regulation SE.

“*MAT/CFTC MAT Package Transaction*” means a Package Transaction where at least one component is a Required Transaction and in which all non-SB Swap components are CFTC-regulated Swaps subject to a trade execution requirement under CFTC Regulation 37.9.

“*MAT/Futures Package Transaction*” means a Package Transaction where at least one component is a Required Transaction and in which all non-SB Swap components are contracts for the purchase or sale of a commodity for future delivery, as set out in Rule 815(d)(3)(ii) of Regulation SE.

“*MAT/New Issuance Bond Package Transaction*” means a Package Transaction where at least one component is a Required Transaction and that includes a component transaction that is the issuance of a bond in a primary market, as set out in Rule 815(d)(3)(iv) of Regulation SE.

“*MAT/Non-MAT Uncleared Package Transaction*” means a Package Transaction where at least one component is a Required Transaction and that includes a component SB Swap that is subject exclusively to the SEC’s jurisdiction, but is not subject to the Clearing Requirement and is not intended to be cleared, as set out in Rule 815(d)(2) of Regulation SE.

“*MAT/Non-SB Swap Instruments Package Transaction*” means a Package Transaction where at least one component is a Required Transaction and that includes one or more components that are not SB Swaps, as set out in Rule 815(d)(3) of Regulation SE, but shall exclude (1) MAT/U.S. Treasury Securities Package Transactions; (2) MAT/Futures Package Transactions; (3) MAT/Agency MBS Package Transactions; (4) MAT/New Issuance Bond Package Transactions; and (5) MAT/CFTC MAT Package Transactions.

“*MAT/Non-SEC SBS Package Transaction*” means a Package Transaction where at least one component is a Required Transaction and that includes a component SB Swap that is not exclusively subject to the SEC’s jurisdiction, as set out in Rule 815(d)(4) of Regulation SE.

“*MAT/U.S. Treasury Securities Package Transaction*” means a Package Transaction where at least one component is a Required Transaction and in which all non-SB Swap components are U.S. Treasury securities, as set out in Rule 815(d)(3)(i) of Regulation SE.

“*Material Adverse Change*” means a significant event that negatively affects the subject referenced.

“*Material Conflict of Interest*” has the meaning specified in Rule 2500(a).

“*Membership Interests*” means financial institutions that vary as to their jurisdiction of organization, size, registration and regulatory status, primary business and business model.

“*Named Party in Interest*” means a Person that is identified by name as a subject of any matter being considered by the Board, any committee established by the Board (including the Regulatory Oversight Committee) or any SBSEF Panel.

“*NFA*” means the National Futures Association.

“*Non-Self-Clearing*” means, with respect to a Clearing Agency and any particular SB Swap, a Participant, Client or Customer that is not a Clearing Member with respect to the related Clearing Agency and SB Swap.

“*Non-U.S. Participant*” means a Participant that is not a U.S. Person.

“*Notice of Charges*” has the meaning specified in Rule 6005(a).

“*Notice to Participants*” has the meaning specified in Rule 3108.

“*Obligation*” means any and all duties and/or responsibilities arising under each SBSEF Rule, order or procedure issued by the SBSEF (including Notices to Participants) and other requirements implemented by the SBSEF under the SBSEF Rules, including the terms and conditions of each SB Swap, as well as any contractual obligations between a Participant and the SBSEF.

“*Off-Book Ticket Functionality*” means the functionality provided within the OMS that allows for the execution of Permitted Cross Transactions away from the Order Book.

“*Officer*” has the meaning specified in Rule 2200.

“*Offsetting Transaction*” has the meaning specified in Rule 4015(g)(1).

“*Order*” means a firm bid or offer for an SB Swap.

“*Order Book*” means the trading systems operated by the SBSEF in which any Participant or any Person acting through a Participant has the ability to enter multiple bids and offers, observe or receive bids and offers entered by other Participants, and transact on such bids and offers. All bids

and offers on the Order Book shall be Orders (*i.e.*, firm bids or offers and not indications of interest or indicative quotes), and all Orders shall be displayed on the Order Book on an anonymous basis. Any market participant who wishes to connect to and use the Order Book may choose to do so, as more fully described in Rule 4005. The Order Book is available for all SB Swaps listed for trading by the SBSEF.

“*Order Management System*” or “*OMS*” means the SBSEF’s front-end system that houses the Order Book, as well as the SBSEF’s Off-Book Ticket Functionality. Participants may connect to the OMS via a graphical user interface (GUI), which allows third-party trading systems to interact with the OMS.

“*Package Transaction*” shall mean a transaction that consists of two or more component transactions executed between two or more counterparties where: (i) execution of each component transaction is contingent upon the execution of all other component transactions; and (ii) the component transactions are priced or quoted together as one economic transaction with simultaneous or near-simultaneous execution of all components. No SB Swap is prohibited from being executed on the SBSEF by virtue of its being part of a Package Transaction. The SBSEF will facilitate the execution of Package Transactions involving one or more component transactions that are not SB Swaps by providing an execution venue for the SB Swap component(s) and reference price information regarding the non-SB Swap component(s). The reference price is made available to Participants for informational purpose only. The SBSEF does not execute the non-SB Swap components of Package Transactions; the counterparties to any Package Transaction involving one or more non-SB Swap components must execute such non-SB Swap components away from the SBSEF, which in the case of a component leg that is a CFTC-regulated Swap may include, if listed for trading thereon, execution on tpSEF’s CFTC-regulated SEF.

“*Package Transaction (Order Book Exempt)*” means any of the following categories of Package Transactions: (i) MAT/Non-MAT Uncleared Package Transaction; (ii) MAT/Non-SB Swap Instruments Package Transaction; and (iii) MAT/Non-SEC SBS Package Transaction.

“*Participant*” means any Person, other than an ISV, that has been admitted by the SBSEF as a “Participant” and that has been granted, and continues to have, Trading Privileges.

“*Participant ID*” means a unique identifier issued to each Participant that enables the SBSEF to identify the Participant.

“*Participation Criteria*” means the criteria set forth in Rule 3000(a).

“*Permitted Cross Transaction*” means a Permitted Transaction submitted to the SBSEF for execution either directly or via an Execution Specialist following some form of permitted pre-arrangement or pre-negotiation between or among the parties.

“*Permitted Transaction*” means any Transaction not involving an SB Swap that is subject to the trade execution requirement in Section 3C(h) of the Securities Exchange Act.

“*Person*” means a natural person or an entity.

“*Personal Information*” means personally identifiable information or data concerning or relating to a Person’s employees, customers or prospective customers.

“*Proprietary Data*” means, with respect to any Person, any information that separately discloses business transactions, market positions or trade secrets of such Person.

“*Public Director*” means any Director who qualifies as a “Public Director” within the meaning of the By-Laws.

“*Records*” has the meaning specified in Section 3(a)(37) of the Securities Exchange Act, and shall include accounts, correspondence, memorandums, tapes, discs, papers, books, and other documents or transcribed information of any type, whether expressed in ordinary or machine language.

“*Regulation SBSR*” means Regulation SBSR—Reporting and Dissemination of Security-Based Swap Information, as adopted by the SEC and set forth in 17 CFR 242.900 through 242.909.

“*Regulation SBSR Business Day*” means a day, based on U.S. Eastern Time, other than a Saturday, Sunday or U.S. federal holiday.

“*Regulation SE*” means Regulation SE—Registration and Regulation of Security-Based Swap Execution Facilities, as adopted by the SEC and set forth in 17 CFR 242.800 through 242.835.

“*Regulatory Oversight Committee*” or “*ROC*” means the committee described in Rule 2400.

“*Regulatory Services Agreement*” means the agreement(s) between the SBSEF and Regulatory Services Provider(s) pursuant to which certain regulatory and compliance services are provided by the Regulatory Services Provider to assist the SBSEF in complying with its obligations under the Securities Exchange Act and SEC rules thereunder.

“*Regulatory Services Provider*” means any futures association (as defined under section 5 of the CEA), national securities exchange, a national securities association or Security-Based Swap Execution Facility, which provides regulatory services to the SBSEF pursuant to a Regulatory Services Agreement. The SBSEF’s Regulatory Services Provider is currently the NFA.

“*Related Party*” has the meaning given in Rule 6027.

“*Reporting Side*” has the meaning set forth in Rule 900(gg) of Regulation SBSR.

“*Required Cross Transaction*” means a Required Transaction (other than a Package Transaction (Order Book Exempt)) (x) in which a Participant acting as a broker or dealer seeks to either execute against its Customer’s Order or execute two of its customers’ Orders against each other, and (y) that is submitted for execution on the Order Book, either directly or via an Execution Specialist, following some form of permitted pre-arrangement or pre-negotiation.

“*Required Transaction*” means any Transaction involving an SB Swap that is subject to the trade execution requirement in Section 3C(h) of the Securities Exchange Act.

“*Review Panel*” means a panel responsible for determining whether a reasonable basis exists for finding a violation of the SBSEF Rules or other provision of Applicable Law for which the SBSEF has disciplinary jurisdiction, and for authorizing the issuance of notices of charges against Persons alleged to have committed violations if the Review Panel believes that the matter should be adjudicated.

“*Rule*” or “*Rules*” means the rules, resolutions, interpretations, statements of policy, decisions, directives and orders of the SBSEF (including this SBSEF Rulebook).

“*SB Swap*” means any Security-Based Swap that has been listed for trading on the SBSEF.

“*SBSEF*” means the Security-Based Swap Execution Facility operated by tpSEF or any successor thereto.

“*SBSEF Activity*” means business for which a Person is subject to the SBSEF Rules, which is purportedly conducted subject to the SBSEF Rules, or which should have been conducted subject to the SBSEF Rules, including Permitted Transactions.

“*SBSEF Approved SB-SDR*” means an SB-SDR with which the SBSEF has entered into an arrangement with respect to the reporting of Transactions executed on, or pursuant to the Rules of, the SBSEF.

“*SBSEF Official*” means any Director or Officer of, or individual employed directly by, the SBSEF, the Regulatory Services Provider or any individual rendering similar services to the SBSEF under an administrative or similar agreement.

“*SBSEF Panel*” means any Review Panel, Disciplinary Panel, Appeals Panel or any other disciplinary or oversight panel of the SBSEF and any subcommittee thereof.

“*SBSEF Proceeding*” and “*SBSEF Proceedings*” means any inquiry, investigation, disciplinary proceeding or any appeal from a disciplinary proceeding, summary suspension or other summary actions.

“*SBSEF Reportable Transaction*” has the meaning given in Rule 8004(a).

“*SBSEF Rules*” means the rules of the SBSEF as set forth herein, as may be amended from time to time by the SBSEF.

“*SB Swap Data Repository*” or “*SB-SDR*” means a person that is registered with the SEC as a security-based swap data repository pursuant to Section 13(n) of the Securities Exchange Act and the SEC Regulations thereunder.

“*SB Swap Specification*” means, with respect to any SB Swap, the specifications for such SB Swap as set forth in Appendix A hereto, including any materials incorporated by reference therein.

“*SEC*” means the U.S. Securities and Exchange Commission.

“*SEC Regulations*” means the rules and regulations promulgated by the SEC, as amended.

“*Securities Exchange Act*” means the Securities Exchange Act of 1934, as amended.

“*Security-Based Swap*” means any “security-based swap” as defined in Section 3(a)(68) of the Securities Exchange Act.

“*Security-Based Swap Dealer*” has the meaning set forth in Section 3(a)(71) of the Securities Exchange Act and the SEC Regulations thereunder.

“*Security-Based Swap Execution Facility*” means a “security-based swap execution facility” as defined in Section 3(a)(77) of the Securities Exchange Act.

“*SEF*” means a swap execution facility as defined in CFTC Regulation 1.3.

“*Self-Clearing*” means, as to any Clearing Agency and SB Swap, a Participant, Client or Customer that is a Clearing Member of the relevant Clearing Agency with respect to such SB Swap.

“*Self-Regulatory Action*” means an Emergency Action or an SBSEF Proceeding.

“*Self-Regulatory Organization*” means the Financial Industry Regulatory Authority, the NFA or any other self-regulatory organization under the SEC Regulations or the rules and regulations of the CFTC.

“*Significant Action*” means any of the following types of actions or rule changes by the SBSEF that can be implemented without the SEC’s prior approval: (i) any actions or rule changes which address an Emergency; and (ii) any changes in margin levels that are designed to respond to extraordinary market conditions such as an actual or attempted corner, squeeze, congestion or undue concentration of positions, or that otherwise are likely to have a substantial effect on prices in any SB Swap traded on the SBSEF; but does not include any rule not submitted for prior SEC approval because such rule is unrelated to the terms and conditions of any SB Swap traded on the SBSEF.

“*Supervised Persons*” means Authorized Traders, directors, officers, employees or agents of any Participant.

“*Swap*” means any “swap” as defined in CEA Section 1a(47) and CFTC Regulation 1.3.

“*tpSEF*” has the meaning specified in Rule 2000.

“*Trading Hours*” means, for any Business Day, the hours specified in Rule 4000 below.

“*Trading Privileges*” means the right granted to a Participant by the SBSEF to use the SBSEF for execution of SB Swaps, in each case acting through one or more Authorized Traders.

“*Transaction*” means any SB Swap executed on or pursuant to the Rules of the SBSEF.

“*Transaction ID*” means a unique identification code assigned to a specific Transaction in accordance with the requirements of Regulation SBSR.

“*Uncleared SB Swap*” means an SB Swap other than a Cleared SB Swap.

“*Uncleared SB Swap Agreement*” means an underlying previously negotiated freestanding agreement that governs the performance and settlement of an Uncleared SB Swap and applicable credit support and default provisions, including, without limitation, ISDA master agreements, other master agreements, terms supplements and master confirmation agreements incorporating industry definitions.

“*User ID*” means a unique identifier issued to each Authorized Trader of a Participant that enables the SBSEF to identify the individual.

“*U.S. Person*” has the meaning specified in Rule 3a71-3(a)(4) of the Securities Exchange Act, and shall include any person that is: (i) a natural person resident in the United States; (ii) a partnership, corporation, trust, investment vehicle or other legal person organized, incorporated or established under the laws of the United States or having its principal place of business in the United States; (iii) an account (whether discretionary or non-discretionary) of a U.S. Person; or (iv) an estate of a decedent who was a resident of the United States at the time of death. For purposes of (ii), the term “principal place of business” means the location from which the officers, partners or managers of the legal person primarily direct, control and coordinate the activities of the legal person. With respect to an externally managed investment vehicle, this location is the office from which the manager of the vehicle primarily directs, controls and coordinates the investment activities of the vehicle.

“*Violation*” means a violation of any of the SBSEF Rules.

“*Waiting Order*” has the meaning specified in Rule 4013(a)(2).

SECTION 2 SBSEF GOVERNANCE

Rule 2000 The SBSEF

The SBSEF is a Security-Based Swap Execution Facility registered with the SEC and is a venue for the trading and execution of SB Swaps. The SBSEF is operated by tpSEF Inc. (“tpSEF”), a corporation organized under the laws of the state of Delaware. tpSEF also operates a CFTC-registered SEF, which provides a venue for the execution and trading of Swaps. **This SBSEF Rulebook relates only to the SBSEF and the trading and execution of SB Swaps.** tpSEF’s SEF Rulebook applicable with respect to its SEF and the trading and execution of Swaps is available on tpSEF website at <https://www.tullettprebon.com/swap-execution-facility/rulebook.aspx>.

BOARD

Rule 2100 Board

- (a) The Officers shall manage the day-to-day business operations of the SBSEF. The Board has the power and authority to oversee, and to affirm, modify, suspend or overrule, any and all decisions and actions of any committees of the Board or any Officer or panel of Officers related to the day-to-day business operations of the SBSEF.
- (b) The Board will determine which SB Swaps are available from time to time for trading subject to the SBSEF Rules, and will approve specifications for such SB Swaps; provided that the Board may delegate the authority to approve such rules to a SBSEF committee or to one or more Officers of the SBSEF; provided, further, that certifications or applications with respect to such rules will be submitted to the SEC as required by the Securities Exchange Act and the SEC Regulations thereunder.
- (c) The Board may act only by the decision of an absolute majority in number of the Directors by vote at a meeting, by unanimous written consent without a meeting, or as otherwise set forth in the By-Laws. In the event of an Emergency, which in the judgment of the CEO (or, if the CEO is not available, the most senior Officer that is available) requires immediate action, a special meeting of the Board may be convened without notice, consisting of those Directors who are immediately available in person or by telephone and can be joined in the meeting in person or by conference telephone. The actions taken at such a meeting shall be effective if at least a quorum of the Directors participates either personally or by conference telephone.
- (d) At all times, at least third-five percent (35%) of the Directors shall be Public Directors, as defined in the By-Laws. Each Director (including Public Directors) shall be appointed in accordance with the By-Laws and shall serve until such Director’s successor is duly appointed or until the Director’s earlier resignation or removal, with or without cause. The Directors shall include members who have had relevant experience in some capacity (whether as a current or former employee, officer, director, principal, consultant, advisor, service provider or otherwise) working with or for a diversity of Membership Interests.

- (e) Each Director is entitled to indemnification pursuant to the By-Laws with respect to matters relating to the SBSEF.
- (f) To qualify as a Director, an individual must meet the qualifications for directors set forth in the By-Laws, and to qualify as a Public Director, an individual must meet the qualifications for “Public Directors” set forth in the By-Laws.
- (g) Without limitation of any other provisions of this Rule 2100, the provisions of Article III of the By-Laws shall be deemed to be part of the SBSEF Rules and shall be deemed to be incorporated herein, to the same extent and with the same force and effect as if set forth herein in their entirety.

OFFICERS

Rule 2200 Officers

- (a) The Board shall appoint a Chief Executive Officer and such other officers of the SBSEF (each of the foregoing, an “Officer,” and collectively, the “Officers”) as it may deem necessary or appropriate from time to time, in accordance with and as required by the By-Laws.
- (b) Any Officer may also be a director, officer, partner or employee of the SBSEF, tpSEF’s SEF or any of tpSEF’s Affiliates.
- (c) The Officers shall have such powers and duties in the management of the SBSEF as set forth in the By-Laws and as the Board may prescribe from time to time.
- (d) Each Officer is entitled to indemnification pursuant to the By-Laws with respect to matters relating to the SBSEF.

Rule 2201 Chief Compliance Officer

- (a) Either the Board or the Chief Executive Officer shall appoint a Chief Compliance Officer, which shall be the Chief Compliance Officer of both the SBSEF and tpSEF’s SEF. The Board shall approve the compensation of the individual appointed as Chief Compliance Officer. Removal of the Chief Compliance Officer shall require the approval of a majority of the Board. The SBSEF shall notify the SEC of the removal of the Chief Compliance Officer and the appointment of any new Chief Compliance Officer, whether interim or permanent, within two (2) Business Days of such removal and appointment.
- (b) The Chief Compliance Officer shall comply with the duties set out in Rules 831(a)(2) and 831(h) of Regulation SE, which shall include, but are not limited to, the following:
 - (1) overseeing and reviewing the SBSEF’s compliance with Section 3D of the Securities Exchange Act and the SEC Regulations thereunder, including the core principles for Security-Based Swap Execution Facilities;
 - (2) enforcing the SBSEF Rules;

- (3) taking reasonable steps, in consultation with the CEO and such others, including, without limitation, the Board and/or the Regulatory Oversight Committee, as deemed appropriate and necessary, to resolve any material conflicts of interest that may arise, including, but not limited to: (i) conflicts between business considerations and compliance requirements; (ii) conflicts between business considerations and the requirement that the SBSEF provide fair, open and impartial access as set forth in Rule 819(c) of Regulation SE; and (iii) conflicts between the SBSEF's management and members of the Board;
 - (4) establishing and administering written policies and procedures reasonably designed to prevent violations of the Securities Exchange Act and SEC Regulations;
 - (5) taking reasonable steps to ensure compliance with the Securities Exchange Act and SEC Regulations;
 - (6) establishing procedures reasonably designed to handle, respond, remediate, retest, and resolve noncompliance issues identified by the Chief Compliance Officer through any means, including any compliance office review, look-back, internal or external audit finding, self-reported error or validated complaint;
 - (7) establishing and following appropriate procedures for the handling, management response, remediation, retesting and closing of noncompliance issues;
 - (8) establishing and administering a compliance manual designed to promote compliance with the applicable laws, rules and regulations and a written code of ethics for the SBSEF designed to prevent ethical violations and to promote honesty and ethical conduct by personnel of the SBSEF;
 - (9) supervising the SBSEF's regulatory program with respect to trade practice surveillance, market surveillance, real-time market monitoring, compliance with audit trail requirements, enforcement and disciplinary proceedings, audits, examinations and other regulatory responsibilities (including taking reasonable steps to ensure compliance with, if applicable, financial integrity, financial reporting, sales practice, recordkeeping and other requirements);
 - (10) supervising the effectiveness and sufficiency of any regulatory services provided to the SBSEF by a Regulatory Services Provider; and
 - (11) preparing and filing the annual compliance report as required pursuant to Rule 831(i) of Regulation SE.
- (c) The Chief Compliance Officer shall have available at all times the authority and the resources of the Market Regulation Department and such other resources as may be necessary to develop and enforce policies and procedures necessary to fulfill the duties set forth for chief compliance officers of Security-Based Swap Execution Facilities in the Securities Exchange Act and the SEC Regulations. The Chief Compliance Officer shall have supervisory authority over all staff of the Market Regulation Department and all other compliance staff.

- (d) The Chief Compliance Officer shall report directly to the Board. The Chief Compliance Officer shall have the authority to inspect the books and records of all Participants and other Persons subject to the jurisdiction of the SBSEF and the authority to require any such Person to appear before the Chief Compliance Officer and produce its books and records and answer questions regarding alleged violations of the SBSEF Rules or other provision of Applicable Law for which the SBSEF has disciplinary jurisdiction, at the time, place and in the manner the Chief Compliance Officer designates. The Chief Compliance Officer may also delegate such authority to staff of the Market Regulation Department and/or the Regulatory Services Provider.

QUALIFICATIONS

Rule 2300 Qualifications of the SBSEF Chief Compliance Officer

- (a) The individual designated to serve as Chief Compliance Officer shall have the background and skills appropriate for fulfilling the responsibilities of the position. In determining whether the background and skills of a potential Chief Compliance Officer are appropriate for fulfilling the responsibilities of the role of the Chief Compliance Officer, the SBSEF has the discretion to base its determination on the totality of the qualifications of the potential Chief Compliance Officer, including, but not limited to, compliance experience, related career experience, training, potential conflicts of interest, and any other relevant factors to the position.
- (b) The Chief Compliance Officer may not be subject to any of the disqualifications set forth in Rule 819(i) of Regulation SE.

Rule 2301 Qualifications of Directors, Panel Members, Committee Members and Officers

- (a) A Director or Officer must meet the qualifications set forth from time to time in the By-Laws.
- (b) An individual may not serve as a Director or an Officer, hold a ten percent (10%) or more ownership interest in the SBSEF or serve on a committee established by the Board (including the Regulatory Oversight Committee) or any SBSEF Panel if the individual:
- (1) was found, within the prior three (3) years, by a Final Decision of a Security-Based Swap Execution Facility, a Self-Regulatory Organization, an administrative law judge, a court of competent jurisdiction or a Government Agency to have committed a Disciplinary Offense;
 - (2) has entered into a settlement agreement with a Security-Based Swap Execution Facility, a court of competent jurisdiction or the SEC within the prior three (3) years in which any of the findings or, in the absence of such findings, any of the acts charged, included a Disciplinary Offense;
 - (3) currently is suspended from trading on any Security-Based Swap Execution Facility, is suspended or expelled from membership in a Self-Regulatory

Organization, is serving any sentence of probation or owes any portion of a fine or penalty related to either:

- (i) a finding of a Disciplinary Offense by a Final Decision of a Security-Based Swap Execution Facility, a Self-Regulatory Organization, an administrative law judge, a court of competent jurisdiction or the SEC; or
 - (ii) a settlement agreement with a Security-Based Swap Execution Facility, a court of competent jurisdiction, or the SEC in which any of the findings or, in the absence of such findings, any of the acts charged included a Disciplinary Offense;
- (4) currently is subject to an agreement with the SEC, a Security-Based Swap Execution Facility or a Self-Regulatory Organization not to apply for registration with the SEC or membership in any Self-Regulatory Organization;
 - (5) currently is, or within the past three (3) years has been, subject to an SEC registration revocation or suspension in any capacity for any reason;
 - (6) has been convicted within the prior three (3) years of any felony; or
 - (7) currently is subject to a denial, suspension or disqualification from serving on a disciplinary committee (as defined in Rule 802 of Regulation SE), arbitration panel (as defined in Rule 819(i)(6)(i) of Regulation SE) or governing board (as defined in Rule 802 of Regulation SE) of any Security-Based Swap Execution Facility or any Self-Regulatory Organization.
- (c) Any Director, Officer, member of a committee established by the Board, any SBSEF Panel member, any individual nominated to serve in any such role or any individual authorized by the Regulatory Oversight Committee to take summary action shall immediately notify the Chief Executive Officer or the Chief Compliance Officer if such individual meets one or more of the criteria in Rule 2301(b).

BOARD COMMITTEES

Rule 2400 Regulatory Oversight Committee

- (a) The Regulatory Oversight Committee of the Board shall be composed entirely of Public Directors appointed by the Board. In the event of an even number of Public Directors on the Regulatory Oversight Committee, the chair of the Regulatory Oversight Committee shall have the tie breaker vote.
- (b) Each member of the Regulatory Oversight Committee shall serve for a term of two (2) calendar years from the date of appointment or until such Person ceases to be Public Director or until removed from the Regulatory Oversight Committee by the Board. A member of the Regulatory Oversight Committee may serve for multiple terms.

- (c) The Regulatory Oversight Committee shall meet at least quarterly, and at such other times as it deems necessary to fulfill its responsibilities. The Regulatory Oversight Committee shall oversee the SBSEF's regulatory program on behalf of the Board. The Board shall delegate sufficient authority, dedicate sufficient resources and allow sufficient time for the Regulatory Oversight Committee to fulfill its mandate. It shall make such recommendations to the Board that, in its judgment, will best promote the interests of the SBSEF. The Regulatory Oversight Committee shall also have such other powers and perform such other duties as set forth in the SBSEF Rules and as the Board may delegate to it from time to time.
- (d) Without limiting the generality of the foregoing, the Regulatory Oversight Committee shall have authority to:
 - (1) monitor the regulatory program of the SBSEF for sufficiency, effectiveness and independence;
 - (2) recommend or establish policies or procedures with respect to the surveillance, compliance, rule enforcement or disciplinary responsibilities of the SBSEF;
 - (3) oversee all facets of the SBSEF's regulatory program; and
 - (4) conduct an annual review of SBSEF Rules, including this SBSEF Rulebook and SBSEF Compliance Manual.
- (e) The Regulatory Oversight Committee reports to the Board.

CONFLICTS OF INTEREST AND CONFIDENTIAL INFORMATION

Rule 2500 Conflicts of Interest Relating to Self-Regulatory Actions

- (a) A Director, Officer, SBSEF Panel member or other Person authorized to exercise the SBSEF's authority concerning a Self-Regulatory Action who has a Material Conflict of Interest between (i) the Person's exercise of authority concerning a Self-Regulatory Action, and (ii) the Person's personal interests (each, an "Interested Person"), may not (x) participate in any deliberations or vote of the Board (which includes for purposes hereof a Board committee) or SBSEF Panel, or (y) exercise any authority, with respect to the Self-Regulatory Action involving the Person's personal interest, except as described below.

For purposes of this Rule 2500, a Director, Officer, SBSEF Panel member or other Person has a "Material Conflict of Interest" when such Director, Officer, SBSEF Panel member or other Person:

- (1) is named as a respondent or potential respondent or a witness or potential witness in a Self-Regulatory Action;
- (2) is an employer, employee, fellow employee or an Affiliate of a respondent or potential respondent or a witness or potential witness in the Self-Regulatory Action;

- (3) has any significant, ongoing business relationship with a respondent or potential respondent or a witness or potential witness in the Self-Regulatory Action;
 - (4) has a Family Relationship with a respondent or potential respondent or a witness or potential witness in a Self-Regulatory Action (including the individual's spouse, co-habitator, former spouse, parent, stepparent, child, stepchild, sibling, stepbrother, stepsister, grandparent, grandchild, uncle, aunt, nephew, niece, father-in-law, mother-in-law, brother-in-law or sister-in-law); and/or
 - (5) is involved in any other circumstance that gives rise to a conflict between the Director's, Officer's, panel member's or other Person's exercise of authority concerning a Self-Regulatory Action and the Person's personal interests.
- (b) Before considering any Self-Regulatory Action, an Interested Person, or a Director, Officer, SBSEF Panel member or other Person authorized to exercise the SBSEF's authority concerning a Self-Regulatory Action that believes they are or may be an Interested Person, must disclose in writing to the Board the material facts concerning such Person's relationship or interest in the matter. Following such disclosure, the Board shall determine whether any Person that believes they are or may be an Interested Person actually is an Interested Person. Notwithstanding any contrary determination by the Board, any Person that believes they are or may be an Interested Person may elect to recuse themselves from deliberations and voting or the exercise of authority pursuant to Rule 2500(a) above.
- (c) Any Interested Person who would be required otherwise to abstain from deliberations and voting or the exercise of authority pursuant to Rule 2500(a) above as a result of having Material Conflict of Interest may participate in deliberations, prior to a vote on the matter, if:
- (1) the material facts about the Interested Person's interest in the matter are disclosed or known to the Board or SBSEF Panel;
 - (2) the Board determines that the participation by the Interested Person would be consistent with the public interest; and
 - (3) a majority of the Directors (excluding any Interested Persons) vote to allow the Interested Person to participate in deliberations on the matter.
- (d) If a determination is made pursuant to Rule 2500(c) that an Interested Person may participate in deliberations prior to a vote, then the minutes of the meeting of the Board or committee thereof will reflect the determination and the reasons for the determination.
- (e) If a determination is made that all Directors are Interested Persons with respect to a matter subject to a vote by the Board, the Chief Executive Officer (unless the Chief Executive Officer is an Interested Person, in which case the most senior Officer who is not an Interested Person) will appoint a panel of individuals who are not Interested Persons with respect to such matter, which will have the same authority and powers over such matter that the Board would have if the Directors were not Interested Persons with respect to such matter.

Rule 2501 Voting by Interested Parties

- (a) Relationship with Named Party in Interest.
- (1) A member of the Board, any committee established by the Board (including the ROC) or any SBSEF Panel must abstain from such body's deliberations and voting on any matter involving a Named Party in Interest where such member:
 - (i) is a Named Party in Interest;
 - (ii) is an employer, employee or fellow employee of a Named Party in Interest;
 - (iii) has any other significant, ongoing business relationship with a Named Party in Interest, not including relationships limited to executing Security-Based Swaps opposite each other or to clearing Security-Based Swaps through the same clearing member; or
 - (iv) has a Family Relationship with a Named Party in Interest.
 - (2) Prior to the consideration of any matter involving a Named Party in Interest, each member of the Board, any committee established by the Board (including the ROC) or any SBSEF Panel must disclose to the Chief Compliance Officer whether such member is a Named Party in Interest or has one of the relationships listed in Rule 2501(a)(1) with a Named Party in Interest.
 - (3) The following procedure will apply with respect to any matter involving a Named Party in Interest under this Rule 2501:
 - (i) In its sole discretion, the Chief Compliance Officer, in consultation with the ROC (excluding any potentially interested members of the ROC), shall determine whether any member of the Board, any committee established by the Board (including the ROC) or a SBSEF Panel is required to abstain from deliberations and voting on the matter.
 - (ii) The determination of the Chief Compliance Officer will take into consideration the exigency of the matter and shall be based upon: (x) information provided by the member pursuant to Rule 2501(a)(2), and (y) any other source of information that is held by and reasonably available to the SBSEF.
 - (4) Notwithstanding any contrary determination made in accordance with Rule 2501(a)(3), any Person that believes they are or may be a Named Party in Interest or has or may have one of the relationships listed in Rule 2501(a)(1) above with a Named Party in Interest may recuse themselves from deliberations and voting on the relevant matter involving a Named Party in Interest.

(b) Financial Interest in Significant Action.

- (1) A member of the Board, any committee established by the Board (including the ROC) or any SBSEF Panel must abstain from such body's deliberations and voting on any Significant Action if the 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 action.
- (2) Prior to the consideration of any Significant Action, each member of the Board, any committee established by the Board (including the ROC) or any SBSEF Panel must disclose to the Chief Compliance Officer any Disclosable Financial Interest that is known to such member. This requirement does not apply to members who choose to abstain from deliberations and voting on the subject Significant Action.
- (3) The Chief Compliance Officer will independently require a member of the Board, any committee established by the Board (including the ROC) or any SBSEF Panel to abstain from both the deliberations and voting by the Board, committee or SBSEF Panel on any Significant Action if the Chief Compliance Officer, in consultation with the ROC (excluding any potentially interested members of the ROC), determines that the member has a direct and substantial financial interest in the result of the vote. The determination of the Chief Compliance Officer must include a review of the member's Disclosable Financial Interest, take into consideration the exigency of the Significant Action and should be based upon: (x) information provided by the member with respect to any Disclosable Financial Interest pursuant to Rule 2501(b)(2); and (y) any other source of information that is held by and reasonably available to the SBSEF.
- (4) The Board, any committee established by the Board (including the ROC) or any SBSEF Panel may permit a member to participate in deliberations prior to a vote on a Significant Action for which deliberations such member otherwise would be required to abstain, pursuant to this Rule 2501(b), if such participation would be consistent with the public interest and the member recuses themselves from voting on such action.
- (5) In making a determination as to whether to permit a member to participate in deliberations on a Significant Action for which such member otherwise would be required to abstain in accordance with Rule 2501(b)(4), the deliberating body shall consider:
 - (i) Whether the member's participation in deliberations is necessary for the deliberating body to achieve a quorum in the matter, and
 - (ii) Whether the member has unique or special expertise, knowledge or experience in the matter under consideration.

Prior to making any such determination, the relevant deliberating body must fully consider the position information that is the basis for the member's direct and substantial financial interest in the result of a vote on a Significant Action.

- (6) The Board, Board committees and SBSEF Panels must reflect in their minutes or otherwise document that the conflicts determination procedures required by this Rule 2501 have been followed. Such records also must include:
- (i) The names of all members who attended the meeting in person or who otherwise were present by electronic means;
 - (ii) The name of any member who voluntarily recused themselves or was required to abstain from deliberations and/or voting on a matter and the reason for the recusal or abstention, if stated; and
 - (iii) Information on the position information that was reviewed for each member.

Rule 2502 Restrictions on Certain Persons who Possess Confidential Information; Improper Use or Disclosure of Confidential Information

- (a) No Director, Officer, member of any committee or panel established by the Board or any employee or consultant of the SBSEF shall trade in financial instruments except as permitted by the SBSEF's policies and procedures.
- (b) No Director, Officer, member of any committee or panel established by the Board or any employee or consultant of the SBSEF shall use or disclose, either during such Person's association with the SBSEF or thereafter, for any purpose other than the performance of such Person's official duties and responsibilities as a Director, Officer, committee or panel member or employee or consultant any confidential information (including any material, non-public information) obtained as a result of the Person's duties and responsibilities as a Director, Officer, committee or panel member or employee or consultant. Any Director, Officer, committee or panel member or employee or consultant in possession of confidential information shall take all appropriate steps to safeguard the information and to protect it against disclosure, misuse, espionage, loss and theft.
- (c) Notwithstanding Rule 2502(b), a Director, Officer, member of any committee or panel established by the Board or employee or consultant of the SBSEF may disclose confidential information (i) in the course of such Person's official duties; (ii) to any Security-Based Swap Execution Facility, Self-Regulatory Organization or Clearing Agency; (iii) to any court of competent jurisdiction; (iv) to any representative of any agency or department of the Federal or State government acting in their official capacity; (v) if such information is or becomes a matter of public knowledge through no fault of the Director, Officer, member of any committee or panel established by the Board, employee or consultant; or (vi) as required pursuant to Applicable Law.
- (d) No Director, Officer, member of any committee or panel established by the Board, or any employee or consultant of the SBSEF shall:
 - (1) trade, directly or indirectly, for such Person's own account, or for or on behalf of any other account, in any Covered Interest on the basis of any material, non-public information obtained through the performance of such Person's official duties as a

Director, Officer, member of a committee or panel established by the Board, employee or consultant; or

- (2) use or disclose for any purpose inconsistent with such Person's official duties as a Director, Officer, member of a committee or panel established by the Board, employee or consultant any material, non-public information obtained by such Person as a result of such Person's official duties; *provided, however*, that this Rule shall not prohibit any disclosures that are expressly permitted pursuant to Rule 2502(c).
- (e) No Person shall trade, directly or indirectly, for such Person's own account, or for or on behalf of any other account, in any Covered Interest on the basis of any material, non-public information that such Person knows was obtained in violation of this Rule 2502 from any Director, Officer, member of any committee or panel established by the Board or any employee or consultant of the SBSEF.
- (f) Nothing in this SBSEF Rulebook prohibits any individual from communicating directly with the SEC, CFTC, any State or Federal regulatory agency or any Self-Regulatory Organization about possible violations of law or regulation.

SERVICE AGREEMENTS

Rule 2600 Services Agreement with a Regulatory Services Provider

- (a) The SBSEF may enter into a Regulatory Services Agreement with a Regulatory Services Provider to perform certain surveillance, investigative and regulatory functions to assist the SBSEF in complying with the Securities Exchange Act and the SEC Regulations thereunder. The SBSEF may provide information to the Regulatory Services Provider in connection with the performance of such functions.
- (b) The SBSEF shall retain ultimate decision-making authority with respect to any functions that are contracted to a Regulatory Services Provider and shall retain exclusive authority in all substantive decisions made by a Regulatory Services Provider, including, but not limited to, decisions involving the cancellation of trades, the issuance of disciplinary charges, denials of access to the trading platform for disciplinary reasons, and any decision to open an investigation into a possible rule violation. The SBSEF shall remain responsible for the performance of any Regulatory Services received.

Rule 2601 Services Agreement with Other Service Providers

The SBSEF, in its discretion, may enter into services agreements with third-party service providers of its choosing to perform functions under the SBSEF Rules, and may provide information to such service providers in connection with the performance of those functions.

Rule 2602 Prohibited Use of Data Collected for Regulatory Purposes

The SBSEF will not use for business or marketing purposes any Proprietary Data or Personal Information it collects or receives, from or on behalf of any Person, for the purpose of fulfilling its

regulatory obligations unless the Person from whom it collects or receives such data or information clearly consents to the SBSEF's use of such data or information in such manner by providing a separate signed consent prior to such use. The SBSEF will not condition access to its market(s) or market services on a Person's consent to the SBSEF's use of Proprietary Data or Personal Information for business or marketing purposes. The SBSEF, where necessary for regulatory purposes and as permitted by Applicable Law, may share such data or information with one or more Security-Based Swap Execution Facilities or national securities exchanges registered with the SEC. In such an event, the SBSEF will request the Security-Based Swap Execution Facility or national securities exchange to maintain the confidentiality of any such information in the same manner as the Security-Based Swap Execution Facility or national securities exchange would protect its own proprietary data.

**SECTION 3
PARTICIPANT ACCESS RULES**

QUALIFICATIONS

Rule 3000 Qualifications

- (a) To be eligible for admission as a Participant, an applicant must satisfy, and warrants to the SBSEF that it satisfies, the following criteria (the “Participation Criteria”):
- (1) is an ECP;
 - (2) is of good reputation and business integrity;
 - (3) maintains adequate financial resources and credit, has adequate capacity to meet its financial obligations and has not filed for bankruptcy;
 - (4) if it is an entity, is validly organized, in good standing and authorized by its governing body and, if relevant, documents of organization, to act as a Participant and comply with its obligations under the SBSEF Rules and doing so will not violate any material agreement by which it is bound or require any consents not already obtained;
 - (5) is not prohibited from using the services of the SBSEF for any reason whatsoever;
 - (6) holds all registrations required under Applicable Law, including, without limitation, any broker-dealer and/or any Security-Based Swap Dealer registration required pursuant to the Securities Exchange Act and the SEC Regulations thereunder, and if required pursuant to Applicable Law, is a member of any applicable Self-Regulatory Organization;
 - (7) is not subject to statutory disqualification under Section 3(a)(39) of the Securities Exchange Act; and
 - (8) satisfies any other criteria that the SBSEF may require from a Participant to enable the SBSEF to perform its responsibilities as an SEC-registered Security-Based Swap Execution Facility, comply with Applicable Law or provide services, provided such criteria are impartial, transparent and applied in a fair and nondiscriminatory manner.
- (b) Each Participant intending to trade Cleared SB Swaps for its own account must either be (i) Self-Clearing with respect to the Clearing Agency where the Cleared SB Swaps it will trade are cleared, or (ii) if it is Non-Self-Clearing, have a clearing account with a Clearing Firm and be permitted by the related Clearing Firm to clear such SB Swaps at such Clearing Agency through such Clearing Firm.

- (c) Each Participant that is an Account Manager or Introducing Broker must ensure that each of its Clients or Customers (as applicable) intending to trade Cleared SB Swaps meets the requirements of Rule 3000(b) above.
- (d) Participants are prohibited from entering Orders or Transactions in Cleared SB Swaps on the SBSEF on behalf of any party (whether for the Participant itself or on behalf of its Client or Customer) that is Non-Self-Clearing, unless such party has a relationship with a Clearing Firm as described in Rule 3000(b)(ii) that covers the relevant Order or Transaction.
- (e) The SBSEF shall review any financial filings and notices made by its Participants pursuant to the SBSEF Rules to determine whether they continue to qualify as ECPs. If any Client or Customer of an Account Manager or Introducing Broker is not also a Participant, the SBSEF shall obtain from the applicable Account Manager or Introducing Broker a representation that such Client or Customer is an ECP, which will be deemed repeated each time the applicable Account Manager or Introducing Broker transacts on the SBSEF on behalf of such Client or Customer.
- (f) Upon request of the SBSEF or its Regulatory Services Provider, each Participant (and each Authorized Trader) shall promptly provide to the Market Regulation Department or the Regulatory Services Provider (i) the names of its Customers or Clients (if applicable) and (ii) such information about its Authorized Traders as the SBSEF requests.
- (g) The SBSEF may from time to time establish different categories of Participants receiving access to the SBSEF. Participants receiving comparable access to, or services from, the SBSEF will be subject to comparable fee structures.
- (h) Consistent with Applicable Law, the SBSEF will provide access to its trading platform, services and data on a fair and nondiscriminatory basis to any ECP that complies with the SBSEF's documentation and eligibility requirements as set forth in the SBSEF Rules.

PARTICIPANT APPLICATION AND ONGOING PARTICIPANT MATTERS

Rule 3100 Application Requirements

A Person that wishes to become a Participant of the SBSEF must:

- (a) Submit to the SBSEF an accurate and complete application and execute and deliver any applicable agreements and other documents as may be required by the SBSEF from time to time;
- (b) if it is an entity, provide a copy of all formation documents including any amendments thereto if requested by the SBSEF;
- (c) provide such other information as may be requested by the SBSEF; and
- (d) provide (i) written or electronic confirmation of its status as an ECP, and (ii) with respect to any Client or Customer that is not also a Participant and on whose behalf it wishes to

trade on the SBSEF, a representation that such Client or Customer is an ECP, which representation will be deemed repeated each time the Participant transacts on the SBSEF, whether for its own account or on behalf of such Client or Customer.

Rule 3101 Review of Application

- (a) The SBSEF shall review a prospective Participant's application and may ask for and review any additional information it deems relevant.
- (b) The SBSEF in its discretion may conduct an investigation of any applicant.

Rule 3102 Acceptance as an SBSEF Participant; Non-Assignment

- (a) If the SBSEF decides to admit an applicant as a Participant, it shall notify the applicant and state in such notice the date on which the applicant shall become a Participant.
- (b) Once admitted, a Participant shall continue at all times to satisfy all the Participation Criteria set forth in Rule 3000(a) and all other applicable eligibility criteria the SBSEF may specify from time to time.
- (c) Admission as a Participant only entitles the Participant to Trading Privileges and does not confer any right of ownership in the SBSEF, or right to attend or vote at meetings of the SBSEF, or right to share in the profits of the SBSEF.
- (d) A Participant may not transfer or assign its status as a Participant without the prior written consent of the SBSEF, and any purported transfer or assignment without the SBSEF's prior consent is not binding on the SBSEF.

Rule 3103 Denial, Conditioning or Termination of Participant Status

- (a) The SBSEF may deny, condition or terminate Participant status of any Person:
 - (1) if such Person is unable to satisfactorily demonstrate its ability to satisfy the Participation Criteria or any other eligibility criteria required to become or remain a Participant or any of the representations and warranties made by the Participant is untrue;
 - (2) if such Person is unable to satisfactorily demonstrate its capacity to adhere to all applicable SBSEF Rules and any other Applicable Law, including those concerning recordkeeping, reporting, financial requirements and trading procedures;
 - (3) if such Person fails to comply with any limitation placed by the SBSEF on such Person;
 - (4) if such Person commits a violation of the SBSEF Rules;
 - (5) if such Person would bring the SBSEF into disrepute as determined by the SBSEF in its sole discretion; or

- (6) for such other reason the SBSEF may reasonably determine.
- (b) If the SBSEF decides to deny or condition an application for admission as a Participant, or terminate a Person's status as a Participant, the SBSEF shall promptly notify such Person (the "Affected Person") thereof in a writing sent to the address in the SBSEF application form or maintained in the SBSEF's Records, and such action will, subject to Rule Section 6Rule 6018, become effective upon the expiration of fifteen (15) days after such notice is served on the Affected Person. Such Affected Person may, within seven (7) calendar days of receipt of such notification, request in writing that the SBSEF reconsider its determination.
- (c) Within thirty (30) calendar days of receiving the request for reconsideration, the SBSEF shall either confirm, reverse or modify the denial, conditioning or termination of the Affected Person as a Participant, and shall promptly notify the Affected Person accordingly in a writing sent to the address in the SBSEF application form or maintained in the SBSEF's Records.
- (d) Any denials, conditionings or terminations implemented by the SBSEF pursuant to this Rule 3103 will be impartially enforced.
- (e) Any denials, conditionings or terminations implemented by the SBSEF pursuant to this Rule 3103 may be subject to review by the SEC in accordance with the Securities Exchange Act and the SEC Regulations thereunder, provided that the Person subject to the relevant action has exhausted its administrative remedies at the SBSEF in accordance with the procedures specified in this Rule 3103.

Rule 3104 Duty to Keep Current

- (a) If any material information in the Participant's application becomes outdated or otherwise is inaccurate or incomplete for any reason, the Participant must promptly update the application.
- (b) Within thirty (30) calendar days following the end of each calendar year, Participants shall review and revise, as necessary, all information provided in their applications and provide such revisions to the SBSEF.

Rule 3105 Withdrawal of Participant; Temporary Deactivation of Trading Privileges

- (a) To withdraw from the SBSEF, a Participant must notify the SBSEF of its withdrawal. Such withdrawal shall be accepted and effective immediately upon receipt of such notice by the SBSEF, provided that the SBSEF may, in its reasonable discretion, refuse to accept a Participant's withdrawal request or may postpone the effective date of withdrawal of a Participant if the SBSEF considers it necessary for the protection of the Participant's Customers, other Participants or otherwise in the interests of the SBSEF.
- (b) Upon the effectiveness of the withdrawal of a Participant, all rights and privileges of such Participant with respect to the SBSEF shall terminate (including, without limitation, Trading Privileges). Notwithstanding the accepted withdrawal of a Participant, the

withdrawn Participant, and any Client or Customer thereof, shall remain bound by the SBSEF Rules and subject to the jurisdiction of the SBSEF with respect to any and all matters arising from, related to or in connection with, the status, actions or omissions of such Person prior to such withdrawal and must cooperate in any SBSEF Proceeding as if the former Participant were still a Participant.

- (c) Notwithstanding the foregoing, a Participant may request, in writing, that the SBSEF temporarily deactivate its Trading Privileges. The SBSEF may approve or deny any such request in its sole discretion, and may approve any such request on such terms as the SBSEF shall determine in its sole discretion. Upon approval of any such request, the Participant's Trading Privileges shall be deactivated and the Participant will not be permitted to execute Transactions on the SBSEF or otherwise access the SBSEF until its Trading Privileges have been reinstated by the SBSEF. The Participant shall incur no new fees during the period of its deactivation.

Rule 3106 Dissolution of Participants

Upon dissolution of a Participant, all rights and privileges of such Participant with respect to the SBSEF shall terminate, but all obligations of such Participant shall survive.

Rule 3107 Jurisdiction and Application of SBSEF Rules

- (a) Prior to obtaining access to the SBSEF and each time a Participant, Customer, Client, Authorized Trader, Supervised Person or any other Person initiates or executes a transaction on or subject to the SBSEF Rules, directly or through an intermediary, such Participant, Customer, Client, Authorized Trader, Supervised Person or other Person shall be deemed to have expressly:
 - (1) consented to the jurisdiction of the SBSEF with respect to any and all matters arising from, related to, or in connection with, the status, actions or omissions of such Person;
 - (2) agreed to be bound by, and comply with, the SBSEF Rules and all Obligations, the Clearing Agency Rules and Applicable Law, in each case to the extent applicable to it;
 - (3) agreed to assist the SBSEF in complying with its legal and regulatory obligations, cooperate with the SBSEF, its Regulatory Services Provider(s) and the SEC in any inquiry, investigation, audit, examination or proceeding, and authorizes the SBSEF to provide information regarding it to any Regulatory Services Provider, the SEC or any Self-Regulatory Organization; and
 - (4) acknowledged and agreed that the SBSEF exercises disciplinary and regulatory powers, engages in other conduct that arises out of the discharge of its duties under the Securities Exchange Act and acts in a capacity that is consistent with the powers of a "self-regulatory organization" as that term is defined under the Securities Exchange Act.

- (b) At the time any Clearing Firm executes a Clearing Firm Agreement, such Clearing Firm shall be deemed to have expressly:
- (1) consented to the jurisdiction of the SBSEF with respect to any and all matters arising from, related to, or in connection with, the status, actions or omissions of such Person;
 - (2) agreed to be bound by, and comply with, the SBSEF Rules and all Obligations, the Clearing Agency Rules and Applicable Law, in each case to the extent applicable to it;
 - (3) agreed to assist the SBSEF in complying with its legal and regulatory obligations, cooperate with the SBSEF, its Regulatory Services Provider(s) and the SEC in any inquiry, investigation, audit, examination or proceeding, and authorizes the SBSEF to provide information regarding it to any Regulatory Services Provider, the SEC or any Self-Regulatory Organization; and
 - (4) acknowledged and agreed that the SBSEF exercises disciplinary and regulatory powers, engages in other conduct that arises out of the discharge of its duties under the Securities Exchange Act and acts in a capacity that is consistent with the powers of a “self-regulatory organization” as that term is defined under the Securities Exchange Act.
- (c) Any Person (including any Authorized Trader) whose access to the SBSEF is suspended for any period, and, if applicable, any Client or Customer thereof, remains subject to the SBSEF Rules and to the jurisdiction of the SBSEF throughout the period of suspension and must cooperate in any SBSEF Proceeding. Any Person whose access to the SBSEF is revoked or terminated, and, if applicable, any Client or Customer thereof, shall remain bound by the SBSEF Rules and subject to the jurisdiction of the SBSEF, with respect to any and all matters arising from, related to or in connection with, the status, actions or omissions of such Person prior to such revocation or termination and must cooperate in any SBSEF Proceeding.

Rule 3108 Notices to Participants

- (a) The SBSEF will publish a notice with respect to each addition to, modification or clarification of the SBSEF Rules or of any action to implement any SBSEF Rules on the SBSEF’s website or via an electronic mail distribution to enable each Participant 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 (each a “Notice to Participants”). For purposes of publication in accordance with the first sentence of this Rule 3108(a), it shall be sufficient (without limiting the discretion of the SBSEF as to any other reasonable means of communication) if a Notice to Participants is published on the SBSEF’s website.
- (b) Any Notice to Participants published on the SBSEF’s website or otherwise provided to Participants shall be deemed to have been made to all of a Participant’s Supervised Persons, Clients and Customers.

- (c) Each Participant is required to review the “Notices to SBSEF Participants” section of the SBSEF’s website to make itself aware of material changes to the SBSEF Rules or other notices that may affect its rights and obligations as a Participant, and is responsible for conveying such information to its Supervised Persons, Clients and Customers in accordance with Rule 3112(c).

Rule 3109 Authorized Traders

- (a) Each Participant shall designate one or more Authorized Trader(s) to transact on the SBSEF on behalf of such Participant or such Participant’s Clients or Customers, as applicable; provided, that, this requirement shall not apply to any Participant transacting on the SBSEF exclusively as a Customer of an Introducing Broker. Participants shall be responsible to the SBSEF for acting with reasonable care in granting Authorized Trader status to any individual.
- (b) By agreeing to become an Authorized Trader, an individual is deemed to expressly consent to the jurisdiction of the SBSEF and agrees to be bound by the duties and responsibilities of an Authorized Trader and to be subject to, and comply with, the SBSEF Rules and Obligations. Among other duties and responsibilities that the SBSEF may impose, an Authorized Trader must:
 - (1) have the authority, at the SBSEF’s request, to adjust or withdraw any Order or Transaction submitted under any User ID assigned to the Authorized Trader;
 - (2) conduct activity under any User ID assigned to the Authorized Trader in compliance with all SBSEF Rules and Obligations; and
 - (3) ensure the Authorized Trader has been assigned its own User ID.
- (c) To designate an Authorized Trader, a Participant must follow the procedures established by the SBSEF. The SBSEF may establish criteria that individuals must fulfill to become an Authorized Trader.
- (d) The SBSEF will maintain a list of all designated Authorized Traders for each Participant.
- (e) The SBSEF may, in its sole discretion, refuse to approve an Authorized Trader or revoke or suspend the designation of an individual as Authorized Trader to protect other Participants and the integrity of the SBSEF or for any other reason and shall promptly notify the related Participant of such action.
- (f) To request the termination of the designation of an individual as Authorized Trader, the Participant must follow the procedures established by the SBSEF.
- (g) Each Authorized Trader shall be identified to the SBSEF in the manner prescribed by the SBSEF and shall be subject to the SBSEF Rules. It is the duty of the Participant to ensure that each Authorized Trader registration is current and accurate at all times.

- (h) Without limiting the foregoing, prior to accessing the SBSEF each Authorized Trader consents to abide by the SBSEF Rules and Applicable Law, and each Participant will ensure on an ongoing basis that: (i) none of its Authorized Traders is subject to a disqualification pursuant to any Applicable Law (unless an appropriate exemption has been obtained with respect thereto); (ii) each of its Authorized Traders will be technically proficient; (iii) each of its Authorized Traders will conduct its business in a fair and equitable manner; and (iv) each of its Authorized Traders will comply with the SBSEF Rules and Obligations and conduct its business in accordance with Applicable Law.

Rule 3110 Introducing Brokers

- (a) An Introducing Broker will be permitted to introduce Orders and execute Transactions on or pursuant to the Rules of the SBSEF on behalf of a Customer (which may include another Participant or an Account Manager acting on behalf of a Client) where such Customer has so authorized the Introducing Broker. Any time an Introducing Broker introduces an Order or Transaction on the SBSEF on behalf of a Customer, such Introducing Broker shall be deemed to represent that the Customer on whose behalf it is acting has granted the Introducing Broker, including such Introducing Broker's Authorized Traders, such authorization. An Introducing Broker shall provide the SBSEF with such notice and/or proof of such Customer authorization as the SBSEF may request from time to time.
- (b) If authorized, an Introducing Broker may enter any Order, or introduce to the SBSEF for execution any Transaction, in each case, permissible under the SBSEF Rules on behalf of such Customer.
- (c) Each Customer shall be the principal to all executed Transactions resulting from Orders submitted by an Introducing Broker to the SBSEF on such Customer's behalf.

Rule 3111 Authorized Representatives

- (a) Each Participant shall designate one or more Authorized Representatives who will represent the Participant before the SBSEF and its committees and receive notices on behalf of the Participant.
- (b) An Authorized Representative shall be empowered by the Participant to act on its behalf and the SBSEF shall be entitled to rely on the actions of the Authorized Representative as binding on the Participant and each of its Authorized Traders.
- (c) Each Participant must provide the SBSEF with current contact and other requested information for each of its Authorized Representatives so that the SBSEF is able to immediately contact the Authorized Representatives.

Rule 3112 Communications between the SBSEF and Participants

- (a) Each Participant must provide the SBSEF with its current electronic mail address and telephone number and the electronic mail address and telephone number of each of its Authorized Traders and immediately (and in any event within 24 hours) update this information whenever it changes.

- (b) All communications between the SBSEF and the Participant will be transmitted by electronic mail and/or posted on the SBSEF's website, except as otherwise specified by the SBSEF.
- (c) Each Participant shall be responsible for conveying such communications to all of its Supervised Persons, Clients and Customers (and Authorized Traders thereof).
- (d) Each Participant will be responsible for promptly reviewing and, if necessary, responding to all electronic communications from the SBSEF to the Participant or any of its Supervised Persons.
- (e) All communications made to Participants shall also be deemed to have been made to all of its Supervised Persons, Clients or Customers (and Authorized Traders thereof).

Rule 3113 Recording of Communications

The SBSEF and/or its Regulatory Services Provider(s) may record conversations and retain copies of electronic communications between SBSEF Officials, on one hand, and Participants, Clients, Customers or any of their Supervised Persons or other agents, on the other hand. Any such recordings may be retained by the SBSEF or the Regulatory Services Provider in such manner and for such periods of time as the SBSEF may deem necessary or appropriate and in accordance with Applicable Law.

Rule 3200 Delivery and Service of SEC Communications for Non-U.S. Participants

In accordance with Rule 819(k)(1) of Regulation SE, the SBSEF will serve as agent of any Non-U.S. Participant for purposes of accepting delivery and service of any communication issued by or on behalf of the SEC to the Non-U.S. Participant with respect to any SB Swap executed on or pursuant to the Rules of the SBSEF by or on behalf of the Non-U.S. Participant. Any such communication served on or delivered to the SBSEF will be promptly communicated by the SBSEF to the Non-U.S. Participant in a manner that is reasonable under the circumstances or in the manner specified by the SEC in the communication.

FEES

Rule 3300 Fees

- (a) The SBSEF shall set the times and amounts of any assessments or fees (including access and utilization fees), costs and charges to be paid by Participants. By accessing the SBSEF, Participants agree to be bound by the fee schedule in effect at the time the applicable SBSEF services are rendered.
- (b) A Participant will be responsible for the payment of all fees charged to it with respect to any Transaction, including, without limitation, any Transaction that is (i) for any or no reason, not fully performed by the parties thereto or (ii) subsequently voided or rescinded.

- (c) Assessments, fees, costs and charges and other amounts owed to the SBSEF are payable upon receipt of the invoice. If a Participant fails to pay when due any assessments, fees, costs and charges owed, and such payment obligation remains unsatisfied thirty (30) days after its due date, the SBSEF may suspend, revoke, limit, condition, restrict or qualify the Trading Privileges of such Participant as it deems necessary or appropriate.

Rule 3301 Volume Discounts

The SBSEF may from time to time establish financial incentives for meeting trading volume, liquidity thresholds and/or other standards as may be established by the SBSEF.

INDEPENDENT SOFTWARE VENDORS

Rule 3400 ISVs

- (a) Consistent with Applicable Law, the SBSEF will provide access to its trading platform, services and data on a fair, impartial, transparent and nondiscriminatory basis to any ISV that complies with the SBSEF's documentation and eligibility requirements for ISVs as set forth in the SBSEF Rules.
- (b) An ISV that wishes to access the SBSEF must:
- (1) consent to the jurisdiction of the SBSEF and agree to be bound by, and comply with, the SBSEF Rules and all Obligations, the Clearing Agency Rules and Applicable Law, in each case to the extent applicable to it;
 - (2) execute an ISV participation agreement in the form supplied by the SBSEF;
 - (3) pay the monthly access fees that may be established by the SBSEF from time to time, which fees will be comparable for ISVs receiving comparable access to, or services from, the SBSEF;
 - (4) comply with the applicable technical access standards, system compatibility requirements, security protocols and technical specifications for connection to the SBSEF as may be specified by the SBSEF from time to time;
 - (5) ensure that each Person that uses the ISV to access the SBSEF is either a Participant or a Client or Customer of a Participant;
 - (6) in the case of any Order or Transaction submitted to the SBSEF through the ISV, provide sufficient detail to identify the Participant (and, if applicable, the Participant's Client or Customer) as required by the SBSEF; and
 - (7) satisfy any other criteria that the SBSEF may require to perform its responsibilities as an SEC-registered Security-Based Swap Execution Facility, comply with Applicable Law or provide services, provided such criteria are impartial, transparent and applied in a fair and nondiscriminatory manner.

- (c) An ISV may provide data obtained from the SBSEF solely to Participants and/or Clients or Customers of a Participant in connection with such Participants' and/or Clients' or Customers' actual and proposed trading activity on the SBSEF, and will not provide such data to any SEF, Security-Based Swap Execution Facility, DCM, national securities exchange or other trading facility or system without the prior written consent of the SBSEF.

BUSINESS CONDUCT REQUIREMENTS

Rule 3500 Customers and Clients

No Participant shall enter an Order or enter into a Transaction in the name of a Customer or Client, unless the Customer or Client has so authorized the Participant. Any time an Introducing Broker or Account Manager introduces an Order or Transaction on the SBSEF on behalf of a Customer or Client (as applicable), such Introducing Broker or Account Manager shall be deemed to represent that the Customer or Client on whose behalf it is acting has granted the Introducing Broker or Account Manager such authorization.

Rule 3501 Disclosure Requirements; Know Your Counterparty Requirements

- (a) Participants that are Introducing Brokers must verify the status of each of their Customers as an ECP.
- (b) Participants that are Account Managers must verify the status of each of their Clients as an ECP.
- (c) Each Participant, Client, Customer, Supervised Person, ISV, Clearing Firm or other Person subject to the jurisdiction of the SBSEF must comply with all disclosure requirements set forth under Applicable Law and any disclosure requirements imposed by the SBSEF Rules.

SECTION 4 TRANSACTION EXECUTION

This Section 4 prescribes Rules concerning trade practices and business conduct on the SBSEF and applies to all Orders and Transactions.

Rule 4000 Business Days and Trading Hours

- (a) Unless other specified in a Notice to Participants or in connection with an Emergency, the SBSEF will operate on days which are business days in Singapore, London and New York. For purposes of determining if a day is a New York business day, (i) the New York Stock Exchange must be open and (ii) such day may not be a SIFMA-recommended full day holiday. Days subject to early close in any jurisdiction will constitute business days regardless. Days are calculated by reference to Eastern Prevailing Time in the United States on any day on which the SBSEF is operating.
- (b) The SBSEF shall have the right to close on different days or times if requested or required to do so by the SEC, or where there is a force majeure event, such as a natural disaster, hurricane, flooding, terrorist attack, act of war, bomb threat, power outage, pandemic or epidemic, interruption in telecommunications or internet services or services by network service providers, or otherwise, affecting any of Singapore, London or New York generally, any relevant market infrastructure (such as Clearing Agencies or SB-SDRs) or the SBSEF's facilities.
- (c) The Trading Hours for each SB Swap shall be as follows, subject to any variation (i) in connection with an Emergency, (ii) as may be published by the SBSEF in a Notice to Participants or (iii) included in the relevant SB Swap Specification:
 - (1) SB Swaps in the Credit asset class:
 - (i) Uncleared SB Swaps: 24 hours a day on Business Days.
 - (ii) Cleared SB Swaps: As specified in the relevant SB Swap Specification.
 - (2) SB Swaps in the Equities asset class: 24 hours a day on Business Days, subject to periodic maintenance windows running from 10 p.m. to 12 a.m. London time.

Rule 4001 SB Swap Specifications

- (a) Notwithstanding any provision of the SBSEF Rules to the contrary, the terms and conditions set forth in the SB Swap Specification with respect to a particular SB Swap shall govern the trading in such SB Swap on the SBSEF and, in the event of any conflict between the general terms of the SBSEF Rules excluding the SB Swap Specifications and the particular terms of the SBSEF Rules set forth in the SB Swap Specification, the particular terms of the SBSEF Rules set forth in the SB Swap Specification shall govern with respect to trading in the relevant SB Swap on the SBSEF.

- (b) The SB Swap Specification for each individual SB Swap may specify:
 - (1) different classes of Participants eligible to trade such SB Swaps. Each such class of Participants shall have the rights and obligations specified by the SB Swap Specification for each such SB Swap;
 - (2) whether such SB Swap may be settled via cash settlement, physical delivery of the underlying security(ies) or by any other means, as applicable; and
 - (3) the method for determining settlement prices.
- (c) The SBSEF shall permit trading only in SB Swaps that are not readily susceptible to manipulation.

Rule 4002 Procedures

- (a) With respect to trading on or through the SBSEF or subject to the SBSEF Rules, the SBSEF may adopt, without limitation, procedures relating to Transactions in SB Swaps and trading on the SBSEF or subject to the SBSEF Rules, including procedures to:
 - (1) disseminate the prices of bids and offers on, and Transactions in, SB Swaps;
 - (2) record, and account for, SB Swaps and SBSEF Activity and regulate administrative matters affecting SB Swaps and SBSEF Activity;
 - (3) establish daily limits (or such other frequency as may be determined from time to time by the SBSEF) on the notional amount and/or risk of Orders or Transactions that may be submitted by a Participant through the SBSEF or subject to the SBSEF Rules;
 - (4) establish limits on SB Swaps that may be held by a Participant, Customer or Client;
 - (5) establish a limit on the maximum daily price fluctuations for any SB Swap and provide for any related restriction or suspension of trading in the SB Swap; and
 - (6) establish minimum price quoting increments for each SB Swap.
- (b) The SBSEF may, in its discretion and at any time, amend any procedures adopted pursuant to Rule 4002(a) and will publish the amendments in a Notice to Participants or in any other manner determined appropriate by the SBSEF.

Rule 4003 Required Identifications

- (a) Each Participant and all related Authorized Traders must have a User ID assigned in accordance with the procedure adopted by the SBSEF from time to time in order to access the SBSEF. The User ID assigned to an Authorized Trader may not be reassigned to another Authorized Trader.

- (b) Orders entered on the SBSEF must include the User ID assigned to the Authorized Trader. An Authorized Trader is prohibited from allowing any other Person to use such unique identification to enter Orders on the SBSEF. No Person may enter Orders on the SBSEF using a User ID that has not been assigned to such Person.
- (c) Each Participant shall be responsible for all Orders placed or Transactions executed using any of the User IDs assigned to its Authorized Traders.
- (d) Participants must terminate an Authorized Trader's access to the SBSEF upon termination of the Authorized Trader's employment at, or authorization or appointment by, the Participant.

Rule 4004 Execution of Transactions

- (a) No Person shall execute a Required Transaction subject to the SBSEF's jurisdiction other than via the Order Book unless such Transaction is a Package Transaction (Order Book Exempt) or a Clearing Exempt Transaction. All Required Cross Transactions will be subject to the time delay requirement set forth in Rule 4013.
- (b) No Person shall enter into a Clearing Exempt Transaction subject to the SBSEF's jurisdiction unless it (or, if applicable, its Customer or Client) or the counterparty to the SB Swap is eligible for and elects to rely on a Clearing Exception. Upon request of the SBSEF, a Participant Customer or Client shall submit to the SBSEF all documentation supporting eligibility for the applicable Clearing Exception.
- (c) Permitted Transactions (including Permitted Cross Transactions) may be executed through the SBSEF's Order Book as described in Rule 4005. In addition, Permitted Cross Transactions may be executed away from the SBSEF's Order Book as described in Rule 4006. Any SB Swap component of a Package Transaction (Order Book Exempt) may be executed in the same manner as any Permitted Cross Transaction as described in Rule 4006 or through the SBSEF's Order Book.
- (d) No executed Transactions may be submitted to the SBSEF.
- (e) Any Order or Cross Transaction that is submitted to the SBSEF may be modified or cancelled prior to execution.

Rule 4005 Order Book

- (a) All Orders posted to the Order Book are firm (*i.e.*, there are no indications of interest or indicative quotes allowed).
- (b) An acceptable Order must include a specific price and size and direction (buy/sell), as well information meeting the requirements of Rule 8001.

(c) Order Types.

- (1) An acceptable Order must indicate the time in force, which may include the following:
 - (i) “Day” (or “Fill-and-Store”) Orders are only good for the Business Day and applicable Trading Hours in which they are entered.
 - (ii) “All-or-None” (“AON”) Orders are either fully executed by a single matching contra Order or otherwise rejected.
 - (iii) “Good ‘til Time” (“GTT”) Orders are cancelled after a specified time if no matching contra Order is placed.
 - (iv) “One Cancels Other” (“OCO”) Orders are paired Orders stipulating that if one of the Orders is executed, the other is automatically cancelled.
 - (v) “Good ‘til Cancelled” (“GTC”) Orders are active until cancelled by the user.
- (2) Good ‘til Time, Good ‘til Cancelled and One Cancels Other Orders are all also Day Orders, in that they are only good for the Business Day and applicable Trading Hours in which they are entered, even if the time, price or execution conditions are not otherwise met.
- (3) Not all Order types are available for all SB Swaps. The table below shows the Order types available for each asset class:

Asset Class	Day	AON	GTT	OCO	GTC
Credit	✓	✓	✓	✓	✓
Equities	✓				

(d) Pre-Trade Controls.

- (1) Order Limits. The SBSEF may, within its sole discretion, set Order limits by product and by instrument within a particular asset class. Any of the following types of Order limits may be imposed:
 - (i) *Order Size Limit*: This is the maximum size allowed for an Order. Any Order submitted will be checked against the product/asset class’s Order Size Limit. If the Order exceeds this limit, such Order will be rejected and the Participant will be notified.
 - (ii) *Order Price Delta Limit*: This is the maximum price differential allowed for an Order. The Price Differential for each Order submitted will be checked against the product/asset class’s Order Price Delta Limit. If the Order’s Price Differential exceeds the applicable Order Price Delta Limit,

it will be rejected and the Participant will be notified. The “Price Differential” will be calculated as the absolute value of the Order price minus the Instrument Reference Price. The “Instrument Reference Price” is an estimated current price for the relevant SB Swap based on current trading data for that instrument on the SBSEF.

- (2) *Price Tick Deviation.* If the price for any Order entered into the Order Book is greater than (in the case of a buy order) or less than (in the case of a sell order) (i) the top contra-Order price or, if no contra-Orders exist in the Order Book, the Instrument Reference Price, plus (ii) the specified number of tick increments in the Maximum Price Tick Deviation parameter for the SB Swap, the Order will be rejected. The applicable Maximum Price Tick Deviation parameter is determined by the SBSEF from time to time in its sole discretion.
 - (3) *Restriction Against Self-Trading.* The Order Book system is configured to prohibit the matching of Orders placed by Authorized Traders of the same Participant.
- (e) Implied Orders. The SBSEF offers limited implied order functionality for SB Swaps in the Credit asset class. Under this functionality, individual separate Orders, which in aggregate would form the legs of a liquid spread trade, are displayed in the Order Book both as individual outright trades and in aggregate as a spread trade. This functionality is only made available for tenors at which spread trades are customarily transacted as determined by the SBSEF from time to time and displayed on the Order Book.
- (f) Order Entry.
- (1) Orders, including Orders for Required Cross Transactions and Permitted Cross Transactions, may be entered into the Order Book for execution either (i) directly by any Participant that has established direct connectivity to the SBSEF’s Order Management System, or (ii) by an Execution Specialist acting on the instruction of a Participant. Order information may be communicated by Participants to Execution Specialists via telephone and/or via electronic modes of communication such as email and instant message.
 - (2) An Order placed on the Order Book may be cancelled provided such Order has not been executed. The price or size of an Order placed on the SBSEF that has not fully traded may be revised. If the size is reduced, the time priority originally assigned to the Order does not change. Revising the price or increasing the size will reset the Order’s time priority in the queue to the time the SBSEF receives the revision. Order cancellations or revisions may be communicated by Participants to Execution Specialists via telephone and/or via electronic modes of communication such as email and instant message.
 - (3) When an Authorized Trader logs off and any relevant time-out has expired, (i) all Orders on the Order Book submitted by that Authorized Trader may be terminated or may remain live, depending on the manner in which the Authorized Trader has configured its account and (ii) where the Authorized Trader has entered the Order

on behalf of a Customer, all such Customer Orders will be terminated. If for any reason the connection to the SBSEF is lost and not re-established within any relevant time-out period, all Orders entered from that location on the SBSEF are deactivated.

(g) Order Book Display and Interaction.

- (1) Once an Order is entered into the Order Book, the Order is displayed simultaneously to all Participants that have established direct connectivity to the OMS and may be transacted on as described in Rule 4005(h) below.
- (2) All Orders will be displayed on an anonymous basis and each Order Book platform will show, in real-time, the best price and the depth per product.
- (3) For Participants that have direct connectivity to the OMS, each Order Book platform displays all executions to all Participants on an anonymous basis, and for each individual Participant, its Order and execution history for the trading day.
- (4) The SBSEF's Order Book supports the following Order interactions on any active Order, which may be taken only by the Participant who submitted the Order or by an Execution Specialist acting on the Participant's instructions:
 - (i) Amend, and
 - (ii) Cancel. (If a partially executed Order is cancelled, only the balance of the Order is cancelled.)
- (5) Information regarding Orders on the Order Book will be provided upon request to any Participant by an Execution Specialist via telephone and/or via electronic modes of communication such as email and instant message.

(h) Matching of Orders on the Order Book.

- (1) Matching. The SBSEF's Order Book offers two interaction options with respect to resting Orders, as described in this Rule 4005(h)(1). In each case, Orders will be executed using price and time priority.
 - (i) Matching with Resting Order. Subject to the requirements of Rule 4005(h)(2) below and depending on Order type (as described in Rule 4005(c)) and the Orders resting on the Order Book, Orders entered into the Order Book will be (i) matched (fully or partially) to one or more Orders within the Order Book based on price and time priority or (ii) cancelled.
 - (ii) Hitting or Lifting of Resting Orders. Subject to the requirements of Rule 4005(h)(2) below, a Participant may hit or lift, in whole or in part, any resting Order within the Order Book that is (i) at the best price(s) within the market for the relevant product, and (ii) if there are multiple Orders at the same price(s), entered first in the Order Book.

(2) Ability to Trade.

- (i) An Order for a Cleared SB Swap may only be hit or lifted by, or matched with a contra-Order for, a Participant (or a Participant's Customer or Client) that is, or whose Clearing Firm is, a Clearing Member at the Clearing Agency at which the SB Swap is to be cleared, and
- (ii) An Order for an Uncleared SB Swap may only be hit or lifted by, or matched with a contra-Order for, a Participant (or a Client or Customer of a Participant) that has an Uncleared SB Swap Agreement in place with the relevant counterparty and only to the extent that each counterparty has available credit line, both as described in Rule 4016.

Rule 4006 Permitted Cross Transactions

- (a) Permitted Cross Transactions may either be:
 - (1) Executed through the SBSEF's Order Book as described in Rule 4005, or
 - (2) Submitted to the SBSEF for execution away from the SBSEF's Order Book either (i) to an Execution Specialist, or (ii) directly by Participants that have established direct connectivity to the SBSEF.
- (b) Permitted Cross Transactions that are submitted to the SBSEF for execution away from the SBSEF's Order Book will be executed through either, depending on the product type, (1) the SBSEF's Deal Management System, or (2) if available, the OMS using Off-Book Ticket Functionality.
- (c) A Participant submitting a Permitted Cross Transaction to an Execution Specialist must provide the information required by Rule 8001. Permitted Cross Transactions may be communicated to an Execution Specialist via telephone and/or via electronic modes of communication such as email and instant message.
- (d) Amendments or other modifications to Permitted Cross Transactions previously executed on the SBSEF may be transacted on the SBSEF. Such amendments must be submitted to the SBSEF for processing away from the SBSEF's Order Book either (i) to an Execution Specialist, or (ii) directly by Participants that have established direct connectivity to the SBSEF.

Rule 4007 Mishandling of Customer Orders

Any Participant that mishandles any Customer Order is responsible for all remedial actions with respect to such Order.

Rule 4008 Trading Halts

The SBSEF, in its sole discretion, may declare a trading halt at any time.

Rule 4009 Termination of the SBSEF Connection

The SBSEF shall have the right to summarily terminate the direct, electronic connection of any Participant to the SBSEF. Any such termination shall be impartially enforced and shall be invoked only for technical reasons. Any affected Participant shall continue to have access to the SBSEF by means of an Execution Specialist, unless such access is denied in accordance with the procedures set forth in Rule 3103 or elsewhere in the SBSEF Rules.

Rule 4010 Risk Controls

- (a) The SBSEF may, in its sole discretion, to protect other Participants and the integrity of the SBSEF, reject any Order or Transaction placed or reported on the SBSEF.
- (b) The SBSEF shall have the right to take any action to prevent or reduce the potential of market disruption, including, but not limited to, market restrictions that pause or halt trading, if such action is in the best interest of the Security-Based Swap markets and/or the SBSEF.

Rule 4011 Priority of Customers' Orders

No Participant that is an Introducing Broker shall enter an Order into the SBSEF for its own account, an account in which it has a direct or indirect financial interest or an account over which it has discretionary trading authority, including, without limitation, an Order allowing discretion as to time and price, when such Introducing Broker is in possession of any Order in the same SB Swap for its Customer that the SBSEF is capable of accepting.

Rule 4012 Trading Against Customers' Orders Prohibited; Withholding Orders Prohibited

- (a) No Participant in possession of a Customer's Order shall knowingly take, directly or indirectly, the opposite side of such Order for its own account, an account in which it has a direct or indirect financial interest or an account over which it has discretionary trading authority.
- (b) The foregoing restriction shall not apply to Transactions where the Customer has granted prior consent and such consent is permitted under Applicable Law.
- (c) Except as otherwise explicitly permitted under this Rule 4012(c) and Rule 5202(b) no Person shall (i) disclose another Person's Order to buy or sell except to a designated SBSEF Official or the SEC, (ii) solicit or induce another Person to disclose Order information or (iii) take action or direct another to take action based on non-public Order information, however acquired. The mere statement of opinions or indications of the price at which a market may open or resume trading does not constitute a violation of this Rule. Nothing contained in this Rule 4012(c) shall prevent a Person from disclosing information as may be required by legal process (including subpoena or demand for productions) or to such Person's agents or advisors (including, but not limited to, accountants and auditors and legal counsel).

- (d) Any Participant entering Orders on the SBSEF for its Customer or Client shall not withhold or withdraw from the market any Order, or any part of an Order, for the benefit of any Person other than such Customer or Client.
- (e) A Participant must immediately enter into the SBSEF all Orders received from its Customers that are executable immediately. If a Participant cannot immediately enter into the SBSEF an Order received from its Customer, the Participant must enter the Order into the SBSEF as soon as practicable, and must immediately create an electronic record as provided in Rule 8002.

Rule 4013 Time Delay Requirement for Required Cross Transactions

- (a) With respect to Required Cross Transactions, the following conditions must be satisfied:
 - (1) in the case of an execution by a Participant as principal/dealer against a customer Order, the Customer Order shall be entered into the Order Book as a firm quote and exposed to the market for at least fifteen (15) seconds before the Participant's Order may be entered, and
 - (2) in the case of an execution by a Participant acting as broker of two (2) customers' Orders against each other following the pre-arrangement or pre-negotiation of such Orders, one side of the potential Transaction (the "Displayed Order") shall be entered into the Order Book as a firm quote and exposed to the market for at least fifteen (15) seconds before the second side of the potential Transaction (the "Waiting Order") may be entered.
- (b) With respect to a Required Cross Transaction subject to Rule 4013(a)(2) above, any Participant, Customer or Client whose Order is the Waiting Order shall not, directly or indirectly, execute against the Displayed Order prior to the time that entry of the Waiting Order is permitted under Rule 4013(a)(2) above.

Rule 4014 Transaction Confirmations

- (a) The SBSEF will generate and send a Confirmation to each counterparty to a Transaction as soon as technologically practicable after the time of execution of such Transaction. Upon receipt of a Confirmation, such counterparty shall, as soon as practicable, review the contents of such Confirmation and promptly report any errors or omissions to the SBSEF.
- (b) Each Participant, Customer and Client agrees that the Confirmation represents legally binding documentation memorializing the agreement of the parties to all the terms of the Transaction that were agreed to on the SBSEF and shall legally supersede any previous agreement regarding such terms.
- (c) For Transactions executed on or pursuant to the Rules of the SBSEF by an Introducing Broker on behalf of a Customer, the SBSEF may send a copy of the Confirmation described in Rule 4014(a) above to the Customer's Introducing Broker.

Rule 4015 Cleared SB Swaps

- (a) Each Cleared SB Swap shall be cleared through the Clearing Agency indicated in the applicable SB Swap Specification or agreed by the parties in accordance with Applicable Law, provided that the Clearing Agency must be one of those recognized by the SBSEF. The only Clearing Agency currently recognized by the SBSEF is ICE Clear Credit LLC. The SBSEF may recognize additional Clearing Agencies either through amendment of this Rule 4015(a) or by issuance of a Notice to Participants.
- (b) For each Cleared SB Swap a Participant expects to enter into via the SBSEF or subject to the SBSEF Rules (whether for itself or for a Client or Customer), the Participant or a Participant's Client or Customer, as applicable, must establish a clearing account with the relevant Clearing Agency or with a Clearing Firm that is a Clearing Member of such Clearing Agency. All Transactions in Cleared SB Swaps by a Participant or a Client or Customer, as applicable, must be guaranteed to the Clearing Agency by a Clearing Member following the Clearing Member's acceptance of such Transaction for clearing.
- (c) The SBSEF shall route each Cleared SB Swap executed on the SBSEF (and accepted for clearing by a Clearing Firm if the relevant party to the Transaction is Non-Self-Clearing) to the relevant Clearing Agency promptly after execution. The SBSEF may do so either by submitting the Cleared SB Swap directly to the Clearing Agency or by routing the Cleared SB Swap through an Affirmation Hub or other middleware provider. A Transaction will be deemed to have been accepted for, or rejected from, clearing upon receipt of appropriate notice, in accordance with Applicable Law, from the Clearing Agency or from a third party acting on behalf of the Clearing Agency as authorized by the Clearing Agency for such purpose. The acceptance of a Transaction for clearing shall not relieve any Participant, Client or Customer of the duty to act in good faith and with reasonable care and diligence.
- (d) If manual affirmation of a Transaction in a Cleared SB Swap is required prior to presentation of the Transaction to the relevant Clearing Agency, the Participant or Customer, as applicable, must Affirm the Transaction as soon as technologically practicable after execution so that each such Cleared SB Swap is promptly routed to and received by the applicable Clearing Agency.
- (e) If a Transaction in a Cleared SB Swap (including a Transaction that is a component leg of a Package Transaction) is rejected by the Clearing Agency or a third party acting on behalf of the Clearing Agency, such Transaction is void *ab initio* and shall be cancelled by the SBSEF. Trades that are rejected from clearing may not be held in a suspended state and then re-submitted.
- (f) Rejected Transactions in Cleared SB Swaps.
 - (1) If the SBSEF determines pursuant to the procedures set forth in Rule 5103.C. that a Transaction in a Cleared SB Swap (including a Transaction that is a component leg of a Package Transaction) is rejected from clearing (i) because of a clerical or operational error or omission made by the SBSEF or by one of the counterparties to the Transaction or its agent, or (ii) in the case of a component leg of a Package

Transaction, due to the sequencing of the submission of the component legs of the Package Transaction, a new trade, with terms and conditions that match the terms and conditions of the original trade, other than any such error or omission and time of execution (a “Correcting Trade”), may be executed on the SBSEF and submitted for clearing without having been executed pursuant to the methods set forth in Rule 815(a)(2) of Regulation SE.

- (2) If the SBSEF identifies and determines how to correct the error or omission, it may execute and submit for clearing the Correcting Trade without obtaining the consent of the counterparties.
 - (3) If the SBSEF is unable to determine how to correct the error or omission, the SBSEF, at its election, may either (x) seek guidance from the counterparties (and, if applicable, their agents and/or Clearing Firms) with respect to how to correct the error after which the SBSEF may then execute and submit for clearing the Correcting Trade with the consent of both counterparties, or (y) elect not to fix the Transaction, in which case the Transaction will be treated as void *ab initio* and shall be cancelled by the SBSEF.
 - (4) Execution of a Correcting Trade pursuant to this Rule 4015(f) must comply with the requirements specified in Rule 4019 and must occur as quickly as technologically practicable after receipt of notice of the rejection by the Clearing Agency, but, in any event, no later than sixty (60) minutes from issuance of such notice. If the Correcting Trade is rejected, such Transaction will be void *ab initio* and shall be cancelled by the SBSEF. The counterparties may not execute and submit a Correcting Trade a second time.
 - (5) The procedure set forth in this Rule 4015(f) is not available with respect to Transactions that are rejected from clearing for credit reasons.
- (g) Erroneously Cleared Transactions.
- (1) If it is determined pursuant to the procedures set forth in Rule 5103.C. that a Transaction in a Cleared SB Swap (including a Transaction that is a component leg of a Package Transaction) was incorrectly executed or cleared as the result of a clerical or operational error or omission (a “Cleared Error Trade”), the SBSEF may permit the original counterparties to the Transaction to execute and submit for clearing a new Transaction with terms and conditions that economically reverse the Cleared Error Trade (an “Offsetting Transaction”) without the Offsetting Transaction having to be executed pursuant to the methods required in Rule 815(a)(2) of Regulation SE. The SBSEF may also permit the original counterparties (or, if the wrong legal entity was assigned as a counterparty to the Cleared Error Trade, the intended counterparties) to enter into a Correcting Trade without the Correcting Trade having to be executed pursuant to the methods required in Rule 815(a)(2) of Regulation SE.

- (2) If the SBSEF identifies and determines how to correct the error or omission, it may execute and submit for clearing the Offsetting Trade and the corresponding Correcting Trade without obtaining the consent of the counterparties.
 - (3) If the SBSEF is unable to determine how to correct the error or omission, the SBSEF may either (x) seek guidance from the counterparties to the Transaction and, if applicable, their agents and/or Clearing Firms, after which the SBSEF may then correct the error by executing and submitting for clearing an Offsetting Trade and corresponding Correcting Trade with the consent of both counterparties, or (y) elect not to correct the error, in which case the Cleared Error Trade (*i.e.*, the original Transaction) shall stand as executed.
 - (4) Offsetting Trades and Correcting Trades executed pursuant to this Rule 4015(g) must comply with the requirements specified in Rule 4019 and must be executed and cleared no later than three (3) days after the Cleared Error Trade was accepted for clearing.
 - (5) The procedure set forth in this Rule 4015(g) is available only with respect to clerical or operational errors or omissions made by the SBSEF, a counterparty to a Transaction or an agent of a counterparty to a Transaction.
- (h) The SBSEF shall have the right to (i) suspend Trading Privileges of the Participant(s) that executed one or more rejected Transactions or prohibit further trading on behalf of the Client(s) or Customer(s) on whose behalf any rejected Transaction(s) were executed, or (ii) take any other action permitted by the SBSEF Rules. The liability for any losses arising out of or in connection with a rejected Transaction or a Cleared Error Trade will be determined by the parties to the Transaction. For the avoidance of doubt, the SBSEF will have no liability for any such losses.
- (i) It shall not be a condition for access to the SBSEF that any Participant be subject to a breakage agreement. This includes breakage agreements in respect of Package Transactions.
- (j) The clearing services provided by a Clearing Agency in respect of a Cleared SB Swap will be governed by the rules, policies and procedures of that Clearing Agency. In addition, with respect to any Clearing Agency that has been granted an exemption from registration as such, the clearing services provided by such Clearing Agency must comply with any terms and conditions imposed on that Clearing Agency by the SEC in connection with the Clearing Agency's exemption from registration.

Rule 4016 Uncleared SB Swaps

A Participant may enter into an Uncleared SB Swap for its own account only with a counterparty with which such Participant has entered into an Uncleared SB Swap Agreement. A Participant may enter into an Uncleared SB Swap on behalf of a Customer or Client only if such Customer or Client has entered into an Uncleared SB Swap Agreement with the relevant counterparty. The Participant and/or Customer or Client, as applicable, shall provide any information requested by the SBSEF in the processing and settlement of such Uncleared SB Swaps. In addition, a Participant, for itself

or on behalf of its Customer or Client may, from time to time, input onto the SBSEF's systems, either itself, or by instructing an Execution Specialist, the credit line for any or all parties with which it, or such Customer or Client, has an Uncleared SB Swap Agreement.

Rule 4017 Information Regarding Orders and Dissemination of Trade Data

- (a) The SBSEF may make information regarding Orders (including prices and amounts), Transactions and any other matters it may deem appropriate available to Participants and other Persons at such times and in such manner (whether through the SBSEF, a ticker, financial information services or otherwise) as it may consider necessary from time to time. In accordance with Rule 5702, each Participant or other Person receiving any such information through the SBSEF may redistribute such information only to such extent and in such manner as may be permitted by the SBSEF from time to time.
- (b) Notwithstanding the foregoing, neither the SBSEF nor any other Person shall make available to one or more Persons (other than a counterparty to an SB Swap, an Introducing Broker acting on behalf of a counterparty to an SB Swap or an Affirmation Hub or other post-trade processor) transaction information relating to an SB Swap before the primary trade information about the SB Swap is sent to an SB-SDR, whether by the SBSEF or the Reporting Side, in accordance with the requirements of Regulation SBSR; provided, however, that anonymous transaction information displayed on an Order Book shall not violate this Rule 4017(b).

Rule 4018 Enforceability

- (a) A Transaction entered into on or pursuant to the SBSEF Rules shall not be void, voidable, subject to rescission or otherwise invalidated or rendered unenforceable as a result of a violation by the SBSEF of the provisions of Section 3D of the Securities Exchange Act or the SEC Regulations thereunder.
- (b) Without limiting the generality of the foregoing, failure of the SBSEF to broadcast any message in respect of a Transaction made on the SBSEF shall not invalidate any Transaction recorded by the SBSEF.

Rule 4019 Pre-Execution Credit Checks

- (a) At the time of submitting an Order for any Cleared SB Swap (including any Cleared SB Swap that is a component of a Package Transaction), a Participant (whether for itself or for a Customer or Client) must designate a Clearing Member with regard to the Transaction, which may be either the relevant party to the Transaction if such party is Self-Clearing or a designated Clearing Firm if the relevant party to the Transaction is Non-Self-Clearing.
- (b) Prior to the execution of any Order for a Cleared SB Swap (including any Cleared SB Swap that is a component of a Package Transaction) for which the relevant party is Non-Self-Clearing, the SBSEF will facilitate pre-execution credit screening by or on behalf of the designated Clearing Firm. Upon receiving confirmation that the Order satisfies the Clearing Firm's pre-execution limits with respect to such party, the SBSEF will accept the Order for execution. If the SBSEF does not promptly receive confirmation or receives

confirmation that the Order does not satisfy the Clearing Firm's pre-execution limits with respect to such party, the SBSEF will cancel the Order.

- (c) Any party that is Self-Clearing with respect to a Transaction is deemed to represent, by submitting an Order for its proprietary account or, in the case of a Customer, causing its Introducing Broker to do so, that it has completed pre-execution screening of its internal clearing risk limits for proprietary accounts.

Rule 4020 Post-Trade Name Give-Up

- (a) No person shall directly or indirectly, including through a third-party service provider, disclose the identity of a counterparty to an SB Swap that is executed anonymously and intended to be cleared. For purposes of this Rule 4020(a) the phrase "executed anonymously" includes SB Swaps that are pre-arranged or pre-negotiated anonymously, including by a Participant of the SBSEF.
- (b) With respect to any Package Transaction that includes a component transaction that is not an SB Swap intended to be cleared, disclosing the identity of a counterparty shall not violate paragraph (a) of this Rule 4020.

SECTION 5
CONDUCT OF PARTICIPANTS AND OTHER PERSONS

DUTIES AND OBLIGATIONS

Rule 5000 Duties and Responsibilities of Participants, Customers and Clients

Each Participant shall (and shall cause all of its respective Supervised Persons to) and each Customer, Client and any other Person subject to the jurisdiction of the SBSEF shall:

- (a) use the SBSEF and effect Transactions in a responsible manner and not for any improper purpose;
- (b) use the SBSEF only to conduct permitted activity as determined by the SBSEF;
- (c) comply with the SBSEF Rules and conduct all such activity in a manner consistent with the SBSEF Rules and Obligations;
- (d) comply with Applicable Law;
- (e) settle all Transactions entered into on or pursuant to the SBSEF Rules;
- (f) observe high standards of integrity, market conduct, commercial honor, fair dealing and just and equitable principles of trade while conducting or attempting to conduct any activity on or through the SBSEF or any aspect of any business connected with or concerning the SBSEF;
- (g) not knowingly mislead or conceal any material fact or matter in any dealings or filings with the SBSEF or in response to any SBSEF Proceeding;
- (h) keep any User IDs, account numbers and passwords related to the SBSEF confidential;
- (i) employ practices to monitor and enforce compliance with risk limits established in conformance with Applicable Law; and
- (j) keep, or cause to be kept, complete and accurate Records in accordance with Rule 8002.

Rule 5001 Required Disclosures to the SBSEF

- (a) Each Participant, Customer and Client shall immediately notify the Market Regulation Department in writing at such time as it becomes aware of the occurrence of any of the following events, either with respect to itself or in the case of a Participant that is an Account Manager or Introducing Broker, with respect to a Client or Customer, as applicable:
 - (1) any material change to the contact or other information provided to the SBSEF by such Person;

- (2) any damage to, or failure or inadequacy of, the systems, facilities or equipment of such Person to effect Transactions pursuant to the SBSEF Rules;
- (3) any failure to timely perform such Person's financial obligations under or in connection with any SB Swaps of such Person (or SB Swaps of any Customer or Client of such Person, as applicable);
- (4) any violation of Applicable Law in connection with such Person's access to, or activities on the SBSEF, including the requirements of the SEC and, if applicable, any Self-Regulatory Organization;
- (5) a Material Adverse Change in such Person's financial condition or in the financial condition of an Affiliate of such Person if such change materially impacts such Person's ability to satisfy its obligations under the SBSEF Rules;
- (6) any refusal of admission of such Person to any SEF, Security-Based Swap Execution Facility, commodity or securities exchange, DCM, DCO, Clearing Agency, Self-Regulatory Organization or other business or professional association, or withdrawal by such Person of any application for participation or membership in any SEF, Security-Based Swap Execution Facility, commodity or securities exchange, DCM, DCO, Clearing Agency, Self-Regulatory Organization or other business or professional association;
- (7) the indictment or conviction of, or any confession of guilt or plea of guilty or *nolo contendere* by any principals, senior officers or Supervised Persons of such Person for any felony of any nature or misdemeanor involving, arising from, or related to, the purchase or sale of any SB Swap, swap, option, security or other financial instrument, or involving or arising from moral turpitude, misrepresentation, fraud, deceit, theft, embezzlement, gambling, conversion or abuse of a fiduciary relationship;
- (8) the issuance of a formal order of investigation (or its equivalent), or the commencement, by the issuance or service of a written complaint (or its equivalent), of any judicial, administrative or self-regulatory proceeding, as the case may be, against such Person (or, if applicable, any of its respective Supervised Persons) by the CFTC, the SEC, the securities commission or equivalent authority of any state, territory, the District of Columbia or foreign country, or any SEF, Security-Based Swap Execution Facility, commodity or securities exchange or related clearing organization, DCM, DCO, Clearing Agency, any Self-Regulatory Organization or other business or professional association;
- (9) the bankruptcy or insolvency of such Person or any of its Affiliates; or
- (10) any revocation, suspension or conditioning of any registration or license of a Person necessary to conduct SBSEF Activity granted by any relevant Governmental Body;
- (11) any suspension, expulsion, bar, fine, censure, cease and desist order, temporary or permanent injunction, denial of Trading Privileges or any other sanction or

discipline imposed on such Person (or, if applicable, any of its respective Supervised Persons), whether through an adverse determination, voluntary settlement or otherwise, by:

- (i) a Security-Based Swap Execution Facility, SEF, commodity or securities exchange, DCM, DCO, Clearing Agency, Self-Regulatory Organization or other business or professional association;
 - (ii) the SEC, the CFTC or the securities commission or equivalent authority of any state, territory, the District of Columbia or foreign country; or
 - (iii) any federal court, state court, Government Agency not mentioned above or quasi-governmental body.
- (b) Each Participant, Customer and Client shall notify the Market Regulation Department in writing within ten (10) days of becoming aware of the occurrence of any of the following events:
- (1) any denial or withdrawal of any application for any registration or license with respect to such Person (or, if applicable, any of its respective Supervised Persons) by or from the SEC, the CFTC or the securities commission or equivalent authority of any state, territory, the District of Columbia or foreign country, or
 - (2) the issuance of a bar by any agency of the United States from contracting with the United States.

TRADING CONDUCT

Rule 5100 Fraudulent Acts and Abusive Trading Practices Prohibited

- (a) No Person shall intentionally or recklessly, directly or indirectly, engage in, or attempt to engage in, any fraudulent act or intentionally or recklessly, directly or indirectly, engage in, or attempt to use or employ any manipulative device, scheme or artifice to defraud, deceive, trick or mislead, in each case in connection with or related to any SBSEF Activity including, without limitation, any of the following trading practices except as otherwise authorized under the SBSEF Rules:
- (1) parking;
 - (2) pre-arranged trading (it being understood that pre-arranged trading does not include Transactions resulting from pre-execution communications to the extent permitted by Rule 5202(b));
 - (3) adjusted trading or overtrading;
 - (4) front-running;
 - (5) wash trading;

- (6) cross transactions (other than as expressly permitted by the SBSEF Rules);
- (7) money passes;
- (8) non-competitive transactions (unless otherwise exempt or excluded pursuant to the SBSEF Rules);
- (9) accommodation trading;
- (10) fraudulent trading;
- (11) any other trading practices that the SBSEF or the SEC deems to be abusive; or
- (12) any other manipulative or disruptive trading practices prohibited by the Securities Exchange Act or by the SEC pursuant to SEC Regulation.

Additionally, no Person shall knowingly execute or accommodate the execution of any such activity by direct or indirect means.

- (b) No Participant, Customer, Client, Supervised Person or any other Person shall trade on the SBSEF any SB Swap that is not authorized to trade on the SBSEF.

Rule 5101 Good Faith Bids and Offers

No Participant, Customer, Client, Supervised Person or any other Person shall knowingly enter or cause to be entered, bids or offers into the SBSEF other than in good faith for the purpose of executing *bona fide* Transactions.

Rule 5102 Invalid Transactions

- (a) A Transaction made or purported to be made on or pursuant to the SBSEF Rules may be declared invalid by the SBSEF in the following circumstances:
 - (1) *Unrepresentative Price*. If, taking into consideration current market conditions, the SBSEF determines that a Transaction has taken place at an unrepresentative price, the SBSEF, at its absolute discretion, may declare such Transaction invalid. The SBSEF may take into account such information as it deems appropriate when determining whether to invalidate a Transaction, including, without limitation, the following:
 - (i) market or other information regarding price movement of Swap or Security-Based Swap contracts with similar terms;
 - (ii) current market conditions, including levels of activity and volatility;
 - (iii) time period between different quotes and between quoted and traded prices; or
 - (iv) manifest error.

- (2) *Breach of Applicable Law.* If the SBSEF determines that a Transaction has been made in breach of Applicable Law, the SBSEF may declare the Transaction invalid.
- (b) When a Transaction is declared invalid by the SBSEF, the parties to the Transaction will be notified by the SBSEF of that fact, and the invalid Transaction will be displayed in the relevant SBSEF trade blotter as a cancelled (or “busted”) Transaction.

Rule 5103 Trade Cancellation, Correction, Offset and Adjustment – General

- (a) Any Transaction executed on or pursuant to the Rules of the SBSEF can be canceled, corrected, adjusted or offset only in accordance with this Rule 5103 and Rule 4015.
- (b) A Participant involved in a Transaction that was incorrectly executed, cleared or rejected from clearing as a result of an Error and acting as an Account Manager or Introducing Broker shall have the authority to request or consent to the cancellation, adjustment or offset, as applicable, of such Transaction on behalf of its relevant Client or Customer involved in the Transaction.
- (c) References in the SBSEF Rules to Rule 5103 shall include Rule 5103.A. through Rule 5103.D., unless the context otherwise requires.

Rule 5103.A. SBSEF Authority Regarding Trade Cancellation, Correction, Offset and Adjustment

The SBSEF has authority to cancel, or adjust the price of, any Transaction executed on or pursuant to the SBSEF Rules, or to execute or require the execution of a new or offsetting Transaction:

- (d) when the SBSEF determines in its sole discretion such action is necessary to mitigate market disrupting events caused by the improper or erroneous use of the SBSEF or by system defects;
- (e) at any time the SBSEF 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;
- (f) in accordance with Rule 4015 and Rule 5103;
- (g) where the Transaction was intended to be cleared and was submitted to a Clearing Agency via an Affirmation Hub or other middleware provider but was not presented to the Clearing Agency for clearing due to a post-execution processing issue;
- (h) where the SBSEF determines in its sole discretion that a mistake occurred as a result of an error by an Execution Specialist; or
- (i) to comply with Applicable Law.

Rule 5103.B. Transaction Price Review

- (a) Determination to Review a Transaction’s Price.

- (1) The SBSEF may determine to review a Transaction's price based on its independent analysis of market activity or upon a Participant's request.
 - (2) A Participant's request for review must be made within ten (10) minutes of execution of the relevant Transaction and must include the Transaction ID for the Transaction and a statement of the grounds for the review. In the absence of a timely request for review, the SBSEF may determine whether or not a Transaction will be subject to review in its sole discretion. Notwithstanding the foregoing, subject to Applicable Law, the SBSEF shall amend the terms of, or cancel, any Transaction that the parties, together with the Clearing Agency, as applicable, mutually agree to amend or cancel, even in the event that such amendment or cancellation is not submitted to the SBSEF within the applicable review period specified above.
- (b) Review of a Transaction's Price.
- (1) In reviewing a Transaction's price, the SBSEF shall use good faith efforts to determine the fair mid-market price for the SB Swap at the time the Transaction was executed. The SBSEF may consider any relevant information, including, but not limited to, the last transaction price of the SB Swap or a better bid/offer, a more recent price for a different maturity date, the price of the same or related SB Swap established in another venue or another market, the market conditions at the time of the Transaction and the theoretical value of an option based on the most recent implied volatility.
 - (2) Following the SBSEF's determination of a Transaction's fair mid-market price in accordance with Rule 5103(b)(1) above, the SBSEF shall have the right, in its sole discretion, to cancel or adjust the price of such Transaction or to require the entry into an offsetting Transaction; *provided, however*, that the SBSEF shall not make any such cancellation or price adjustment or require the entry of an offsetting Transaction if such action would, in the SBSEF's sole discretion, (i) adversely impact market integrity, (ii) facilitate market manipulation or other illegitimate activity or (iii) otherwise violate the Securities Exchange Act, SEC Regulations or the SBSEF Rules.
 - (3) The method of adjustment or cancellation of any Cleared SB Swap that is adjusted or cancelled shall be the method provided for by the rules and procedures of the relevant Clearing Agency.

Rule 5103.C. Review of Transactions for Errors

- (a) If a Participant, Client or Customer believes that any Transaction was incorrectly executed, cleared or rejected from clearing as a result of an Error (as defined in Rule 5103(f) below), such Person shall, promptly after discovery of the Error, request a review of the Transaction by providing the Transaction ID for the Transaction and describing the Error or stating the grounds for the disagreement.
- (b) Upon timely receipt by the SBSEF of a request for a Transaction review in accordance with Rule 5103(a) above, or if the SBSEF determines on its own initiative to conduct such a

review, the SBSEF will review its electronic audit trail and other relevant Records to determine if an Error occurred. If the request for review is not timely, the SBSEF may, in its sole discretion, perform a review of the Transaction.

- (c) If the review described in this Rule 5103.C. reveals that the Transaction was incorrectly executed, cleared or rejected from clearing as a result of an Error, the SBSEF may cancel or adjust the Transaction, or execute or require the execution of a new or offsetting Transaction (in accordance with the procedures specified in Rule 4015 for Cleared SB Swaps), as appropriate; *provided, however*, that the SBSEF shall not take any action pursuant to this Rule 5103(c) if such action would, in the SBSEF's sole discretion, (i) adversely impact market integrity, (ii) facilitate market manipulation or other illegitimate activity or (iii) otherwise violate the Securities Exchange Act, SEC Regulations or the SBSEF Rules.
- (d) If the review described in this Rule 5103.C. reveals that the Transaction was not incorrectly executed, nor cleared or rejected from clearing as a result of an Error, then no adjustment shall be made.
- (e) If a Transaction is reviewable for price under Rule 5103.B., the procedures of this Rule 5103.C. shall not apply. For the avoidance of doubt, if a Transaction was correctly executed but the reporting to the SB-SDR was in error, Rule 8004 shall apply and this Rule 5103.C. shall not apply.
- (f) For purposes of this Rule 5103.C., an "Error" shall mean the occurrence of any of the following:
 - (1) A mistake made as the result of a malfunction of the SBSEF or human error, including a mistake made by an Execution Specialist, Participant, Client or Customer (or any agent of any of the foregoing);
 - (2) An Order was incorrectly displayed and/or executed;
 - (3) A clerical or operational error or omission made by the SBSEF or a Participant, Client or Customer (or any agent of any of the foregoing) that caused a transaction to be rejected from clearing and void *ab initio*;
 - (4) A Clearing Firm or Clearing Agency 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; or
 - (5) Where a Transaction was intended to be cleared and was submitted to a Clearing Agency via an Affirmation Hub or other middleware provider but was not presented to the Clearing Agency for clearing due to a post-execution processing issue.

Rule 5103.D. Records and Reporting of Cancellations and Price Adjustments

- (a) Cancelled Transactions and any prices that have been adjusted shall be cancelled in the SBSEF's official Records.
- (b) Transactions that have had their price adjusted shall be reflected in the SBSEF's official Records at the adjusted price.
- (c) If a Transaction reported by the SBSEF in accordance with Rule 8004 is either cancelled or adjusted pursuant to Rule 5103, the SBSEF shall submit a cancellation or correction of the Transaction to the same SB-SDR to which the Transaction was previously reported.

Rule 5104 Misuse of the SBSEF

Misuse of the SBSEF is strictly prohibited. Only SB Swaps can be traded on the SBSEF. It shall be a violation of the SBSEF Rules for any Person to willfully or negligently engage in unauthorized access to the SBSEF, to assist any Person in obtaining unauthorized access to the SBSEF, to trade on the SBSEF without the authorization of a Participant, to alter the equipment associated with the SBSEF, to interfere with the operation of the SBSEF, to use or configure a component of the SBSEF in a manner that does not conform to the SBSEF Rules, to intercept or interfere with information provided on or through the SBSEF, or in any way to use the SBSEF in a manner contrary to the SBSEF Rules.

VIOLATIONS

Rule 5200 Rule Violations

- (a) It shall be a violation for a Participant, Customer, Client, Clearing Firm, Supervised Person, ISV or any other Person subject to the jurisdiction of the SBSEF to violate any SBSEF Rule, to breach any agreement made with the SBSEF, to violate Applicable Law, or to engage in fraud, dishonorable conduct, or in conduct which is inconsistent with just and equitable principles of trade.
- (b) Participants, Customers, Clients, Clearing Firms, Supervised Persons, ISVs and all other Persons subject to the SBSEF's jurisdiction shall assist the SBSEF in any investigation into potential violations of Applicable Law. Such assistance must be timely and may include, but not be limited to, producing documents, answering questions from the SBSEF or its designee, and/or appearing in connection with an investigation.
- (c) If a Participant, Customer, Client, Clearing Firm or any other Person subject to the jurisdiction of the SBSEF has actual or constructive notice of a violation in connection with the use of the SBSEF by a Participant, Client, Customer, Clearing Firm, Supervised Person or any other Person and such Person fails to notify the Market Regulation Department within a reasonable time, such Person may be found to have committed an act detrimental to the interest or welfare of the SBSEF.

Rule 5201 Fictitious or Wash Transactions Prohibited

No Person that directly or indirectly effects a transaction on or pursuant to the SBSEF Rules shall create fictitious transactions or wash transactions. No Person shall place or accept Orders in the same SB Swap where the Person knows or reasonably should know that the purpose of the Orders is to avoid taking a bona fide market position exposed to market risk (transactions commonly known or referred to as wash sales). Orders for different accounts with common beneficial ownership that are entered with the intent to negate market risk or price competition shall also be deemed to violate the prohibition on wash trades. Additionally, no Person shall knowingly execute or accommodate the execution of such Orders by direct or indirect means.

Rule 5202 Permitted Pre-Execution Communications

- (a) No Person shall engage in pre-arranged transactions on, or pursuant to the Rules of, the SBSEF, except as permitted by Rule 5202(b).
- (b) Participants, Customers, Clients and Supervised Persons may engage in pre-execution communications (including communications with respect to Orders) relating to:
 - (1) Permitted Cross Transactions;
 - (2) Transactions executed pursuant to the procedures specified in Rule 4015(e) and Rule 4015(f);
 - (3) Package Transactions (Order Book Exempt); and
 - (4) Required Cross Transactions;

provided that with respect to any pre-execution communications permitted by (1) through (4) above:

- (i) the parties to the pre-execution communications do not disclose to a non-party the details of such communications or use the information obtained in a manner contrary to Applicable Law, and
- (ii) the requirements of Rule 4013 are satisfied to the extent applicable.

Nothing contained in this Rule 5202(b) shall prevent a Person from disclosing information as may be required by legal process (including subpoena or demand for productions) or to such Person's agents or advisors (including, but not limited to, accountants and auditors and legal counsel).

Rule 5203 Market Disruptions Prohibited

Orders entered into the SBSEF for the purpose of upsetting the equilibrium of the market in any SB Swap or creating a condition in which prices do not or will not reflect fair market values are prohibited, and any Participant, Customer, Client, Supervised Person or other Person who makes 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 SBSEF in violation of this Rule 5203.

Rule 5204 Market Manipulation Prohibited

No Person shall attempt to manipulate or manipulate the price of any SB Swap including, without limitation, cornering, “front-running”, “money passes”, trading ahead of customer orders, trading against customer orders, accommodation trading, or combination or improper cross trading involving, for example and without limitation, a short term riskless transaction taking advantage of an incoming Order or the offset of a prior position to avoid an adverse market move.

Rule 5205 [Reserved]

Rule 5206 Prohibition of Misstatements

No Person shall make any knowing misstatement of a material fact to the SBSEF, any SBSEF Official, any Board committee or SBSEF Panel, any agent of the SBSEF (including the Regulatory Services Provider) or any Participant, Customer, Client or Supervised Person. All data or other information submitted from time to time by any Participant, Customer, Client or Supervised Person to the SBSEF, or by the SBSEF on behalf of any such Person, to any Clearing Firm, Affirmation Hub, Clearing Agency or SB-SDR, shall be accurate and complete in all material respects as of the time submitted.

Rule 5207 Acts Detrimental to the SBSEF Prohibited

No Person shall engage in any act that is detrimental to the SBSEF.

Rule 5208 Adherence to Law

No Person shall engage in conduct that is a violation of the Applicable Law.

Rule 5209 Communications with the Public and Promotional Material

Promotional material and similar information issued by Participants shall comply with Applicable Law.

SUPERVISION

Rule 5300 Duty to Supervise

Each Participant shall establish, maintain and administer reasonable written supervisory procedures to monitor the compliance of its Supervised Persons with the SBSEF Rules and any applicable provisions of the Securities Exchange Act or SEC Regulations and such Participant may be held accountable for the actions of such Supervised Persons.

INSPECTIONS

Rule 5400 Inspections by the SBSEF

- (a) The SBSEF or the Regulatory Services Provider (and their respective authorized representatives), shall have the right, in connection with determining whether all Obligations are being, will be, or have been complied with by a Participant, Customer, Client or any other Person subject to the SBSEF's jurisdiction, to:
 - (1) inspect books and records, systems, equipment and software operated by such Person in connection with any SBSEF Activity, wherever located;
 - (2) access the systems, equipment, software and the premises on which the systems, equipment and software are located and any data stored in any of the systems or equipment, during the regular business hours and the Trading Hours of the SBSEF without prior notice to such Person; and/or
 - (3) remove, copy or reproduce any data to which the SBSEF has access under the SBSEF Rules.
- (b) Each such Person shall provide the Regulatory Services Provider with the same access to its books and records and offices as it is required to provide the SBSEF under the SBSEF Rules and Applicable Law.
- (c) The Market Regulation Department may require any Person subject to the jurisdiction of the SBSEF to furnish to the Market Regulation Department (periodically or on a particular occasion) information concerning the Person's activity on the SBSEF.
- (d) The SBSEF shall provide prior notice to a Person in the event of an inspection that has been prescheduled by the SBSEF.

INFORMATION SHARING

Rule 5500 Information-Sharing

- (a) The SBSEF may enter into information-sharing agreements or other arrangements or procedures to establish and enforce rules that will allow the SBSEF to obtain any necessary information to perform any monitoring of trading and trade processing, provide information to the SEC upon request and that allow the SBSEF to carry out such international information-sharing agreements as the SEC may require. As part of any information-sharing agreements or other arrangements or procedures adopted pursuant to this Rule 5500, the SBSEF may:
 - (1) provide market surveillance reports to other markets;
 - (2) share information and documents concerning current and former Participants, Clients and Customers with other markets;

- (3) share information and documents concerning ongoing and completed investigations with other markets; and/or
 - (4) require its current or former Participants, or their Customers or Clients, to provide information and documents to the SBSEF at the request of other markets with which the SBSEF has an information-sharing agreement or other arrangements or procedures.
- (b) The SBSEF may enter into any arrangement with any Person or body (including, without limitation, the SEC, the NFA, any Self-Regulatory Organization, any exchange, market, SB-SDR, reporting services or clearing organization or foreign regulatory authority) if the SBSEF considers such arrangement to be in furtherance of the SBSEF's purpose or duties under Applicable Law.
 - (c) The SBSEF may disclose to any Person or entity information concerning or associated with a Participant or other Person where the SBSEF believes such disclosure is reasonably necessary and appropriate in exercising a legal or regulatory function.
 - (d) Participants, Customers, Clients and any other Person subject to the SBSEF's jurisdiction shall provide the SBSEF any requested information pursuant to the SBSEF Rules or Applicable Law as necessary for the SBSEF to perform any of the functions described in these SBSEF Rules.

FINANCIAL REQUIREMENTS

Rule 5600 Minimum Financial and Related Reporting Requirements

- (a) Each Participant that is registered with any Government Agency, including the CFTC and the SEC, or a Self-Regulatory Organization shall comply with the provisions of Applicable Law, including, but not limited to, the rules and regulations such Government Agency or Self-Regulatory Organization imposes on a Participant relating to minimum financial and related reporting and recordkeeping requirements.
- (b) Each Participant shall qualify as an ECP and undertake to timely update any change to the Participant's status as an ECP.
- (c) A copy of any notice or written report that a Participant is required to file with the SEC pursuant to Rule 17a-11 of the Securities Exchange Act shall be concurrently provided to the SBSEF.
- (d) A Participant who is subject to and violates any SEC Regulation regarding net capital or other SEC Regulations regarding required financial standards or reporting obligations shall be deemed to have violated this Rule 5600.

Rule 5601 Confidentiality of Financial and Other Information

All information and data obtained or received by the Market Regulation Department from inspections of accounting and other records, quarterly balance sheets and declarations or reports

on financial condition will be treated as confidential by the SBSEF; however, this Rule 5601 does not supplant Rule 5500 and the SBSEF Rules in Section 7, Applicable Law, or any other requirement of legal process or law.

Rule 5602 Authority to Impose Restrictions

Whenever a Participant is subject to the early warning requirements regarding net capital set forth in SEC Regulations, the SBSEF may impose such conditions or restrictions on the business and operations of such Participant as the SBSEF may deem necessary or appropriate for the protection of customers, other Participants or the SBSEF.

Rule 5603 Additional Disclosure Requirements

Each Participant must comply with all disclosure requirements set forth in applicable SEC and Self-Regulatory Organization rules and regulations. Any such disclosure may be combined with a disclosure regarding the existence of financial interests held by the Participant in the SBSEF or any other exchange.

MISCELLANEOUS

Rule 5700 Gifts and Gratuities

Except as permitted in writing by the Chief Compliance Officer, no Participant shall, directly or indirectly, give anything of value, including gifts and gratuities, in excess of one hundred dollars (\$100) per individual per year to a Director, Officer or SBSEF employee. Participants shall maintain and enforce written policies and procedures to prevent the giving of prohibited gifts and gratuities.

Rule 5701 Anti-Money Laundering and Anti-Terrorism

It is SBSEF policy: (1) not to engage in or knowingly assist any money laundering or other illicit business, and (2) not to engage in or knowingly assist, or be a conduit for, terrorist financing. Participants will be required to provide sufficient information for Participants and their Customers or Clients, if applicable, for SBSEF to conduct restricted list searches, including, but not limited to, searches against the Specially Designated Nationals and Blocked Persons list maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury.

Rule 5702 Market Data

- (a) All Participants, Customers, Clients, Supervised Persons and any other Person subject to the jurisdiction of the SBSEF, as well as all agents, vendors and other Persons affiliated with the foregoing, understand and acknowledge that the SBSEF has a proprietary interest in:
 - (1) the price and quantity data from each and every Transaction executed on the SBSEF or subject to the SBSEF Rules, including the time at which the Transaction was executed on the SBSEF;

- (2) the price and quantity data for each and every Order submitted to the SBSEF, including the time at which the Order was entered;
 - (3) the yield curves and reference prices prepared by the SBSEF;
 - (4) any data and information derived from (1), (2) and (3) and the format and presentation thereof (except a Participant's confidential information or data); and
 - (5) the transmissions and dissemination of the data and information to Participants, any publisher of the data or information with whom the SBSEF has a written agreement, and any other Persons.
- (b) Except with respect to such Person's confidential information or data, no Person may distribute, sell or retransmit any other information displayed on the SBSEF to any third party without the express written consent of the SBSEF.
 - (c) The SBSEF may at any time restrict or establish utilization fees in respect of data described in Rule 5702(a), including with respect to all or any Participants, Customers or Clients, in order to safeguard the security or operations of the SBSEF or to preserve market integrity, fair and orderly trading, or if otherwise in the public interest.

Rule 5703 Extension or Waiver of SBSEF Rules

If necessary and expedient, the SBSEF may, in its sole discretion, waive, or extend the time period for performing, any act or acts designated by the SBSEF Rules, but only to the extent such waiver or extension is not inconsistent with the SEA or the SEC Regulations.

SECTION 6
ENFORCEMENT OF RULES AND
DISCIPLINARY PROCEEDINGS

Rule 6000 General

- (a) Any Person is subject to this Section 6 if such Person is alleged to have violated, to have aided and abetted a violation, to be violating, or to be about to violate, any SBSEF Rule or any other provision of Applicable Law for which the SBSEF has disciplinary jurisdiction.
- (b) The SBSEF, through its Market Regulation Department, Review Panels, Disciplinary Panels and Appeals Panels 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 Section 6.
- (c) The SBSEF and its Regulatory Services Provider are parties to a Regulatory Service Agreement as referenced in Rule 2600, pursuant to which the Regulatory Services Provider has agreed to perform certain regulatory services described in this Section 6 on behalf of SBSEF. The SBSEF Rules that refer to the SBSEF, SBSEF staff, the Market Regulation Department and other SBSEF departments should be understood as also referring to the Regulatory Services Provider, the Regulatory Services Provider staff and the Regulatory Services Provider departments acting on behalf of SBSEF pursuant to the Regulatory Services Agreement. Notwithstanding the fact that the SBSEF has entered into the Regulatory Services Agreement with its Regulatory Services Provider to perform some of the SBSEF's functions, the SBSEF shall retain ultimate legal responsibility for, and control of, such functions.
- (d) No SBSEF Official will interfere with or attempt to influence the process or resolution of a Disciplinary Action except to the extent provided under the SBSEF Rules with respect to a proceeding in which the SBSEF Official is a member of the relevant panel.
- (e) Any Person subject to this Section 6 may be represented by counsel during any Disciplinary Action pursuant to this Section 6.
- (f) The SBSEF may hold a Participant, Customer, Client or other Person subject to the SBSEF's jurisdiction liable for, and impose sanctions against such Person, for such Person's own acts and omissions that constitute a violation, as well as for the acts and omissions of each (A) Authorized Trader or other Supervised Person of such Person, (B) other Person using a User ID of such Person or login credentials linked to the Person or Person's User ID, (D) agent or representative of such Participant or (E) Client or Customer of such Person, in each case, that constitute a violation as if such violation were that of the Participant.
- (g) The SBSEF may hold an Authorized Trader liable for, and impose sanctions against such Authorized Trader for, such Authorized Trader's own acts and omissions that constitute a violation as well as or for the acts and omissions of any agent or representative of such Authorized Trader that constitute a violation as if such violation were that of the Authorized Trader.

- (h) In the event that the Chief Compliance Officer has a Material Conflict of Interest as defined in Rule 2500(a) in respect of any matter under this Section 6, (i) the Chief Compliance Officer shall notify the Regulatory Oversight Committee of such Material Conflict of Interest and (ii) the Regulatory Oversight Committee shall appoint a member of the Market Regulation Department to carry out the Chief Compliance Officer's duties in the Chief Compliance Officer's stead with respect to that matter.

Rule 6001 Inquiries and Investigations

- (a) The Market Regulation Department shall investigate potential or alleged violations of the SBSEF Rules. The Market Regulation Department will commence an investigation (i) upon the receipt of a request from SEC staff or (ii) upon the discovery or receipt of information that, in the judgment of the Market Regulation Department, indicates a reasonable basis for finding that a violation may have occurred or will occur. The Market Regulation Department will determine the nature and scope of its inquiries and investigations and will function independently of any commercial interests of the SBSEF.
- (b) The Market Regulation Department may:
 - (1) initiate and conduct inquiries and investigations, and engage such third-party advisors, including legal counsel, as it deems appropriate;
 - (2) prepare Investigation Reports and make recommendations concerning initiating disciplinary proceedings;
 - (3) prosecute alleged violations within the SBSEF's disciplinary jurisdiction; and
 - (4) represent the SBSEF on summary imposition of fines, summary suspension or other summary action.
- (c) Each Clearing Firm, Participant, Account Manager, Authorized Trader, Customer, Client and Supervised Person and any other Person that is subject to the SBSEF's jurisdiction:
 - (1) is obligated to appear and testify and respond in writing to interrogatories within the time period, and if applicable, at the location, required by the SBSEF in connection with:
 - (i) any SBSEF Rule or any other provision of Applicable Law for which the SBSEF has disciplinary jurisdiction;
 - (ii) any Disciplinary Action; or
 - (iii) any preparation for and presentation during a Disciplinary Action;
 - (2) is obligated to produce books, records, papers, documents or other tangible evidence in such Person's possession, custody or control within the time period required by the SBSEF in connection with:

- (i) any SBSEF Rule or any other provision of Applicable Law for which the SBSEF has disciplinary jurisdiction;
 - (ii) any situation in which such books, records, papers, documents or other tangible evidence would be useful to the SBSEF in determining if a violation of a SBSEF Rule has occurred;
 - (iii) any Disciplinary Action; or
 - (iv) any preparation for and presentation during a Disciplinary Action; and
- (3) may not impede or delay any Disciplinary Action.
- (d) Each investigation must be completed in a timely manner. Absent mitigating factors, a timely manner is no later than twelve (12) months after the date that an investigation is opened. Mitigating factors that may reasonably justify an investigation taking longer than twelve (12) months to complete include the complexity of the investigation, the number of firms or individuals involved as potential wrongdoers, the number of potential violations to be investigated, and the volume of documents and data to be examined and analyzed by the Market Regulation Department.

Rule 6002 Reports of Investigations

- (a) The Market Regulation Department will maintain a log of all investigations and the disposition of each. The Market Regulation Department will prepare an Investigation Report, regardless of whether the evidence gathered during any inquiry or investigation forms a reasonable basis to believe that a violation within the SBSEF'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) The Investigation Report will include the reasons for initiating the investigation (including a summary of the complaint, if any), all relevant facts and evidence gathered, Market Regulation Department's analysis and conclusions, the potential respondent's disciplinary history at the SBSEF, and the recommendation of the Market Regulation Department. For each potential respondent, the Market Regulation Department will recommend:
 - (1) closing the investigation without further action;
 - (2) settlement;
 - (3) summary action;
 - (4) the preparation and service of a Notice of Charges for initiating a disciplinary proceeding;
 - (5) resolving the investigation through an informal disposition, including the issuance of a warning letter (an informal disposition (including the issuance of a warning letter) will not constitute a finding of a violation or a sanction);

- (6) forwarding the Investigation Report to a Review Panel as discussed in Rule 6004; or
 - (7) in the case of one of the violations described in Rule 6016(a), forwarding the Investigation Report to the Regulatory Oversight Committee for determination regarding whether to impose a summary fine under Rule 6016.
- (c) After reviewing the Investigation Report, the Chief Compliance Officer will take one (1) of the following actions:
- (1) direct the Market Regulation Department to conduct further investigation and/or gather any necessary new or additional information or evidence, in which case the Market Regulation Department will revise the Investigation Report to reflect the additional information gathered and submit the revised Investigation Report to the Chief Compliance Officer;
 - (2) proceed with the Market Regulation Department's recommendation;
 - (3) forward the Investigation Report to a Review Panel as discussed in Rule 6004; or
 - (4) in the case of one of the violations described in Rule 6016(a), forward the Investigation Report to the Regulatory Oversight Committee for determination regarding whether to impose a summary fine under Rule 6016.

Rule 6003 Opportunity to Respond

- (a) If the Review Panel authorizes disciplinary proceedings or the Chief Compliance Officer determines to proceed with the Market Regulation Department's recommendation to initiate disciplinary proceedings, the Market Regulation Department will notify each potential respondent that the Market Regulation Department or Review Panel has recommended formal disciplinary charges against the potential respondent.
- (b) The SBSEF may allow a potential respondent to propose a settlement of the matter or 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. The potential respondent shall submit such written statement within the time limit established by the Market Regulation Department.

Rule 6004 Review of Investigation Reports

- (a) The Chief Compliance Officer may, in the Chief Compliance Officer's sole discretion, convene a Review Panel to review the Investigation Report.
- (b) The Review Panel shall be appointed by the Chief Compliance Officer and shall be comprised of three (3) individuals, at least two (2) of whom would not be disqualified from serving as Public Directors. No member of the Review Panel, or any Person who appoints the Review Panel, may have a financial, personal, or other direct interest in the matter under consideration. In addition, each Review Panel must include members who have had

relevant experience in some capacity (whether as a current or former employee, officer, director, principal, consultant, advisor, service provider or otherwise) working with or for sufficient different Membership Interests so as to ensure fairness and to prevent special treatment or preference for any Person in the conduct of the Review Panel's responsibilities, and no member of the Review Panel may be involved in the adjudication of any other stage of the same proceeding. If a vacancy occurs on a Review Panel after it has begun a proceeding, the remaining members of the panel shall complete consideration and disposition of the matter. Once the Review Panel has provided its decision, it shall be dissolved automatically.

- (c) The Review Panel will review the Investigation Report and any reports of additional investigation or evidence provided by the Market Regulation Department pursuant to Rule 6004(c)(1) below and, within thirty (30) days of receiving the Investigation Report or report of additional investigation or evidence, as applicable, will take one of the following actions:
- (1) If the Review Panel determines that additional investigation or evidence is needed, it will promptly direct the Market Regulation Department to conduct further investigation or obtain additional evidence.
 - (2) If the Review Panel determines that no reasonable basis exists for finding a violation of the SBSEF Rules or any other provision of Applicable Law for which the SBSEF has disciplinary jurisdiction has occurred or is about to occur or that adjudication is otherwise unwarranted, it may direct the closing of the investigation without any further action. Such determination will be in writing, and will include the reason the investigation was initiated, a summary of the complaint, a written statement setting forth the facts and analysis supporting the decision and, if applicable, any recommendations. The Review Panel shall also provide the written statement to any applicable Regulatory Services Provider.
 - (3) If the Review Panel determines that a reasonable basis exists for finding a violation of the SBSEF Rules or any other provision of Applicable Law for which the SBSEF has disciplinary jurisdiction has occurred or is about to occur and adjudication is warranted, the Review Panel will determine for each potential respondent whether to authorize:
 - (i) the informal disposition of the investigation (by issuing a warning letter or otherwise) because disciplinary proceedings are unwarranted, in which case the Review Panel shall provide a written explanation to any Regulatory Services Provider;
 - (ii) the closing of the investigation with respect to the relevant respondent without any action because no reasonable basis exists to believe that a violation within the SBSEF's jurisdiction has occurred or is about to occur in which case the Review Panel shall provide a written explanation to any Regulatory Services Provider; or

- (iii) the commencement of disciplinary proceedings because a reasonable basis exists to believe that a violation within the SBSEF's jurisdiction has occurred or is about to occur.
- (d) A failure of the Review Panel to act within the time prescribed above shall not prevent the appointment of a Disciplinary Panel. The Chief Compliance Officer shall inform the ROC of any such failure of the Review Panel to act. The ROC shall, within thirty (30) days of the date by which the Review Panel was required to act, review the failure and take appropriate action and may itself take any of the actions which the Review Panel could have taken under Rule 6004(c), including appointment of a Disciplinary Panel.

Rule 6005 Notice of Charges

- (a) If the Review Panel (or the ROC in the event of a failure of the Review Panel to act within the requisite time period) authorizes disciplinary proceedings or the Chief Compliance Officer elects to follow the recommendation of the Market Regulation Department to commence a disciplinary proceeding, the Chief Compliance Officer will appoint a Disciplinary Panel as provided in Rule 6009. In addition, the Market Regulation Department will prepare, and serve in accordance with Rule 6007, a notice of charges (a "Notice of Charges").
- (b) A Notice of Charges will:
 - (1) state the acts, conduct or practices in which the respondent is alleged to have engaged;
 - (2) state the SBSEF Rule(s) or other provision(s) of Applicable Law alleged to have been violated or about to be violated;
 - (3) state the proposed sanctions;
 - (4) advise the respondent that it is entitled, upon request, to a hearing on the charges;
 - (5) advise the respondent of its right to be represented by legal counsel of its choosing in all succeeding stages of the disciplinary process;
 - (6) state the period of time within which the respondent can request a hearing on the Notice of Charges, which will not be less than twenty (20) days after service of the Notice of Charges;
 - (7) 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
 - (8) advise the respondent that any allegation in the Notice of Charges that is not expressly denied or answered will be deemed to be admitted.

Rule 6006 Answer to Notice of Charges

- (a) If the respondent determines to answer a Notice of Charges, the respondent must file answers within twenty (20) days after being served with such notice, or within such longer time period determined by the Disciplinary Panel.
- (b) To answer a Notice of Charges, the respondent must in writing:
 - (1) specify the allegations that the respondent denies or admits;
 - (2) specify the allegations that the respondent does not have sufficient information to either deny or admit;
 - (3) specify any specific facts that contradict the Notice of Charges;
 - (4) specify any affirmative defenses to the Notice of Charges; and
 - (5) sign and serve the answer on the Disciplinary Panel, as specified in the Notice of Charges.
- (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 Rule 6006(b) above.

Rule 6007 Service of Notice of Charges

Any Notice of Charges or other documents contemplated to be served pursuant to this Section 6 may be served on the respondent personally or may be served (and service shall be deemed complete) by leaving the same at the respondent's place of business, by tracked delivery via reputable overnight courier, or by deposit in the United States mail, postage prepaid, via registered or certified mail, in each case addressed to respondent at the address as it appears in the Records of the SBSEF, or by electronic mail to the electronic mail address as it appears in the Records of the SBSEF.

Rule 6008 Settlement Offers

- (a) A respondent or potential respondent may, at any time after completion of an Investigation Report and before disciplinary proceedings have concluded, propose in writing an offer of settlement related to anticipated or instituted disciplinary proceedings.
- (b) Any offer of settlement should contain proposed findings and sanctions and be signed by the respondent or potential respondent and submitted to the Market Regulation Department.

- (c) A respondent or potential respondent may offer to settle disciplinary proceedings without admitting or denying the findings contained in the Notice of Charges but must accept the jurisdiction of the SBSEF over it and over the subject matter of the proceedings and consent to the entry of the findings and sanctions imposed.
- (d) If a respondent or potential respondent submits an offer of settlement in accordance with Rule 6008(a) above, the Market Regulation Department will forward the offer to the Chief Compliance Officer, and the Chief Compliance Officer will in turn forward the offer to the Disciplinary Panel with a recommendation on whether to accept or reject the offer.
- (e) If an offer of settlement is forwarded to it pursuant to Rule 6008(d) above, the Disciplinary Panel must review the offer of settlement within ninety (90) Business Days after receipt of the offer of settlement by the Chief Compliance Officer unless an extension has been agreed by the respondent in writing. The Disciplinary Panel may accept the offer of settlement, but may not alter the terms of a settlement offer unless the respondent agrees. A Disciplinary Panel, in its discretion, may permit the respondent to accept a sanction without admitting or denying the rule violation on which the sanction is based.
- (f) If an offer of settlement is accepted by the Disciplinary Panel, it shall issue a written decision specifying:
 - (1) the rule violations it has reason to believe were committed, including the basis or reasons for the panel's conclusions;
 - (2) any sanction to be imposed, which must include full customer restitution where customer harm is demonstrated, except where the amount of restitution or to whom it should be provided cannot be reasonably determined; and
 - (3) if applicable, that the respondent has accepted the sanctions imposed without either admitting or denying the rule violations.
- (g) In the event that the Disciplinary Panel accepts an offer of settlement without the agreement of the Chief Compliance Officer, the Disciplinary Panel's written decision must adequately support such acceptance.
- (h) If an offer of settlement is accepted and the related decision 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 the SBSEF Rules.
- (i) The respondent may withdraw its offer of settlement at any time before final acceptance by the Disciplinary Panel. If an offer is withdrawn after submission, or is rejected by the Disciplinary Panel, the respondent must not be deemed to have made any admissions by reason of the offer of settlement and must not be otherwise prejudiced by having submitted the offer of settlement.
- (j) If the offer of settlement of a respondent or potential respondent is not accepted by the Disciplinary Panel, fails to become final or is withdrawn by the respondent or potential respondent, 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 Market Regulation Department may use an unaccepted offer of settlement as an admission or in any other manner at a hearing of disciplinary proceedings.

Rule 6009 Disciplinary Panel

- (a) The Chief Compliance Officer will appoint a Disciplinary Panel (a) to conduct hearings in connection with any disciplinary proceedings authorized by the Chief Compliance Officer or a Review Panel to make findings and impose sanctions and/or (b) to review any offer of settlement made by a respondent or potential respondent after completion of an Investigation Report. The Disciplinary Panel will be comprised of three (3) individuals, at least two (2) of whom would not be disqualified from serving as Public Directors. No member of the Disciplinary Panel, or any Person who appoints the Disciplinary Panel, may have a financial, personal, or other direct interest in the matter under consideration. In addition, each Disciplinary Panel must include members who have had relevant experience in some capacity (whether as a current or former employee, officer, director, principal, consultant, advisor, service provider or otherwise) working with or for sufficient different Membership Interests so as to ensure fairness and to prevent special treatment or preference for any Person in the conduct of the Disciplinary Panel's responsibilities. A Disciplinary Panel shall ensure that its disciplinary processes preclude any member, or group or class of members, from dominating or exercising disproportionate influence on its disciplinary process. A Disciplinary Panel may not include any members of the SBSEF's compliance staff or any Person involved in adjudicating any other stage of the same proceeding. If a vacancy shall occur on a Disciplinary Panel after it has begun its proceedings, the remaining members shall complete consideration and disposition of the matter. Once a Disciplinary Panel has made its decision and notified all relevant parties, it shall be dissolved automatically. The chair of the Disciplinary Panel shall be appointed by the Chief Compliance Officer.
- (b) Within ten (10) days of being notified of the appointment of the Disciplinary Panel, a respondent may seek to disqualify any individual named to the Disciplinary Panel for the reasons identified in the SBSEF Rules or for any other reasonable grounds by serving written notice on the Chief Compliance Officer. 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, or in event that the Chief Compliance Officer has a Material Conflict of Interest as defined in Rule 2500(a) in respect of the relevant matter, the member of the Market Regulation Department appointed by the Regulatory Oversight Committee pursuant to Rule 6000(h), in consultation with the General Counsel of the SBSEF, will decide the merits of any request for disqualification within the Chief Compliance Officer's or such member of the Market Regulation Department's sole discretion. Any such decision will be final and not subject to appeal.
- (c) No Person shall serve on a Disciplinary Panel unless that Person has agreed in writing that such Person will not publish, divulge or make known in any manner, any facts or information regarding the business of any Person or any other information which may come to such Person's attention in such Person's official capacity as a member of the

Disciplinary Panel, except when reporting to the Board or to a committee concerned with such information or to the Market Regulation Department, when requested by the SEC or other Government Agency or when compelled to testify in any judicial or administrative proceeding.

- (d) All information, records, materials and documents provided to the Disciplinary Panel and all deliberations, testimony, information, records, materials and documents related thereto shall be treated as non-public and confidential and shall not be disclosed, except as necessary to further an SBSEF investigation or as required by law.

Rule 6010 Convening Hearings of Disciplinary Proceedings

- (a) A hearing will be conducted before the members of the Disciplinary Panel fairly, privately and confidentially. Notwithstanding the confidentiality of hearings, the Disciplinary Panel may appoint an expert to attend any hearing and assist in deliberations if such expert agrees to be subject to an appropriate confidentiality agreement.
- (b) After reasonable notice to each respondent, the Disciplinary Panel will promptly convene a hearing to conduct the disciplinary proceedings with respect to such respondent. Parties to a disciplinary proceeding include each respondent and the Market Regulation Department.
- (c) The chair of the Disciplinary Panel may continue, adjourn or otherwise conduct the hearing, as the chair may deem appropriate. The chair of the Disciplinary Panel will determine all procedural and evidentiary matters, including the admissibility and relevance of any evidence proffered.
- (d) In determining procedural and evidentiary matters, the chair of the Disciplinary Panel will not be bound by any evidentiary or procedural rules or law, however, such procedures may not be so informal as to deny a fair hearing. Once admitted during the hearing, the Disciplinary Panel may consider, and attach the weight it believes appropriate to, evidence or other materials. The General Counsel of the SBSEF, or the General Counsel's designee, may provide guidance to the chair of the Disciplinary Panel on the conduct of the hearing.
- (e) Except for procedural and evidentiary matters decided by the chair of the Disciplinary Panel pursuant to Rule 6010(c) above and Rule 6012, unless each respondent otherwise consents, the entire Disciplinary Panel must be present during the entire hearing and any related deliberations.

Rule 6011 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 SBSEF that the Market Regulation Department will use to support the allegations and proposed sanctions in the Notice of Charges or which the chair of the Disciplinary Panel deems relevant to the disciplinary proceedings. Notwithstanding the foregoing, no respondent will have the right to review, and the SBSEF will have no obligation to disclose, any documents that:

- (1) are privileged or constitute attorney work product;
 - (2) were prepared by an employee of the SBSEF but will not be offered in evidence in the disciplinary proceedings;
 - (3) may disclose a technique or guideline used in examinations, investigations or enforcement proceedings; or
 - (4) disclose the identity of a confidential source.
- (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 Market Regulation Department, the Market Regulation Department may redact, edit or code such information before furnishing it to the respondent.
- (c) Notwithstanding anything in Rule 6011(b) above to the contrary, the Market Regulation Department:
- (1) 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
 - (2) will provide the respondent with access to the information and portions of the documents that the Market Regulation Department intends to rely on to support the allegations or proposed sanctions in the Notice of Charges.
- (d) For purposes of this Rule 6011, information that could adversely affect competitive positions may include positions in SB Swaps or other positions currently held, trading strategies employed in establishing or liquidating positions, the identity of any Participant, Customer, Client or Authorized Trader and the personal finances of the Person providing the information.

Rule 6012 Conducting Hearings of Disciplinary Proceedings

- (a) At a hearing conducted in connection with any disciplinary proceedings, the Market Regulation Department will present its case supporting the allegations and proposed sanctions in the Notice of Charges to the Disciplinary Panel. 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 Market Regulation Department and each respondent may:
- (1) present evidence and facts determined relevant and admissible by the chair of the Disciplinary Panel;
 - (2) call and examine witnesses; and

- (3) 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 chair 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 6006.
- (d) If the respondent has requested a hearing on a charge that the respondent denies, or on a sanction set by the Disciplinary Panel under Rule 6014, the respondent will be given an opportunity for a hearing in accordance with the SBSEF Rules. Except for good cause, such hearing will be limited to addressing those charges denied by the respondent and/or sanctions set by the Disciplinary Panel under Rule 6014 for which a hearing has been requested.
- (e) Any Person entitled, or required or called upon, to attend a hearing before a Disciplinary Panel pursuant to Rule 6012(b)(2) will be given reasonable notice, confirmed in writing, specifying the date, time and place of the hearing, and the caption of the disciplinary proceedings. All Persons subject to the SBSEF's jurisdiction that are called as witnesses are required to appear at the hearing and, where applicable, produce evidence. The SBSEF will make reasonable efforts to secure the presence of all other Persons called as witnesses whose testimony would be relevant.
- (f) 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 the SBSEF Rules or any other provision of Applicable Law for which the SBSEF has disciplinary jurisdiction 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 6006. In connection with considering apparent violations pursuant to this Rule 6012(f), the Disciplinary Panel may request that the Market Regulation Department provide the Disciplinary Panel with any additional information related to the violations at issue.
- (g) The Disciplinary Panel may provide that a sanction be summarily imposed upon any Person within its jurisdiction whose actions impede the progress of a hearing.
- (h) If the respondent has requested the hearing, a copy of the hearing must be made and must become a part of the record of the proceedings. The SBSEF will arrange for any hearing conducted in connection with disciplinary proceedings to be recorded verbatim, or substantially verbatim, in a manner capable of accurate transcription. If the respondent requests a copy of all or portions of the recording of a hearing, the chair of the Disciplinary

Panel may, within the chair's sole discretion, require the respondent to pay the costs for transcribing the recording of the hearing.

- (i) No interlocutory appeals of rulings of any Disciplinary Panel or chair of the Disciplinary Panel are permitted.

Rule 6013 Decision of Disciplinary Panel

- (a) Promptly following a hearing, the Disciplinary Panel will issue a written 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 Disciplinary Panel's decision.
- (b) The Disciplinary Panel will provide a copy of the decision to the respondent and to the Market Regulation Department. The decision will include:
 - (1) the name of the respondent;
 - (2) the Notice of Charges or summary of the charges;
 - (3) the answer, if any, or a summary of the answer;
 - (4) a summary of the evidence produced at the hearing or, where appropriate, incorporation by reference of the Investigation Report;
 - (5) a statement of findings of fact and conclusions with respect to each charge and a complete explanation of the evidentiary and other basis for such findings and conclusions with respect to each charge;
 - (6) an indication of each specific SBSEF Rule and/or other provision of Applicable Law that the respondent was found to have violated;
 - (7) a declaration of all sanctions imposed against the respondent, if any, including the basis for such sanctions and the effective date of each sanction;
 - (8) notice of respondent's right to appeal; and
 - (9) a statement informing the respondent of the availability of SEC review of the action in accordance with the SEC Regulations.
- (c) The written decision of the Disciplinary Panel will become effective upon the expiration of fifteen (15) days after it is served on the respondent and provided to the Market Regulation Department; *provided, however*, that the SBSEF may cause the decision to become effective prior to that time if:
 - (i) the Disciplinary Panel reasonably believes, and so states in its written decision, that immediate action is necessary to protect the best interests of the Security-Based Swap markets and/or the SBSEF;

- (ii) the Disciplinary Panel determines, and so states in its written decision, that the actions of a person who is within the SBSEF's jurisdiction has impeded the progress of a disciplinary hearing; or
- (iii) the Person against whom the action is taken has consented to the penalty to be imposed and to the timing of its effectiveness.

Rule 6014 Sanctions

- (a) After notice and opportunity for hearing in accordance with the SBSEF Rules, the SBSEF will impose sanctions on any Person subject to the SBSEF's jurisdiction, including any Clearing Firm, Participant, Customer, Client, ISV, Account Manager, Authorized Trader or Supervised Person, or any Person using a Participant's User ID or login credentials linked to a Participant or User ID, if such Person is found to have violated or to have attempted to violate a SBSEF Rule or other provision of Applicable Law for which the SBSEF has disciplinary jurisdiction. All sanctions, including those imposed pursuant to an accepted settlement offer, must take into account the respondent's disciplinary history. In the event of demonstrated customer harm, any sanction must also include full customer restitution, except where the amount of restitution or to whom it should be provided cannot be reasonably determined. Any such sanction (including any fine) shall be commensurate with the violation committed and clearly sufficient to deter recidivism or similar violations by other market participants.

The SBSEF may impose one or more of the following sanctions or remedies:

- (1) censure;
 - (2) limitation on Trading Privileges, ability to otherwise access the SBSEF and/or other activities, functions or operations;
 - (3) suspension of Trading Privileges and/or ability to otherwise access the SBSEF;
 - (4) fine (subject to Rule 6014(b) below);
 - (5) restitution and/or disgorgement;
 - (6) termination of Trading Privileges and/or ability to otherwise access the SBSEF; or
 - (7) limitation, suspension or termination of rights as a Clearing Firm.
- (b) The SBSEF may impose a fine of up to \$150,000, unless aggravating or mitigating circumstances otherwise warrant as determined by the SBSEF, for each violation of the SBSEF Rules or other provision of Applicable Law for which the SBSEF has disciplinary jurisdiction. The minimum fine for any one violation is \$1,000. If a fine or other amount is not paid within thirty (30) days of the date that it becomes payable, then interest will accrue on the sum from the date that it became payable at the quoted prime rate plus three percent

(3%). The SBSEF has sole discretion to select the bank on whose quotations it will base the prime rate. A Participant will be responsible for paying any fine or other amount imposed on, but not paid by, any of its Supervised Persons.

Rule 6015 Right to Appeal from Disciplinary Panel Decision, Summary Impositions of Fines and Other Summary Actions

- (a) Each respondent found by the Disciplinary Panel to have violated (or in the case of a Participant, whose Authorized Trader, Supervised Person or other Person using a Participant's User ID or login credentials linked to a Participant or User ID was found to have violated) the SBSEF Rules or other provision of Applicable Law for which the SBSEF has disciplinary jurisdiction or who is subject to termination or limitation of Trading Privileges, any summary fine imposed pursuant to Rule 6016 or any other summary action may appeal the decision within twenty (20) days of receiving the order of the Disciplinary Panel or the notice of summary action, as the case may be, by filing a notice of appeal with the Chief Compliance Officer.
- (b) The SBSEF may appeal all or any part of a decision of the Disciplinary Panel, including any sanctions that may or may not have been imposed by the Disciplinary Panel, within twenty (20) days of receiving the order of the Disciplinary Panel, by filing a notice of appeal with the Chief Compliance Officer.
- (c) While an appeal is pending, the effect of the order of the Disciplinary Panel or the summary action (including any sanctions, remedies or costs imposed thereby) shall be suspended.
- (d) The notice of appeal must state in writing the grounds for appeal, including the findings of fact, conclusions or sanctions to which the appellant objects. An appellant may appeal the order of the Disciplinary Panel or any summary action on the grounds that:
 - (1) the order or summary action was arbitrary, capricious, an abuse of discretion or not in accordance with the SBSEF Rules;
 - (2) the order or summary action exceeded the authority or jurisdiction of the Disciplinary Panel, the Chief Compliance Officer or the SBSEF;
 - (3) the order or summary action failed to observe required procedures;
 - (4) the order or summary action was unsupported by the facts or evidence; or
 - (5) the sanctions, remedies or costs imposed were inappropriate or unsupported by the record.
- (e) The Chief Compliance Officer will forward copies of any notice of appeal received by the Chief Compliance Officer to all parties to the disciplinary proceeding or summary action, as the case may be, except the appellant. On or before the twentieth (20th) day after filing a notice of appeal, the appellant must file with the Chief Compliance Officer and serve on the appellee a brief supporting the notice of appeal and documents supporting the brief. On or before the twentieth (20th) day after the date on which the appellant serves its supporting

brief, the appellee must file and serve its brief in opposition on the Chief Compliance Officer and the appellant. On or before the tenth (10th) day after the date on which the appellee serves its brief in opposition, the appellant may file and serve on the SBSEF a brief in reply.

- (f) In connection with any appeal, the Market Regulation Department will furnish to the Chief Compliance Officer and to the appellant and appellee a transcript of the hearing and any exhibits introduced at the hearing.
- (g) No later than thirty (30) days after the last submission filed pursuant to paragraph (e) of this Rule 6015, the Chief Compliance Officer will appoint an Appeals Panel to consider and determine the appeal. An Appeals Panel shall be comprised of three (3) individuals, none of whom shall be a member of the Market Regulation Department or have been a member of the Review Panel or Disciplinary Panel involved in the matters on appeal and at least two (2) of whom would not be disqualified from serving as Public Directors. In addition, each Appeals Panel must include members who have had relevant experience in some capacity (whether as a current or former employee, officer, director, principal, consultant, advisor, service provider or otherwise) working with or for sufficient different Membership Interests so as to ensure fairness and to prevent special treatment or preference for any Person in the conduct of the Appeals Panel's responsibilities. The chair of the Appeals Panel shall be an individual who would not be disqualified from serving as a Public Director. The Appeals Panel shall ensure that its appeals process precludes any member, or group or class of members, from dominating or exercising disproportionate influence on its appeals process.
- (h) Within ten (10) days of being notified of the appointment of the Appeals Panel, an appellant or appellee may seek to disqualify any individual named to the Appeals Panel or any Person designated as chair thereof for the reasons identified in Rule 2500 or in the definition of Public Director (as the case may be) or on other reasonable grounds, by serving written notice on the Chief Compliance Officer. By not timely filing a request for disqualification, the appellant or appellee will be deemed to have waived any objection to the composition of the Appeals Panel and appointment of its chair. The Chief Compliance Officer, or in event that the Chief Compliance Officer has a Material Conflict of Interest as defined in Rule 2500(a) in respect of the relevant matter, the member of the Market Regulation Department appointed by the Regulatory Oversight Committee pursuant to Rule 6000(h), in consultation with the General Counsel of the SBSEF, will decide the merits of any request for disqualification within the Chief Compliance Officer's or such member of the Market Regulation Department's sole discretion. Any such decision will be final and not subject to appeal.
- (i) The Appeals Panel may hold a hearing to allow parties to present oral arguments. Any hearing will be conducted privately and confidentially. Notwithstanding the confidentiality of hearings, the Appeals Panel may appoint an expert to attend any hearing and assist in the deliberations if such individual(s) agree to be subject to appropriate confidentiality agreements. In determining procedural and evidentiary matters, the Appeals Panel will not be bound by evidentiary or procedural rules or law.

- (j) The Appeals Panel will only consider on appeal the record before the Disciplinary Panel or, in the case of a summary action, the record considered by the Chief Compliance Officer, the notice of appeal, the briefs filed in support and opposition of the appeal, and any oral arguments of the parties. The Appeals Panel may only consider new evidence when the Appeals Panel is satisfied that good cause exists for why the evidence was not introduced during the disciplinary proceeding or when imposing the summary action.
- (k) After completing its review, the Appeals Panel may affirm, modify or reverse any order of the Disciplinary Panel or summary action under appeal, in whole or in part, including increasing, decreasing or eliminating any sanction or remedy imposed, imposing any other sanction or remedy authorized by the SBSEF Rules, or remanding the matter to the same or a different Disciplinary Panel for further disciplinary proceedings or for reconsideration by the Chief Compliance Officer in the case of summary action. The Appeals Panel may order a new hearing for good cause or if the Appeals Panel deems it appropriate.
- (l) As promptly as reasonably possible following its review, the Appeals Panel will issue a written decision on appeal rendering its decision based on the preponderance of the evidence before the Appeals Panel and will provide a copy to the Chief Compliance Officer, the appellant and the appellee. 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 SBSEF Rule and other provision of Applicable Law for which the SBSEF has disciplinary jurisdiction 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.
- (m) The Appeals Panel's written order on appeal (including findings of fact and conclusions and the imposition of sanctions, remedies and costs, and the effective date of any sanction, remedy or cost) will be the final action of the SBSEF and will not be subject to appeal within the SBSEF; *provided, however*, that any suspension, expulsion, disciplinary or access denial action or other adverse action by the SBSEF may be subject to review by the SEC in accordance with the Securities Exchange Act and the SEC Regulations thereunder.
- (n) Upon issuing a final disciplinary action, taking final action with respect to a denial or conditioning of membership, or taking final action with respect to a denial or limitation of access of a Person to the SBSEF or any SBSEF services, the SBSEF will file a notice of such action with the SEC and serve a copy on the affected Person in accordance with the requirements of Rule 6020.

Rule 6016 Summary Imposition of Fines

- (a) Notwithstanding any other provision of this Section 6, the SBSEF may, based on a determination made by the Regulatory Oversight Committee and without the need for any formal disciplinary procedures, summarily impose a fine against any Person subject to the SBSEF's jurisdiction, including any Participant, Account Manager, Authorized Trader, Client, Customer, Supervised Person or any other Person using a User ID of a Participant or login credentials linked to a Participant or User ID for failure to:

- (1) make timely and accurate submissions to the SBSEF of notices, reports or other information required by the SBSEF Rules;
- (2) make timely payments of assessments, fees, costs, charges or fines to the SBSEF;
or
- (3) keep any Records required by the SBSEF Rules.

The SBSEF may also summarily impose a fine against any Person subject to its jurisdiction whose actions impede the progress of a hearing as set forth in Rule 6012(g).

Investigations of possible violations of any of the foregoing shall be conducted by the Market Regulation Department in accordance with Rule 6001, but otherwise actions taken pursuant to this Rule 6016 shall be made in accordance with the procedures set forth herein rather than the procedures set forth in the remainder of this Section 6. The authority to impose a summary fine under this Rule 6016 does not prevent the Chief Compliance Officer from submitting any Investigation Report to a Review Panel in accordance with the formal disciplinary procedures of this Section 6 if the Regulatory Oversight Committee elects not to impose such a summary fine.

- (b) The Market Regulation Department will give notice of any fine determined to be imposed by the Regulatory Oversight Committee pursuant to this Rule 6016 to each Participant or other Person subject thereto. The notice will specify:
 - (1) the violations of the SBSEF Rules for which the fine is being imposed;
 - (2) the date of the violation for which the fine is being imposed; and
 - (3) the amount of the fine.
- (c) Within twenty (20) days of serving the notice of fine, the Participant or other Person subject thereto, as the case may be, must either pay or cause the payment of the fine. If a fine or other amount is not paid within twenty (20) 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 (3%). The SBSEF has sole discretion to select the bank on whose quotations it will base the prime rate. A Participant will be responsible for paying any fine or other amount imposed on, but not paid by, any of its Supervised Persons.
- (d) The SBSEF will set the amount of any fines imposed pursuant to this Rule 6016 at no less than \$1,000 per violation, with the maximum fine for each violation not to exceed \$10,000. Recurring violations will be subject to progressively larger fines. Summary imposition of fines pursuant to this Rule 6016 will not preclude the SBSEF from bringing any other action against the Participant or any other Person.

Rule 6017 Warning Letters

The SBSEF authorizes the Market Regulation Department to issue a warning letter to a Person or entity under investigation or to recommend that a Disciplinary Panel take such an action. A

warning letter issued in accordance with this Rule 6017 is not a penalty or an indication that a finding of a violation has been made. A copy of a warning letter issued by the Market Regulation Department will be included in the Investigation Report. No more than one (1) warning letter for the same potential violation may be issued to the same Person or entity during a rolling twelve (12) month period.

Rule 6018 Summary Access Denial and other Summary Actions

- (a) Notwithstanding anything in the SBSEF Rules to the contrary, the Chief Compliance Officer, upon a good faith determination that there is a reasonable belief that such immediate action is necessary to protect the best interests of marketplace, the SBSEF, may, after consultation with the Regulatory Oversight Committee, if practicable, summarily suspend, revoke, limit, condition, restrict or qualify the Trading Privileges of a Participant or any Supervised Person, including denial of access to the SBSEF, and/or take such other summary action deemed reasonable and appropriate by the Chief Compliance Officer based on the totality of the circumstances, including the severity of the issue, its likely duration and the potential impact on Participants and other market participants.
- (b) Non-Participants, including Customers and Clients (if applicable), may be denied access to the SBSEF by the Chief Compliance Officer upon a good faith determination that there are substantial reasons to believe that such immediate action is necessary to protect the best interests of the marketplace.
- (c) If practicable, a respondent must be served with a notice before the action is taken or otherwise at the earliest possible opportunity. The notice must state the action taken, the reasons for the action, and the effective date, time and the duration of the action taken. The respondent shall be advised of its right to a hearing, as soon as reasonably practicable, before a Disciplinary Panel by filing notice of intent with the Market Regulation Department within ten (10) Business Days of the notice date. The respondent shall have the right to be represented by legal counsel or any other representative of its choosing in all proceedings subsequent to the action taken in accordance with Rule 6018(a). Promptly following any such hearing, the Disciplinary Panel shall render a written decision based upon the weight of the evidence contained in the record of the proceeding and shall provide a copy to the respondent. Such written decision shall include a description of the summary action taken; the reasons for the summary action; a summary of the evidence produced at the hearing; a statement of findings and conclusions; a determination that the summary action should be affirmed, modified, or reversed; and a declaration of any action to be taken pursuant to the determination, and the effective date and duration of such action.
- (d) Any suspension, revocation, limitation, condition, restriction or qualification imposed on, or other summary action taken against, any Person pursuant to this Rule 6018 will be impartially enforced.
- (e) Any suspension, revocation, limitation, condition, restriction or qualification imposed on, or other summary action taken against, any Person pursuant to this Rule 6018 may be subject to review by the SEC in accordance with the Securities Exchange Act and the SEC Regulations thereunder, provided that the Person subject to the relevant action has

exhausted its administrative remedies at the SBSEF in accordance with the procedures specified in this Rule 6018 and Rule 6015.

Rule 6019 Rights and Responsibilities after Suspension, Temporary Deactivation or Termination

- (a) When a Person's Trading Privileges and/or ability to otherwise access the SBSEF are suspended or temporarily deactivated in accordance with Rule 3105(c), none of its rights (including the right to hold oneself out to the public as a Participant or Authorized Trader, enter Orders into the SBSEF, and receive Participant rates for fees, costs and charges) will apply during the period of the suspension or deactivation, except for the right of the Person in question to assert claims against others as provided in the SBSEF Rules. Any such suspension or deactivation will not affect the rights of creditors under the SBSEF Rules or relieve the Person in question of such Person's obligations under the SBSEF Rules to perform any SB Swaps entered into before the suspension or deactivation, or for any SBSEF fees, costs, or charges incurred during the suspension or deactivation. The SBSEF may discipline a suspended or deactivated Person under this Section 6 for any violation of the SBSEF Rules or other provision of Applicable Law committed by such Person before, during or after the suspension or deactivation.
- (b) When a Person's Trading Privileges and/or ability to otherwise access the SBSEF are terminated, all of its related rights will terminate, except for the right of the Person in question to assert claims against others, as provided in the SBSEF Rules. Any such termination will not affect the rights of creditors under the SBSEF Rules.
- (c) When a Person's Trading Privileges and/or ability to otherwise access the SBSEF are terminated, such person will pay to the SBSEF all assessments, fees, costs, charges and fines due through the termination date (unless such Person shall have previously provided the SBSEF with written notice of a bona fide dispute in assessments, fees, costs and charges in which case such Person will pay all undisputed fees due through the termination date or unless any such fine is then the subject of an appeal, in which case such fine shall be due in accordance with the procedures applicable to such appeal).
- (d) The SBSEF will not consider the application of a terminated Participant or Authorized Trader if such Participant or Authorized Trader, as the case may be, continues to fail to appear at disciplinary proceedings without good cause or continues to impede the progress of disciplinary proceedings.
- (e) A suspended, deactivated or terminated Person remains bound by the SBSEF Rules and subject to the jurisdiction of the SBSEF with respect to any and all matters arising from, related to or in connection with, the status, actions or omissions of such Person prior to such suspension, deactivation 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, deactivated or terminated Person still had Trading Privileges or ability to otherwise access the SBSEF.

Rule 6020 Notice to the SEC Regarding Disciplinary Actions

- (a) Upon issuing a final disciplinary action, taking final action with respect to a denial or conditioning of membership, or taking final action with respect to a denial or limitation of access of a Person to the SBSEF or any SBSEF services, the SBSEF will file a notice of such action with the SEC within thirty (30) days and serve a copy on the affected Person.
- (b) A notice required by Rule 6020(a) will provide the following information:
 - (1) The name of the affected Person and its last known address, as reflected in the SBSEF's Records;
 - (2) The name of the person, committee, or other organizational unit of the SBSEF that initiated the disciplinary action or access restriction;
 - (3) In the case of a final disciplinary action:
 - (i) A description of the acts or practices, or omissions to act, upon which the sanction is based, including, as appropriate, the specific Rules found to have been violated;
 - (ii) A statement describing the respondent's answer to the charges; and
 - (iii) A statement of the sanction imposed and the reasons therefor;
 - (4) In the case of a final action with respect to a denial or conditioning of membership, or a denial or limitation of access:
 - (i) The financial or operating difficulty of the Participant or prospective Participant (as the case may be) upon which the SBSEF determined that the Participant or prospective Participant could not be permitted to do, or continue to do, business with safety to investors, creditors, other Participants or the SBSEF;
 - (ii) The pertinent failure to meet qualification requirements or other prerequisites for membership or access and the basis upon which the SBSEF determined that the Person concerned could not be permitted to have membership or access with safety to investors, creditors, other Participants or the SBSEF; or
 - (iii) The default of any delivery of funds or securities to a Clearing Agency by the Participant;
 - (5) The effective date of the final disciplinary action, or final action with respect to a denial or conditioning of membership, or a denial or limitation of access; and
 - (6) Any other information that the SBSEF may deem relevant.

- (c) For purposes of this Rule 6020:
- (1) a disciplinary action shall not be considered “final” unless (i) the affected Person has exhausted their administrative remedies at the SBSEF; and (ii) the disciplinary action is not a summary fine under Rule 6016(a)(1)-(3) or other summary action permitted under Rule 819(g)(13)(ii) of Regulation SE; and
 - (2) a disposition of a matter with respect to a denial or conditioning of membership, or a denial or limitation of access shall not be considered “final” unless the affected Person has exhausted their administrative remedies at the SBSEF with respect to such matter.

Rule 6021 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 if the Disciplinary Panel concludes that the respondent has behaved in a manifestly unreasonable manner. Costs may include costs associated with the inquiry or investigation, the prosecution by the Market Regulation 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 SBSEF if the panel concludes that the SBSEF 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 SBSEF 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 SBSEF or the respondent will pay any costs ordered to be paid by it by the Disciplinary Panel within thirty (30) days of written notice of the amount imposed by the Disciplinary Panel. If costs are not paid within twenty (20) 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 (3%). The SBSEF has sole discretion to select the bank on whose quotations it will base the prime rate. Participant will be responsible for paying any costs imposed on, but not paid by, any of its Supervised Persons.

Rule 6022 *Ex Parte* Communications

- (a) A Person subject to a disciplinary proceeding or an appeal from a disciplinary proceeding (and any counsel or representative of such Person) and the Market Regulation Department (and any counsel or representative of the Market Regulation Department) shall not knowingly make or cause to be made an *ex parte* communication relevant to the merits of a disciplinary proceeding or an appeal from a disciplinary proceeding to any member of the Disciplinary Panel or Appeals Panel hearing such proceeding.

- (b) Members of a Disciplinary Panel or an Appeals Panel shall not knowingly make or cause to be made an *ex parte* communication relevant to the merits of a disciplinary proceeding or an appeal from a disciplinary proceeding to any Person subject to such proceeding (and any counsel or representative of such Person) or the Market Regulation Department (and any counsel or representative of the Market Regulation Department).
- (c) Any Person who receives, makes or learns of any communication that is prohibited by this Rule 6022 shall promptly give notice of such communication and any response thereto to the Market Regulation Department and all parties to the proceeding to which the communication relates.
- (d) A Person shall not be deemed to have violated this Rule 6022 if the Person refuses an attempted communication concerning the merits of a proceeding as soon as it becomes apparent the communication concerns the merits.

Rule 6023 Notification of Final Disciplinary Action Involving Financial Harm to Customer

- (a) Following any final disciplinary action in which the SBSEF finds that a Person has committed a Rule violation involving a transaction for a customer, whether executed or not, and that resulted in financial harm to the customer, the SBSEF will provide prompt written notice of the disciplinary action to the Person.
- (b) A Person that receives such a notice as described in Rule 6023(a) above must provide prompt written notice of the disciplinary action to the customer, which shall include, at a minimum, (i) the principal facts of the disciplinary action and (ii) a statement that the SBSEF has found that the Person has committed a violation of the SBSEF Rules that involved a transaction for the customer, whether executed or not, and that resulted in financial harm to the customer.
- (c) As used in this Rule 6023, the term “customer” means a Customer (as defined in the SBSEF Rules) or other Person that utilizes an agent in connection with trading on the SBSEF, and the term “final disciplinary action” means any decision by or settlement with the SBSEF in a disciplinary matter which cannot be further appealed at the SBSEF, is not subject to the stay of the SEC or a court of competent jurisdiction, and has not been reversed by the SEC or any court of competent jurisdiction.

Rule 6024 Extension or Waiver of the SBSEF Rules

If necessary and expedient, the Chief Compliance Officer may, in the Chief Compliance Officer’s sole discretion, waive, or extend the time period for performing, any act or acts designated by the SBSEF Rules, but only to the extent such waiver or extension is not inconsistent with the Securities Exchange Act, SEC Regulations or other applicable regulations.

Rule 6025 Effect of Amendment, Repeal or New SBSEF Rule

- (a) If an amendment or repeal of a SBSEF Rule or adoption of a new SBSEF Rule does not materially change the terms or conditions of a SB Swap and does not affect the value of

open SB Swaps, then the effective date of any amendment or repeal of a SBSEF Rule or adoption of a new SBSEF Rule relating to SB Swaps is binding on all SB Swaps entered into before and after the effective date of such amendment, repeal or adoption.

- (b) If an amendment or repeal of a SBSEF Rule or adoption of a new SBSEF Rule materially changes the terms or conditions of a SB Swap or affects the value of open SB Swaps, then the amendment, repeal or new SBSEF Rule is binding only on SB Swaps listed for trading after the effective date of such amendment, repeal or adoption, and SB Swaps listed as of the effective date of such amendment, repeal or adoption with no open positions then in existence, unless otherwise specifically provided by the Board.

Rule 6026 Governing Law, Jurisdiction and Dispute Resolution

- (a) The law of the State of New York governs the SBSEF Rules regardless of the laws that would otherwise apply under applicable choice-of-law principles.
- (b) Any dispute between the SBSEF and a Person arising from or in connection with the SBSEF's operation of the SBSEF, any SB Swap, the SBSEF Rules or the use of the SBSEF or any SBSEF services must be brought to arbitration pursuant to subsection (c) of this Rule 6022 within two (2) years from the occurrence of the event giving rise to the dispute. This Rule 6026 shall in no way create a cause of action nor authorize an action that would otherwise be prohibited by the SBSEF Rules.
- (c) Any dispute between the SBSEF and a Person arising from or in connection with the SBSEF's operation of the SBSEF, any SB Swap, the SBSEF Rules or the use of the SBSEF or any SBSEF services will be settled by arbitration administered in New York County, New York by the American Arbitration Association (the "AAA") under its Commercial Arbitration Rules. The dispute will be submitted to one arbitrator who will be appointed by the AAA. Any arbitrator appointed for purposes of this Rule 6026 will have experience with and knowledge of securities and derivatives as listed on the National Roster of Arbitrators kept in the AAA's records. Judgment on the award rendered by the arbitrator will be binding on the parties and may be entered in any state or federal court sitting in New York County, New York, and the SBSEF and each Person shall be deemed to have consented to the personal jurisdiction of any such court. Each party to the dispute will bear its own costs and expenses in connection with any arbitration hereunder, as well as an equal share of the administrative fees and the fees of the arbitrator; *provided, however*, that the arbitrator will be entitled to include in any award a full reimbursement for the prevailing party's costs and expenses, such party's share of the administrative fees and the fees of the arbitrator, or any combination of any or all of the above. In the event that this Rule 6026 is held to be unenforceable in connection with any dispute or a claim is deemed by a court of competent jurisdiction to be not arbitrable, (i) exclusive jurisdiction for any such dispute will reside in any state or federal court sitting in New York County, New York, (ii) the SBSEF and the Person involved in the dispute will be presumed to have submitted to the personal jurisdiction of any such court, and (iii) an action to enforce any judgment or decision of such court may be brought in the same court or in any other court with jurisdiction or venue. Finally, all Persons unconditionally and irrevocably waive any and all right to trial by jury in connection with any such dispute.

Rule 6027 Limitation of Liability, No Warranties

- (a) UNLESS ARISING OUT OF THE GROSS NEGLIGENCE, WILLFUL MISCONDUCT OR FRAUD OF THE SBSEF, THE SBSEF, ITS SUBSIDIARIES AND AFFILIATES AND THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS (EACH A “RELATED PARTY” AND COLLECTIVELY “RELATED PARTIES”) HAVE NO LIABILITY, CONTINGENT OR OTHERWISE, TO ANY PERSON (INCLUDING, WITHOUT LIMITATION, ANY PARTICIPANT, ISV, MEMBER, CLIENT, CUSTOMER, AUTHORIZED TRADER, SUPERVISED PERSON OR CLEARING FIRM), (1) FOR THE CORRECTNESS, QUALITY, ACCURACY, SECURITY, COMPLETENESS, RELIABILITY, PERFORMANCE, TIMELINESS, PRICING OR CONTINUED AVAILABILITY OF THE SBSEF SERVICES OR FOR DELAYS OR OMISSIONS OF THE SBSEF SERVICES, (2) FOR THE FAILURE OF ANY CONNECTION OR COMMUNICATION SERVICE TO PROVIDE OR MAINTAIN PARTICIPANT ACCESS TO THE SBSEF SERVICES, (3) FOR ANY INTERRUPTION IN OR DISRUPTION OF A PERSON’S ACCESS OR ANY ERRONEOUS COMMUNICATIONS BETWEEN THE SBSEF AND ANY OTHER PERSON, OR (4) FOR THE HANDLING OF A CUSTOMER OR CLIENT ORDER BY ANY PARTICIPANT. THE SBSEF AND ITS RELATED PARTIES ARE NOT LIABLE FOR ANY SPECIAL, INDIRECT, INCIDENTAL, CONTINGENT, PUNITIVE OR CONSEQUENTIAL DAMAGES WHICH A PARTICIPANT OR ANY OTHER PERSON MAY INCUR OR EXPERIENCE ARISING FROM THE USE OF THE SBSEF OR ANY SBSEF SERVICES, WHETHER BASED ON WARRANTY, CONTRACT, TORT (INCLUDING NEGLIGENCE OR STRICT LIABILITY), OR ANY OTHER LEGAL OR EQUITABLE GROUNDS, AND REGARDLESS OF WHETHER SUCH DAMAGES ARE FORESEEABLE OR WHETHER A PERSON OR ITS AFFILIATES IS ADVISED OF THE POSSIBILITY OR LIKELIHOOD OF SUCH DAMAGES OR LOSS AND EVEN IF THE SBSEF KNOWS OF THE POSSIBILITY OF THOSE DAMAGES. EXCEPT AS REQUIRED BY APPLICABLE LAW, THE SBSEF AND ITS RELATED PARTIES ARE NOT RESPONSIBLE FOR INFORMING A PARTICIPANT OR ANY OTHER PERSON OF ANY DIFFICULTIES THE SBSEF OR OTHER THIRD PARTIES EXPERIENCE CONCERNING USE OF THE SBSEF SERVICES OR TO TAKE ANY ACTION IN CONNECTION WITH THOSE DIFFICULTIES. THE SBSEF AND ITS RELATED PARTIES ALSO HAVE NO DUTY OR OBLIGATION TO VERIFY, CORRECT, COMPLETE OR UPDATE ANY INFORMATION DISPLAYED IN THE SBSEF SERVICES. EACH PARTICIPANT AND ANY OTHER PERSON UTILIZING THE SBSEF OR THE SBSEF SERVICES IS SOLELY RESPONSIBLE FOR ANY LOSSES, DAMAGES OR COSTS RESULTING FROM THE PERSON’S RELIANCE ON ANY DATA OR INFORMATION THAT THE SBSEF MAY PROVIDE IN CONNECTION WITH SUCH PERSON’S USE OF THE SBSEF OR THE SBSEF SERVICES UNLESS CAUSED DIRECTLY BY THE SBSEF’S GROSS NEGLIGENCE, WILLFUL MISCONDUCT OR FRAUD.
- (b) THE SBSEF DOES NOT MAKE ANY RECOMMENDATION AS TO THE SUITABILITY OF ANY INVESTMENT OR PROPOSED TRANSACTION. EACH PERSON BOUND BY THE SBSEF RULES (1) ACKNOWLEDGES THAT THE SBSEF WILL NOT, AND IS UNDER NO DUTY TO, PROVIDE ADVICE IN RELATION TO

ANY SUCH TRANSACTION OR PROPOSED TRANSACTION THROUGH ANY SBSEF SERVICE, AND (2) AGREES THAT (i) THE SBSEF SERVICES ARE NOT AND WILL NOT BE THE BASIS FOR ANY INVESTMENT DECISIONS BY SUCH PERSON AND (ii) EACH SUCH PERSON IS SOLELY RESPONSIBLE FOR (A) ANY INVESTMENT OR TRADING DECISIONS THAT THE PERSON MAKES WITH RESPECT TO THE PRODUCTS AVAILABLE VIA ANY SBSEF SERVICE AND (B) DETERMINING WHETHER ANY TRANSACTION IS SUITABLE, APPROPRIATE OR ADVISABLE FOR IT OR FOR ITS CLIENTS OR CUSTOMERS, AS APPLICABLE. PROVISION OF THE SBSEF SERVICES DOES NOT MAKE THE SBSEF AN ADVISOR OR FIDUCIARY FOR ANY PERSON, INCLUDING ANY PARTICIPANT, MEMBER, CLIENT OR CUSTOMER. THESE TERMS DO NOT CONSTITUTE AN OFFER TO SELL OR SOLICITATION OF AN OFFER TO BUY SECURITIES, SECURITY-BASED SWAPS OR OTHER INSTRUMENTS. IN ADDITION, THE SBSEF SERVICES DO NOT INCLUDE ANY INVESTMENT, FINANCIAL, LEGAL OR TAX ADVICE WHICH ANY PERSON MAY DESIRE OR NEED IN CONNECTION WITH ANY TRANSACTION. EACH PARTICIPANT AND ANY OTHER PERSON ACCESSING OR UTILIZING THE SBSEF OR ANY SBSEF SERVICES IS RESPONSIBLE FOR OBTAINING ANY LEGAL OR TAX ADVICE.

- (c) IF A THIRD PARTY CLAIMS THAT THE SBSEF SERVICES INFRINGE UPON ITS PATENT COPYRIGHT, OR TRADE SECRET, OR ANY SIMILAR INTELLECTUAL PROPERTY RIGHT, THE SBSEF WILL DEFEND THE PARTICIPANT AGAINST THAT CLAIM AT THE SBSEF'S EXPENSE AND PAY ALL DAMAGES THAT A COURT FINALLY AWARDS, PROVIDED THAT THE PARTICIPANT PROMPTLY NOTIFY THE SBSEF IN WRITING OF THE CLAIM AND COOPERATE WITH THE SBSEF IN THE DEFENSE OR ANY RELATED SETTLEMENT NEGOTIATIONS. THE SBSEF SHALL HAVE SOLE CONTROL OVER THE DEFENSE AND ANY NEGOTIATION FOR ITS SETTLEMENT OR COMPROMISE. IF SUCH A CLAIM IS MADE OR IS LIKELY TO BE MADE, THE SBSEF SHALL, AT THE SBSEF'S SOLE OPTION, HAVE THE RIGHT TO TAKE ONE OR MORE OF THE FOLLOWING ACTIONS AT NO ADDITIONAL COST TO THE PARTICIPANT: (i) PROCURE THE RIGHT FOR THE PARTICIPANT TO CONTINUE THE USE OF THE SBSEF SERVICES; (ii) REPLACE THE SBSEF SERVICES WITH NON-INFRINGEMENT SOFTWARE; OR (iii) MODIFY THE SBSEF SERVICES SO AS TO BE NON-INFRINGEMENT. IF THE SBSEF DETERMINES THAT NONE OF THESE ALTERNATIVES IS REASONABLY AVAILABLE, THE PARTICIPANT AGREES TO IMMEDIATELY TERMINATE ITS USE OF THE SBSEF SERVICES ON THE SBSEF'S WRITTEN REQUEST. HOWEVER, THE SBSEF HAS NO OBLIGATION FOR ANY CLAIM BASED ON THE SBSEF'S USE OF THE SBSEF SERVICES IN ANY MANNER INCONSISTENT WITH THESE TERMS, PARTICIPANT'S MODIFICATION OF THE SBSEF SERVICES OR PARTICIPANT'S COMBINATION, OPERATION, OR USE OF THE SBSEF SERVICES WITH ANY PRODUCT, DATA, OR APPARATUS NOT SPECIFIED OR PROVIDED BY THE SBSEF, PROVIDED THAT SUCH CLAIM SOLELY AND NECESSARILY IS BASED ON SUCH COMBINATION, OPERATION OR USE, OR FOR CONTINUED ALLEGEDLY INFRINGING ACTIVITY BY THE PARTICIPANT AFTER THE PARTICIPANT HAVE BEEN NOTIFIED OF POSSIBLE INFRINGEMENT, UNLESS APPROVED IN

ADVANCE BY THE SBSEF. THE FOREGOING REPRESENTS THE SOLE AND EXCLUSIVE REMEDY FOR PARTICIPANTS WITH REGARD TO ANY OF THE ABOVE INFRINGEMENTS OR ALLEGED INFRINGEMENTS.

- (d) EACH PERSON ACCESSING OR UTILIZING THE SBSEF OR ANY SBSEF SERVICES OR THAT IS OTHERWISE BOUND BY THE SBSEF RULES AND SUBJECT TO THE SBSEF'S JURISDICTION ACKNOWLEDGES AND AGREES THAT THE SBSEF EXERCISES DISCIPLINARY AND REGULATORY POWERS, ENGAGES IN OTHER CONDUCT THAT ARISES OUT OF THE DISCHARGE OF ITS DUTIES UNDER THE SECURITIES EXCHANGE ACT, AND ACTS IN A CAPACITY THAT IS CONSISTENT WITH THE POWERS OF A "SELF-REGULATORY ORGANIZATION," AS THAT TERM IS DEFINED UNDER THE SECURITIES EXCHANGE ACT, AND ACKNOWLEDGES AND AGREES THAT, CONSISTENT WITH THE DOCTRINE OF IMMUNITY FOR SELF-REGULATORY ORGANIZATIONS, THE SBSEF SHALL BE IMMUNE FROM CIVIL DAMAGES AND SHALL HAVE NO LIABILITY TO ANY PERSON, INCIDENTAL, CONTINGENT, SPECIAL, PUNITIVE, CONSEQUENTIAL, INDIRECT OR OTHERWISE, IN CONNECTION WITH THE SBSEF'S EXERCISE OF THOSE POWERS OR IN CONNECTION WITH SUCH CONDUCT, WHETHER BASED ON WARRANTY, CONTRACT, TORT (INCLUDING NEGLIGENCE OR STRICT LIABILITY), OR ANY OTHER LEGAL OR EQUITABLE GROUNDS, AND REGARDLESS OF WHETHER SUCH DAMAGES ARE FORESEEABLE OR WHETHER A PERSON OR ITS AFFILIATES IS ADVISED OF THE POSSIBILITY OR LIKELIHOOD OF SUCH DAMAGES OR LOSS.
- (e) WITH THE EXCEPTION OF THE PROVISIONS OF RULE 6027(c), THE SBSEF'S LIABILITY AND THE COLLECTIVE LIABILITY OF THE SBSEF'S RELATED PARTIES AND THE THIRD PARTY SERVICE PROVIDERS SELECTED BY THE SBSEF, IF ANY, ARISING OUT OF ANY KIND OF LEGAL CLAIM (WHETHER IN CONTRACT, TORT, OR OTHERWISE) OR IN ANY WAY CONNECTED TO A PARTICIPANT'S USE OF THE SBSEF SERVICES WILL NOT EXCEED \$500,000 UNLESS CAUSED DIRECTLY BY THE SBSEF'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT.
- (f) NONE OF THE ABOVE WILL LIMIT PARTICIPANT'S RIGHTS AND REMEDIES OTHERWISE AVAILABLE UNDER THE STATE OR FEDERAL SECURITIES LAWS, SEC REGULATIONS OR THE SECURITIES EXCHANGE ACT.

SECTION 7 EMERGENCIES

Rule 7000 Emergency Rules

- (a) During an Emergency, the Board and/or the CEO (or, if the CEO is not available, the most senior Officer that is available), in consultation with the SEC and/or any relevant Clearing Agency, as necessary, may implement temporary emergency procedures and rules (“Emergency Rules”), subject to the applicable provisions of the Securities Exchange Act and SEC Regulations. Emergency Rules may require or authorize the SBSEF, the Board, any committee of the Board, the CEO or any other Officer to take Emergency Action necessary or appropriate to respond to the Emergency. If applicable, the SBSEF may provide for the carrying out of Emergency Actions through its agreements with its Regulatory Services Provider.
- (b) Before any Emergency Rule may be adopted and enforced, a required vote of the Board must approve the enforcement of such Emergency Rule at a duly convened meeting. Directors may attend such a meeting by teleconference and such meeting may, if necessary, be conducted pursuant to Rule 2100(c). Notwithstanding, if the CEO (or, if the CEO is not available, the most senior Officer that is available) determines that Emergency Rules must be implemented with respect to an Emergency before a meeting of the Board can reasonably be convened, then the CEO (or such seniormost Officer) shall have the authority, without Board action, to implement any Emergency Rules with respect to such Emergency that the CEO (or such seniormost Officer) deems necessary or appropriate to respond to such Emergency. In such circumstances, the CEO (or such seniormost Officer) must convene a meeting of the Board (which may, if necessary, be conducted pursuant to Rule 2100(c)) as soon as practicable thereafter. Notwithstanding that the Board does not ratify or approve extending or making permanent any Emergency Rules implemented by the CEO or seniormost Officer pending convening of the Board meeting, all actions previously taken in accordance with such Emergency Rules shall remain binding and valid.
- (c) Whenever the SBSEF, the Board, any committee of the Board, the CEO or any other Officer takes actions necessary or appropriate to respond to an Emergency in accordance with any Emergency Rule, a duly authorized representative of the SBSEF, where possible, will post an announcement in a Notice to Participants. When the Board determines that the Emergency no longer exists or has been reduced sufficiently to allow the SBSEF to resume normal functioning, any such actions responding to an Emergency will be terminated.
- (d) The SBSEF will use reasonable efforts to notify the SEC prior to implementing, modifying or terminating an Emergency Rule. If such prior notification is not possible or practicable, the SBSEF will notify the SEC as soon as possible or reasonably practicable but in all circumstances within twenty-four (24) hours of the implementation, modification or termination of such Emergency Rule.
- (e) Upon taking any action in response to an Emergency, the SBSEF will document the decision-making process related to such action, including an explanation of how conflicts of interest were minimized. Such documentation will be kept for at least five (5) years

following the date on which the Emergency ceases to exist or to affect the SBSEF, and all such documentation will be provided to the SEC upon request.

SECTION 8 RECORDKEEPING AND REPORTING

Rule 8000 Maintenance of Records by the SBSEF

- (a) The SBSEF will keep, or cause to be kept, full, complete and systematic Records, together with all pertinent data and memoranda, of all activities relating to its business with respect to Security-Based Swaps, including, without limitation, all audit trail data required under Rule 819(f) of Regulation SE and all other Records that a Security-Based Swap Execution Facility is required to create or obtain under Rules 800 through 835 of Regulation SE. The SBSEF will retain all such required Records in accordance with the duration requirements set forth in Rule 826(c) of Regulation SE, and in a form and manner that ensures the authenticity and reliability of such Records in accordance with the Securities Exchange Act and the SEC Regulations thereunder. All Records required to be maintained by the SBSEF are subject to examination by any representative of the SEC pursuant to Section 17(b) of the Securities Exchange Act. The SBEF shall also create and maintain such Records as are applicable and required under Rules 17a-3 and 17a-4 of the Securities Exchange Act.
- (b) The SBSEF may disclose, to any Government Agency, Self-Regulatory Organization or other Person, information concerning or associated with a Participant or other Person if the SBSEF believes such disclosure is necessary and appropriate in exercising a legal or regulatory function, whether or not a formal arrangement governing the disclosure exists or a request for information was made.
- (c) The SBSEF will keep, with respect to each Non-U.S. Participant that executes Transactions on the SBSEF, a record in permanent form, showing the true name, address and principal occupation or business of such Non-U.S. Participant. The SBSEF will, upon request, provide to the SEC information regarding the name of any person guaranteeing any such Transactions or exercising any control over the trading of any such Non-U.S. Participant.

Rule 8001 Order Information

- (a) Each Authorized Trader entering an Order with respect to any SB Swap must include with the Order, the following information and any other information as may be required by the SBSEF from time to time (to the extent such information is not provided by the SBSEF):
 - (1) the Authorized Trader's User ID;
 - (2) the Participant ID associated with the Authorized Trader;
 - (3) the Legal Entity Identifier of the Participant and, where the Participant is acting as agent, of the Customer or Client, with respect to the SB Swap for which the Order is placed;
 - (4) the price or yield, quantity and maturity or expiration date of the SB Swap;
 - (5) side of the Order;

- (6) a yes/no indication of whether the counterparties intend that the SB Swap will be submitted to clearing;
- (7) the Customer Type Indicator Code (as specified below);
- (8) a yes/no indication of whether the Participant, Customer or Client is a Security-Based Swap Dealer;
- (9) a yes/no indication of whether the Participant, Customer or Client is a Major Security-Based Swap Participant;
- (10) a yes/no indication of whether the Participant, Customer or Client is a Financial Entity;
- (11) a yes/no indication of whether the Participant, Customer or Client is a U.S. Person;
- (12) if the SB Swap will be allocated:
 - (i) an indication that the SB Swap will be allocated;
 - (ii) the Legal Entity Identifier of the Account Manager acting as agent;
 - (iii) a yes/no indication of whether the Account Manager acting as agent is a U.S. Person;
 - (iv) an indication of whether the SB Swap is a post-allocation SB Swap; and
 - (v) if the Swap is a post-allocation SB Swap, the account and Legal Entity Identifier for each Client that received allocations;
- (13) if applicable, an indication that the Participant, Customer or Client will elect to rely on a Clearing Exception for any SB Swap resulting from the Order and a description of the applicable Clearing Exception;
- (14) a yes/no indication of whether the Order is part of a Package Transaction; and
- (15) if the Order is part of a Package Transaction, a description of the Transaction.

For purposes of this Rule 8001(a), the “Customer Type Indicator Codes” are as follows:

- CTI 1 – Orders for the proprietary account of a Participant that is natural person.
- CTI 2 – Orders for the proprietary account of a Participant that is not a natural person.
- CTI 3 – Order entered by a Participant for the proprietary account of another Participant or for an account which the other Participant controls or has an ownership or financial interest in.

- CTI 4 – Any order not meeting the definition of CTI 1, 2 or 3, including those entered by Introducing Brokers on behalf of a Customer.
- (b) Participants that directly connect to, or that provide connectivity to the SBSEF, and ISVs that operate systems that route orders to the SBSEF, are responsible for maintaining or causing to be maintained a routing/front-end audit trail for all Orders, which shall include Order entry, modification and cancellation and any SBSEF responses to such messages. For executed Orders, such audit trail must record the execution time of the Transaction, along with all fill information. Such Participants and ISVs shall maintain audit trail information as required by Applicable Law and must have the ability to produce audit trail data in a reasonably usable format upon request of the SBSEF. The SBSEF will enforce its audit trail and recordkeeping requirements by conducting an annual review of all Participants to verify their compliance with the SBSEF’s audit trail and recordkeeping requirements.

Rule 8002 Recordkeeping Requirements

- (a) Each Participant, Customer, Client and Clearing Member must prepare and keep, or cause to be kept, all Records relating to its activity on the SBSEF required to be kept by it pursuant to Applicable Law and the SBSEF Rules, and must prepare and keep such other Records relating to its SBSEF Activity as the SBSEF may from time to time prescribe. Such Records must include, at a minimum, full, complete and systematic Records, together with all pertinent data and memoranda, of (i) all activities conducted on, or pursuant to the Rules of, the SBSEF, (ii) all activity in the index or instrument used as a reference price with respect to any SB Swap, the underlying asset for any SB Swap and related derivative markets, and (iii) all non-SB Swap components of Package Transactions. Each such Person shall retain all required Records in accordance with Applicable Law and the SBSEF Rules, and shall make such Records available, upon request, to the SBSEF, the SBSEF’s Regulatory Services Provider, the SEC, the CFTC or the United States Department of Justice and as otherwise required by Applicable Law.
- (b) If a Participant cannot enter an Order received from its Customer into the SBSEF, either directly or indirectly through an Execution Specialist, the Participant must immediately create an electronic record that includes the account identifier that relates to the Customer, time of receipt and terms of the Order.
- (c) Unless otherwise provided in the SBSEF Rules or other Applicable Law, each Person required to keep Records in accordance with the SBSEF Rules shall keep all required Records for a period of five (5) years from the date on which such Records were first prepared, and maintain such Records in an easily accessible place for the first two (2) years of such five (5) year period. Each such Person that is a counterparty to an SB Swap executed on, or pursuant to the Rules of, the SBSEF Rules shall retain Records of each such SB Swap for the life of the SB Swap and for a period of at least five (5) years following the final termination, maturity, expiration, transfer, assignment, or novation date of the SB Swap, and maintain such Records in an easily accessible place for the first two (2) years of such five (5) year period.

- (d) The SBSEF may require a Participant, Customer, Client or other Person subject to the SBSEF's jurisdiction to furnish any information in connection with such Person's activities on the SBSEF including (i) information relating to (x) Security-Based Swaps executed on or pursuant to the Rules of the SBSEF or on or pursuant to the rules of other Security-Based Swap Execution Facilities or in related derivatives markets, and (y) transactions or positions in the products underlying, related to or indexed to those Security-Based Swaps or to which those Security-Based Swaps are indexed (in whole or in part), and (ii) information requested by any Government Agency relating to the SBSEF and/or the SBSEF's compliance with Applicable Law that the SBSEF believes is maintained by, or otherwise in the possession or control of, such Person.
- (e) Each Authorized Trader shall prepare and keep, or cause to be kept, all books, ledgers and other Records relating to its activity on the SBSEF as may be required to enable its related Participant to comply with such Participant's obligations under this Rule 8002. Each Authorized Trader shall not knowingly take any action that would cause its associated Participant to fail to comply with Rule 8002(c), and each Authorized Trader shall cooperate as necessary to enable its associated Participant to comply with such Participant's obligations under Rule 8002(d).
- (f) Without limiting the generality of the foregoing, with respect to any SB Swap that has been allocated following execution on the SBSEF or pursuant to the SBSEF Rules, all Participants, Customers and Clients must prepare and keep, or cause to be kept, all books, ledgers and other Records as may be necessary to provide relevant information with respect to such post-trade allocation and will furnish such information to the SBSEF if the SBSEF, at the request of the SEC or otherwise, requests such information.

Rule 8003 Access to Position Information

Without limiting any provision of the SBSEF Rules including Rule 5400 and Rule 8002, the SBSEF and any Regulatory Services Provider, shall have the authority to obtain from any Participant, Account Manager, Customer, Client, Supervised Person or other Person subject to the SBSEF's jurisdiction information with respect to positions of such Person or, if applicable, any Customer or Client of such Person. This authority shall include the authority to obtain information concerning positions resulting from transactions which are not executed on, or pursuant to the Rules of, the SBSEF, and it shall be the obligation of a Person receiving such an inquiry to obtain such information from its Account Manager, Customer, Client or any Supervised Person, as applicable. In the event any Person fails to provide the requested information the SBSEF, in addition to any other remedy provided in these SBSEF Rules, may order that the Person liquidate the positions that are related to the inquiry.

Rule 8004 Reporting to a Security-Based Swap Data Repository

- (a) With respect to each Transaction in the Credit asset class (whether or not submitted for clearing), as well as with respect to each Transaction in any other asset class that will be submitted for clearing (collectively, "SBSEF Reportable Transactions"), the SBSEF will:

- (1) report the Transaction to an SBSEF Approved SB-SDR in accordance with the requirements of Rule 901 of Regulation SBSR (i) within twenty-four (24) hours after execution, or (ii) if twenty-four (24) hours after execution would fall on a day that is not a Regulation SBSR Business Day, by the same time on the next Regulation SBSR Business Day, and
- (2) with respect to SBSEF Reportable Transactions which are submitted for clearing, provide to the applicable Clearing Agency the Transaction's Transaction ID and the identity of the SB-SDR to which the Transaction will be or has been reported.

Currently, DTCC Data Repository (U.S.) LLC is the only SBSEF Approved SB-SDR.

- (b) With respect to each Transaction that is not an SBSEF Reportable Transaction, including any life cycle events (as defined in Rule 900(q) of Regulation SBSR) or errors with respect to such Transactions, the applicable Reporting Side for the Transaction shall report, or cause to be reported, to a registered SB-SDR the information required to be reported pursuant to Regulation SBSR. The Reporting Side with respect to each such SB Swap shall be established pursuant to Rule 901(a)(2) of Regulation SBSR. If the identity of the Reporting Side cannot be established under Rule 901(a)(2) of Regulation SBSR, the Reporting Side shall be determined by agreement of the parties. The SBSEF shall have no obligation with respect to the reporting of such Transactions.
- (c) With respect to any Transaction reported by the SBSEF in accordance with Rule 8004(a) above, if at any time any Person discovers an error in the information reported with respect to such Transaction, that Person shall promptly notify the SBSEF of the error. Upon receiving any such notification or otherwise becoming aware of an error in the information previously reported by the SBSEF with respect to a Transaction, the SBSEF shall promptly submit to the SB-SDR to which the Transaction was originally reported an amended report pertaining to the original transaction report, in a manner consistent with the applicable policies and procedures of the relevant SB-SDR as contemplated by Rule 907(a)(3) of Regulation SBSR. For the avoidance of doubt, if a Transaction was incorrectly executed, Rule 5103 shall apply.
- (d) No Person shall submit or agree to submit a cancellation or correction for the purpose of re-reporting information to an SB-SDR in order to gain or extend a delay in public dissemination of accurate data or to otherwise evade Applicable Law, including the reporting requirements set forth in Regulation SBSR.

Rule 8005 Timely Publication of Trading Information

The SBSEF will publicly post on its website on each Business Day a "Daily Market Data Report" in accordance with the requirements of Rule 825 of Regulation SE.

Appendix A to tpSEF Inc. SBSEF Rulebook

tpSEF Inc. SB Swap Specifications

I. Equity SB Swap Product Listings

The following two categories of SB Swaps in the equities asset class are available for trading on the SBSEF – each in various currencies and with various underliers, as described more fully below:

- **Equity Basket Total Return Swaps:** An equity basket total return swap is a product that provides for the ability to gain exposure to the total return of a custom basket of equities (“equity leg”) in exchange for payment or receipt of periodic financing payments (“financing leg”), usually based on a floating interest rate, plus a spread.
- **Single-Name Equity Total Return Swaps:** A single-name equity total return swap is a product that provides for the ability to gain exposure to the total return of a single-name equity security (“equity leg”) in exchange for payment or receipt of periodic financing payments (“financing leg”), usually based on a floating interest rate, plus a spread.

SB Swaps in this category are not cleared and, as set forth in SBSEF Rule 8004(b), must be reported by the applicable Reporting Side in accordance with the requirements of Regulation SBSR.

A. USD Equity Basket Total Return Swaps & USD Single-Name Equity Total Return Swaps (“USD TRS”)

(i) Discussion of Contracts; Not Readily Susceptible to Manipulation:

With respect to USD TRS, the SBSEF limits the equities underlying the equity leg of equity basket total return swaps and single-name equity total return swaps to equity securities listed for trading on a national securities exchange registered with the SEC. Each national securities exchange registered with the SEC is required to comply with Section 6 of the Securities Exchange Act. Section 6(b)(5) of the Securities Exchange Act requires, among other things, that:

“[t]he rules of the exchange are designed to *prevent fraudulent and manipulative acts and practices*, to promote just and equitable principles of trade, to foster cooperation and coordination with persons engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in securities, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general, to protect investors and the public interest.”¹

Only certain national securities exchanges have listing rules approved by the SEC that permit such exchanges to operate as listing exchanges for equity securities. The rules of these equity listing exchanges are subject to the rule filing requirements of Section 19 of the Securities Exchange Act and must comply with the requirements of the Securities Exchange Act, including Section 6(b)(5)

¹ 15 U.S.C. § 78f(b)(5) (emphasis added).

and its requirements that such rules be designed to prevent fraudulent and manipulative acts and practices.

In order to be considered for listing on an exchange, an issuer's security must be registered pursuant to Section 12(b) of the Securities Exchange Act or subject to an SEC-issued exemption.² The issuer must also be audited by an independent public accountant registered with the Public Company Accounting Oversight Board.³ There is some variation in the listing standards of the equity listing markets, and certain exchanges have different listing market tiers that impose heightened requirements for a listed company to qualify for the higher tier. However, the listing standards for all listing exchanges include general requirements related to: (i) initial and continued quantitative listing standards with respect to bid price, unrestricted publicly held shares, round lot holders, market makers, average daily trading volume, and net income, stockholders' equity or global market capitalization,⁴ and (ii) corporate governance requirements.⁵

If a listed security were to fall out of compliance with any of the above listing standards of an exchange registered with the SEC, it would be subject to the respective exchange's delisting process which, if the security remained out of compliance following the applicable cure and appeals periods, could result in the security's suspension and delisting from the exchange.⁶

The existing equities exchange listing standards have all been found by the SEC, either as part of the listing exchange's Form 1 application process or the Section 19 rule filing process, to be consistent with the Securities Exchange Act, including the requirement of Section 6(b)(5) that such rules be designed to prevent fraudulent and manipulative acts and practices. Any new exchange listing rules in the future, whether on an existing or newly-registered national securities exchange, must similarly be approved by the SEC and found to be consistent with Section 6(b)(5) of the Securities Exchange Act.

Because the SBSEF only allows the equities underlying its equity basket total return swaps and single-name equity total return swaps to include equity securities listed on a registered national securities exchange, the equity exchange listing standards that prevent manipulation in the underlying component of the security-based swap will similarly act to prevent manipulation in the equity basket total return swaps and single-name equity total return swaps referencing such underlying equity securities.

In addition, the interest rate for the financing leg of equity basket total return swaps and single-name equity total return swaps is one of several widely-used benchmarks, such as the Federal Funds Effective Rate, the Secured Overnight Financing Rate or the Overnight Bank Funding Rate. These rates are administered and calculated by third-parties using specific guidelines.

Further, the SBSEF has established rules and an enforcement infrastructure to prevent manipulation. tpSEF staff conducts real-time market surveillance and the National Futures Association ("NFA") provides regulatory services on a T+1 basis. NFA's services include

² See, e.g., Nasdaq Rule 5210(a).

³ See, e.g., Nasdaq Rule 5210(b).

⁴ See, e.g., Nasdaq Rules 5405, 5450 (initial and continued listing standards for the Nasdaq Global Market).

⁵ See, e.g., Nasdaq Rule 5600 Series.

⁶ See, e.g., Nasdaq Rule 5800 Series.

comprehensive trade practice and market surveillance services. The SBSEF is required to and will monitor all trading on the SBSEF in order to identify manipulative activities.

(ii) Terms and Conditions:

(1) **USD Equity Basket Total Return Swaps**

Contract Description	An agreement to pay or receive the total return of a custom basket of equities securities, based upon an agreed upon notional amount, in exchange for a financing payment.
Available Equity Underliers	Any equity security listed for trading on a national securities exchange registered with the SEC.
Currency	USD
Trading Hours	As specified in Rule 4000(c)(2).
Minimum and Incremental Price	No minimum or incremental price.
Quote Conventions	Quoted in basis points as a spread.
Tenor	As agreed by the parties, 1 month to 10 years.
Trade Date	Date on which trade terms are agreed by the parties.
Trade Start Types	Immediate or delayed start, as agreed by the parties.
Notional Amount	Any amount agreed by the parties.
Benchmark (for financing leg)	Any widely-used benchmark rate agreed by the parties, such as the Federal Funds Effective Rate, the Secured Overnight Financing Rate (term or overnight) or the Overnight Bank Funding Rate.
Calculation Method (for financing leg)	As agreed by the parties.
Day Count (for financing leg)	As agreed by the parties: 30/360 – assumes 30 days in a month and 360 day in a year Actual/360 – actual number of days in the relevant calculation period divided by 360

	<p>Actual/365 – actual number of days in the relevant calculation period divided by 365 (or 366 in the case of a leap year)</p> <p>Actual/365 (Fixed) – actual number of days in the relevant calculation period divided by 365</p>
Settlement	Cash settlement or physical settlement, as agreed by the parties.
Settlement Payments – Cash Settlement	<p>Receiver of returns pays, on the relevant Payment Date:</p> <ul style="list-style-type: none"> (i) the agreed Benchmark, plus a spread, and (ii) the negative price performance (if applicable) on the basket. <p>Payer of returns pays, on the relevant Payment Date, the positive price performance (if applicable) on the basket (if applicable) and accrued dividends (if any).</p> <p>All payments are based on the agreed Notional Amount.</p>
Settlement Payments and Deliveries – Physical Settlement	<p>Receiver of returns pays, on the relevant Payment Date:</p> <ul style="list-style-type: none"> (i) the agreed Benchmark, plus a spread, and (ii) with respect to each equity security in the basket, the notional amount related to an agreed upon number of underlying equity security shares to be delivered. <p>Payer of returns (i) pays, on the relevant Payment Date, accrued dividends (if any) and (ii) delivers, on the relevant date specified therefor, with respect to each equity security in the basket, the agreed upon number of underlying equity security shares to be delivered.</p> <p>All payments are based on the agreed Notional Amount.</p>
Payment Dates / Resets	A schedule of dates agreed by the parties, which dates may vary by payment type.
Final Settlement Date	As agreed by the parties.
Business Days	New York.
Business Day Convention	As agreed by the parties.

Option to Physically Settle	As agreed by the parties.
Right to Terminate	As agreed by the parties.
Substitution Rights	As agreed by the parties.

(2) **USD Single-Name Equity Total Return Swaps**

Contract Description	An agreement to pay or receive the total return of a single-name equity security, based upon an agreed upon notional amount, in exchange for a financing payment.
Available Equity Underliers	Any equity security listed for trading on a national securities exchange registered with the SEC.
Currency	USD
Trading Hours	As specified in Rule 4000(c)(2).
Minimum and Incremental Price	No minimum or incremental price.
Quote Conventions	Quoted in basis points as a spread.
Tenor	As agreed by the parties, 1 month to 10 years.
Trade Date	Date on which trade terms are agreed by the parties.
Trade Start Types	Immediate or delayed start, as agreed by the parties.
Notional Amount	Any amount agreed by the parties.
Benchmark (for financing leg)	Any widely-used benchmark rate agreed by the parties, such as the Federal Funds Effective Rate, the Secured Overnight Financing Rate (term or overnight) or the Overnight Bank Funding Rate.
Calculation Method (for financing leg)	As agreed by the parties.
Day Count (for financing leg)	As agreed by the parties: 30/360 – assumes 30 days in a month and 360 day in a year Actual/360 – actual number of days in the relevant calculation period divided by 360

	<p>Actual/365 – actual number of days in the relevant calculation period divided by 365 (or 366 in the case of a leap year)</p> <p>Actual/365 (Fixed) – actual number of days in the relevant calculation period divided by 365</p>
Settlement	Cash settlement or physical settlement, as agreed by the parties.
Settlement Payments – Cash Settlement	<p>Receiver of returns pays, on the relevant Payment Date:</p> <ul style="list-style-type: none"> (i) the agreed Benchmark, plus a spread, and (ii) the negative price performance (if applicable) on the underlying equity security. <p>Payer of returns pays, on the relevant Payment Date, the positive price performance (if applicable) on the underlying equity security (if applicable) and accrued dividends (if any).</p> <p>All payments are based on the agreed Notional Amount.</p>
Settlement Payments and Deliveries – Physical Settlement	<p>Receiver of returns pays, on the relevant Payment Date:</p> <ul style="list-style-type: none"> (i) the agreed Benchmark, plus a spread, and (ii) the notional amount related to an agreed upon number of underlying equity security shares to be delivered. <p>Payer of returns (i) pays, on the relevant Payment Date, accrued dividends (if any) and (ii) delivers, on the relevant date specified therefor, the agreed upon number of underlying equity security shares to be delivered.</p> <p>All payments are based on the agreed Notional Amount.</p>
Payment Dates / Resets	A schedule of dates agreed by the parties, which dates may vary by payment type.
Final Settlement Date	As agreed by the parties.
Business Days	New York.
Business Day Convention	As agreed by the parties.

Right to Terminate	As agreed by the parties.
Option to Physically Settle	As agreed by the parties.

B. Canadian Equity Basket Total Return Swaps & Canadian Single-Name Equity Total Return Swaps (“CA TRS”)

(i) Discussion of Contracts; Not Readily Susceptible to Manipulation:

With respect to CA TRS, the SBSEF limits the equities underlying the equity leg of equity basket total return swaps and single-name equity total return swaps to equity securities listed for trading on a recognized Canadian securities exchange registered under Canadian securities laws (a “Canadian Exchange”).⁷ Each Canadian Exchange is required to comply with Section 5.3(1) of National Instrument 21-101 Marketplace Operation (“NI 21-101”), which requires that:

Rules, policies and other similar instruments adopted by a recognized exchange or a recognized quotation and trade reporting system (a) must not be contrary to the public interest; and (b) must be designed to (i) ensure compliance with securities legislation, (ii) prevent fraudulent and manipulative acts and practices, (iii) promote just and equitable principles of trade, and (iv) foster co-operation and co-ordination with persons or companies engaged in regulating, clearing, settling, processing information with respect to, and facilitating, transactions in securities.”⁸

The Toronto Stock Exchange (“TSX”), Canada’s largest exchange, as well as certain others, have outsourced market surveillance and participant discipline to the Canadian Investment Regulatory Organization (“CIRO”), an independent third party self-regulatory organization. CIRO monitors all trading on the TSX. CIRO is recognized by Canadian securities regulatory authorities as a self-regulatory organization to monitor and regulate trading of equity securities on those marketplaces that retain CIRO to be their regulation services provider. CIRO uses surveillance systems that provide statistical and rule-based alerts to monitor that transactions are executed properly, fairly and in compliance with CIRO’s market integrity rules.

In order to be considered for listing on a Canadian Exchange, an issuer generally must be “reporting issuer” pursuant to Canadian securities laws. Reporting issuers are subject to periodic (continuous) disclosure and timely disclosure requirements.⁹ In Canada, reporting issuers are required to file certain disclosure documents on SEDAR+, a publicly available electronic database.¹⁰ Additionally, Canadian securities laws require insiders of reporting issuers to report

⁷ An exchange operating in a particular province of territory of Canada (a “Jurisdiction”), is subject to the securities laws of that jurisdiction. For example, an exchange operating in the Province of Ontario is subject to *the Securities Act* (Ontario), R.S.O. 1990, c. S.5, (the “OSA”) and regulation by the Ontario Securities Commission (the “OSC”).

⁸ NI 21-101 at s. 5.3(1) (emphasis added).

⁹ National Instrument 51-102 Continuous Disclosure Obligations; National Policy 51-201 Disclosure Standards.

¹⁰ See, e.g., OSA at Part XVIII.

their security holdings and any direct and indirect transactions involving those holdings on SEDI, which is also a publicly available electronic database.¹¹

With respect to listing standards for equity securities, there is some variation between equity listing markets, and certain exchanges have different listing market tiers that impose heightened requirements for a listed company to qualify for the higher tier. With respect to the TSX, the listing requirements vary by industry sector. However, listed entities are generally required to meet initial and continued requirements related to financial condition, public float, number of shareholders, and corporate governance.¹²

If a listed security were to fall out of compliance with the above listing standards, it would be subject to the halting, suspension and delisting process which, if the security remained out of compliance following the applicable cure and appeals periods, could result in the security's suspension and delisting from the exchange.¹³

Because the SBSEF only allows the equities underlying its equity basket total return swaps and single-name equity total return swaps to include equity securities listed on a Canadian Exchange, the above noted requirements and standards that prevent manipulation in the underlying component of the security-based swap will similarly act to prevent manipulation in the equity basket total return swaps and single-name equity total return swaps referencing such underlying equity securities.

In addition, the interest rate for the financing leg of equity basket total return swaps and single-name equity total return swaps is one of several widely-used benchmarks, such as the Federal Funds Effective Rate, the Secured Overnight Financing Rate, the Overnight Bank Funding Rate, the Canadian Dollar Offered Rate or the Canadian Overnight Repo Rate Average. These rates are administered and calculated by third-parties using specific guidelines.

The Montreal Exchange (the "MX") is Canada's derivatives exchange for options and futures. The MX is recognized as a self-regulatory organization by the securities regulatory authority in Quebec, the Autorité des marchés financiers or "AMF"), and the regulatory oversight of MX markets is carried out by the Regulatory Division ("MX-R"). Under the AMF oversight, the mission of MX-R is to ensure the integrity of MX derivative markets.

In addition, the SBSEF has established rules and an enforcement infrastructure to prevent manipulation. tpSEF staff conducts real-time market surveillance and NFA provides regulatory services on a T+1 basis. NFA's services include comprehensive trade practice and market surveillance services. The SBSEF is required to and will monitor all trading on the SBSEF in order to identify manipulative activities.

¹¹ See, e.g., OSA at s. 107.

¹² TSX Company Manual at Parts III and IV.

¹³ TSX Company Manual at Part VII.

(ii) Terms and Conditions:

(1) **CA Equity Basket Total Return Swaps**

Contract Description	An agreement to pay or receive the total return of a custom basket of equities securities, based upon an agreed upon notional amount, in exchange for a financing payment.
Available Equity Underliers	Any equity security listed for trading on a Canadian Exchange.
Currency	USD
Trading Hours	As specified in Rule 4000(c)(2).
Minimum and Incremental Price	No minimum or incremental price.
Quote Conventions	Quoted in basis points as a spread.
Tenor	As agreed by the parties, 1 month to 10 years.
Trade Date	Date on which trade terms are agreed by the parties.
Trade Start Types	Immediate or delayed start, as agreed by the parties.
Notional Amount	Any amount agreed by the parties.
Benchmark (for financing leg)	Any widely-used benchmark rate agreed by the parties, such as the Federal Funds Effective Rate, the Secured Overnight Financing Rate (term or overnight), the Overnight Bank Funding Rate, Canadian Dollar Offered Rate or the Canadian Overnight Repo Rate Average.
Calculation Method (for financing leg)	As agreed by the parties.
Day Count (for financing leg)	As agreed by the parties: 30/360 – assumes 30 days in a month and 360 day in a year Actual/360 – actual number of days in the relevant calculation period divided by 360 Actual/365 – actual number of days in the relevant calculation period divided by 365 (or 366 in the case of a leap year)

	Actual/365 (Fixed) – actual number of days in the relevant calculation period divided by 365
Settlement	Cash settlement or physical settlement, as agreed by the parties.
Settlement Payments – Cash Settlement	<p>Receiver of returns pays, on the relevant Payment Date:</p> <ul style="list-style-type: none"> (i) the agreed Benchmark, plus a spread, and (ii) the negative price performance (if applicable) on the underlying equity security. <p>Payer of returns pays, on the relevant Payment Date, the positive price performance (if applicable) on the underlying equity security (if applicable) and accrued dividends (if any).</p> <p>All payments are based on the agreed Notional Amount.</p>
Settlement Payments and Deliveries – Physical Settlement	<p>Receiver of returns pays, on the relevant Payment Date:</p> <ul style="list-style-type: none"> (i) the agreed Benchmark, plus a spread, and (ii) the notional amount related to an agreed upon number of underlying equity security shares to be delivered. <p>Payer of returns (i) pays, on the relevant Payment Date, accrued dividends (if any) and (ii) delivers, on the relevant date specified therefor, the agreed upon number of underlying equity security shares to be delivered.</p> <p>All payments are based on the agreed Notional Amount.</p>
Payment Dates / Resets	A schedule of dates agreed by the parties, which dates may vary by payment type.
Final Settlement Date	As agreed by the parties.
Business Days	Toronto.
Business Day Convention	As agreed by the parties.
Option to Physically Settle	As agreed by the parties.
Right to Terminate	As agreed by the parties.

Substitution Rights	As agreed by the parties.
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(2) CA Single-Name Equity Total Return Swaps

Contract Description	An agreement to pay or receive the total return of a single-name equity security, based upon an agreed upon notional amount, in exchange for a financing payment.
Available Equity Underliers	Any equity security listed for trading on a Canadian Exchange.
Currency	USD
Trading Hours	As specified in Rule 4000(c)(2).
Minimum and Incremental Price	No minimum or incremental price.
Quote Conventions	Quoted in basis points as a spread.
Tenor	As agreed by the parties, 1 month to 10 years.
Trade Date	Date on which trade terms are agreed by the parties.
Trade Start Types	Immediate or delayed start, as agreed by the parties.
Notional Amount	Any amount agreed by the parties.
Benchmark (for financing leg)	Any widely-used benchmark rate agreed by the parties, such as the Federal Funds Effective Rate, the Secured Overnight Financing Rate (term or overnight), the Overnight Bank Funding Rate, Canadian Dollar Offered Rate or the Canadian Overnight Repo Rate Average.
Calculation Method (for financing leg)	As agreed by the parties.
Day Count (for financing leg)	As agreed by the parties: 30/360 – assumes 30 days in a month and 360 day in a year Actual/360 – actual number of days in the relevant calculation period divided by 360 Actual/365 – actual number of days in the relevant calculation period divided by 365 (or 366 in the case of a leap year)

	Actual/365 (Fixed) – actual number of days in the relevant calculation period divided by 365
Settlement	Cash settlement or physical settlement, as agreed by the parties.
Settlement Payments – Cash Settlement	<p>Receiver of returns pays, on the relevant Payment Date:</p> <ul style="list-style-type: none"> (i) the agreed Benchmark, plus a spread, and (ii) the negative price performance (if applicable) on the basket. <p>Payer of returns pays, on the relevant Payment Date, the positive price performance (if applicable) on the basket (if applicable) and accrued dividends (if any).</p> <p>All payments are based on the agreed Notional Amount.</p>
Settlement Payments and Deliveries – Physical Settlement	<p>Receiver of returns pays, on the relevant Payment Date:</p> <ul style="list-style-type: none"> (i) the agreed Benchmark, plus a spread, and (ii) with respect to each equity security in the basket, the notional amount related to an agreed upon number of underlying equity security shares to be delivered. <p>Payer of returns (i) pays, on the relevant Payment Date, accrued dividends (if any) and (ii) delivers, on the relevant date specified therefor, with respect to each equity security in the basket, the agreed upon number of underlying equity security shares to be delivered.</p> <p>All payments are based on the agreed Notional Amount.</p>
Payment Dates / Resets	A schedule of dates agreed by the parties, which dates may vary by payment type.
Final Settlement Date	As agreed by the parties.
Business Days	Toronto.
Business Day Convention	As agreed by the parties.
Right to Terminate	As agreed by the parties.
Option to Physically Settle	As agreed by the parties.

C. UK/EEA Equity Basket Total Return Swaps & UK/EEA Single Name Equity Total Return Swaps (“UK/EEA TRS”)

(i) Discussion of Contracts; Not Readily Susceptible to Manipulation:

With respect to UK/EEA TRS, the SBSEF limits the equities underlying the equity leg of equity basket total return swaps and single name equity total return swaps to equity securities admitted to trading on a regulated market (i) organized or established in the United Kingdom (“UK”) or the European Economic Area (“EEA”) and (ii) authorised under MiFID II¹⁴ (a “Regulated Market”). Regulated Markets are required to comply with the provisions of the Market Abuse Regulation (“MAR”).¹⁵

MAR has a wide ranging scope, and applies to all financial instruments (as defined by MAR and MiFID II, which include equity securities) that are admitted to trading (or for which a request for trading has been made) on any UK/EEA trading venues (“Traded on a Trading Venue”, or “TOTV”).

In addition, MAR applies to financial instruments, the price or value of which depends on or has an effect on the price or value of a TOTV financial instrument.¹⁶ MAR also applies to any transaction, order or behavior concerning any financial instrument referred to above irrespective of whether or not such transaction, order or behavior takes place on a UK/EEA trading venue.¹⁷

The prohibitions in MAR apply to activities in relation to the in-scope financial instruments, regardless of where the parties carrying on those activities are traded. Therefore, persons which are established outside the UK/EEA can nonetheless be in scope of the regulations, if they trade in the relevant financial instruments.

In relation to Regulated Markets (and other trading venues), Article 16(1) of MAR requires, among other things, that:

“Market operators [i.e. persons who manage Regulated Markets] and investment firms that operate a trading venue shall establish and maintain effective arrangements, systems and procedures aimed at preventing and detecting insider dealing, market manipulation and attempted insider dealing and market manipulation [.]”

In order to be considered for admission to trading on a Regulated Market, an issuer’s security must comply with rules of the Regulated Market established pursuant to Article 51 of MiFID II. Those rules are required to ensure that any transferable securities admitted to trading on a Regulated Market are capable of being traded in a fair, orderly and efficient manner and are freely negotiable.¹⁸ When assessing whether a transferable security is capable of being traded in a fair,

¹⁴ Directive 2014/65/EU (“MiFID II”) and its supplementing and delegated regulations, as implemented in a European Union Member State, or the United Kingdom.

¹⁵ Regulation (EU) No 596/2014 and its supplementing and delegated regulations, including the version of such regulation retained as UK law following Brexit by virtue of the European Union (Withdrawal) Act 2018.

¹⁶ See, Articles 2(1)(d), MAR.

¹⁷ See, Articles 2(3), MAR.

¹⁸ See, Article 2, Commission Delegated Regulation (EU) 2017/568.

orderly and efficient manner, a Regulated Market will consider the information contained within the transferable securities' prospectus, published in accordance with the Prospectus Regulation.¹⁹

The Prospectus Regulation lays down stringent requirements for the drawing up, regulatory approval and distribution of the prospectus to be published when securities are offered to the public or admitted to trading on a Regulated Market. A prospectus must contain “necessary information which is material to an investor” for making an informed assessment of: (i) the assets and liabilities, profits and losses, financial position, and prospects of the issuer and of any guarantor; (ii) the rights attaching to the securities; and (iii) the reasons for the issuance and its impact on the issuer.²⁰

In addition, the Regulated Market is required to take into account information that is publicly available such as: (i) historical financial information; (ii) information about the issuer; and (iii) information providing a business overview. To facilitate the publication of such information, the Transparency Directive²¹ requires issuers to ensure appropriate transparency for investors by disclosing periodic and ongoing regulated information to the public. The main requirements of the Transparency Directive include: (i) issuers having to publish periodic financial reports;²² (ii) major shareholders and holders of financial instruments having to disclose their holdings when these cross certain thresholds and the relevant company having to disclose this information to the market;²³ and (iii) issuers having to release information useful to investors on a fast and pan-European/UK basis.²⁴

With respect to listing standards for equity securities, there is some variation between Regulated Markets, and Regulated Markets in certain jurisdictions may have distinct listing categories that impose different requirements for a listed company to qualify for a particular category. However, the listing standards for Regulated Markets typically include requirements related to: (i) quantitative thresholds with respect to aggregate market value and percentage of shares in public hands; (ii) transferability of the securities; and the (iii) publication of an approved prospectus or listing particulars and (iv) corporate governance requirements.²⁵ If a security admitted to trading were to fall out of compliance with the rules of the relevant Regulated Market, it could result in the security's suspension and removal from trading on the exchange.²⁶

Because the SBSEF only allows the equities underlying its UK/EEA TRS to include equity securities listed on a Regulated Market, the rules of the relevant Regulated Market as mandated pursuant to MiFID II and MAR that prevent manipulation in the underlying component of the security-based swap will similarly act to prevent manipulation in the UK/EEA TRS referencing such underlying equity securities. Further, given the broad scope of MAR, which includes

¹⁹ Regulation (EU) 2017/1129 and its supplementing and delegated regulations, including the version of such regulation retained as UK law following Brexit by virtue of the European Union (Withdrawal) Act 2018.

²⁰ See, Article 6, Prospectus Regulation.

²¹ Directive 2004/109/EC and its supplementing and delegated regulations, as implemented in a European Union Member State, or the United Kingdom.

²² See, Chapter II, Transparency Directive.

²³ See, Chapter III, Transparency Directive.

²⁴ See, Article 21, Transparency Directive.

²⁵ For example, see UKLR 3 and UKLR 5 of the UK Financial Conduct Authority Handbook of Rules and Guidance.

²⁶ See, e.g., Article 52(1). MiFID II.

derivative contracts where the underlying is a TOTV financial instrument, the UK/EEA TRS are directly in-scope of the provisions of MAR.

As a broader point, MAR imposes a general prohibition on market manipulation. Article 15 of MAR prohibits persons from engaging in or attempting to engage in market manipulation. Market manipulation encompasses the manipulation of transactions, the employment of fictitious devices, and disseminating false / misleading information as to the supply, demand or price of financial instruments.²⁷ As such, in addition to the regulatory regime and requirements applicable to the Regulated Markets themselves, all market participants which trade in financial instruments in-scope of MAR are subject to the prohibition.

In addition, the interest rate for the financing leg of equity basket total return swaps and single name equity total return swaps is one of several widely used benchmarks, such as the Sterling Overnight Index Average Rate, the Euro Short Term Rate or the Secured Overnight Financing Rate. These rates are administered and calculated by third-parties using specific guidelines.

Further, the SBSEF has established rules and an enforcement infrastructure to prevent manipulation. tpSEF staff conducts real-time market surveillance and NFA provides regulatory services on a T+1 basis. NFA’s services include comprehensive trade practice and market surveillance services. The SBSEF is required to and will monitor all trading on the SBSEF in order to identify manipulative activities.

(ii) Terms and Conditions:

(1) **UK/EEA Equity Basket Total Return Swaps**

Contract Description	An agreement to pay or receive the total return of a custom basket of equities securities, based upon an agreed upon notional amount, in exchange for a financing payment.
Available Equity Underliers	Any equity securities admitted to trading on a regulated market (i) organized or established in the UK or the EEA and (ii) authorised under MiFID II.
Currency	Any widely used currency agreed by the parties, such as the Available Currencies for the relevant Benchmark.
Trading Hours	As specified in Rule 4000(c)(2).
Minimum and Incremental Price	No minimum or incremental price.
Quote Conventions	Quoted in basis points as a spread.
Tenor	As agreed by the parties.

²⁷ See, Article 12, MAR.

Trade Date	Date on which trade terms are agreed by the parties.
Trade Start Types	Immediate or delayed start, as agreed by the parties.
Notional Amount	Any amount agreed by the parties.
Benchmark (for financing leg)	Any widely used benchmark rate agreed by the parties, such as the Available Benchmark Rates.
Calculation Method (for financing leg)	As agreed by the parties.
Day Count (for financing leg)	As agreed by the parties: 30/360 – assumes 30 days in a month and 360 day in a year Actual/360 – actual number of days in the relevant calculation period divided by 360 Actual/365 – actual number of days in the relevant calculation period divided by 365 (or 366 in the case of a leap year) Actual/365 (Fixed) – actual number of days in the relevant calculation period divided by 365
Settlement	Cash settlement or physical settlement, as agreed by the parties.
Settlement Payments – Cash Settlement	Receiver of returns pays, on the relevant Payment Date: (i) the agreed Benchmark, plus a spread, and (ii) the negative price performance (if applicable) on the basket. Payer of returns pays, on the relevant Payment Date, the positive price performance (if applicable) on the basket (if applicable) and accrued dividends (if any). All payments are based on the agreed Notional Amount.
Settlement Payments and Deliveries – Physical Settlement	Receiver of returns pays, on the relevant Payment Date: (i) the agreed Benchmark, plus a spread, and (ii) with respect to each equity security in the basket, the notional amount related to an

	<p>agreed upon number of underlying equity security shares to be delivered.</p> <p>Payer of returns (i) pays, on the relevant Payment Date, accrued dividends (if any) and (ii) delivers, on the relevant date specified therefor, with respect to each equity security in the basket, the agreed upon number of underlying equity security shares to be delivered.</p> <p>All payments are based on the agreed Notional Amount.</p>
Payment Dates / Resets	A schedule of dates agreed by the parties, which dates may vary by payment type.
Final Settlement Date	As agreed by the parties.
Business Days	As agreed by the parties.
Business Day Convention	As agreed by the parties.
Option to Physically Settle	As agreed by the parties.
Right to Terminate	As agreed by the parties.
Substitution Rights	As agreed by the parties.

(2) UK/EEA Single Name Equity Total Return Swaps

Contract Description	An agreement to pay or receive the total return of a single name equity security, based upon an agreed upon notional amount, in exchange for a financing payment.
Available Equity Underliers	Any equity securities admitted to trading on a regulated market (i) organized or established in the UK or the EEA and (ii) authorised under MiFID II.
Currency	Any widely used currency agreed by the parties, such as the Available Currencies for the relevant Benchmark.
Trading Hours	As specified in Rule 4000(c)(2).
Minimum and Incremental Price	No minimum or incremental price.
Quote Conventions	Quoted in basis points as a spread.
Tenor	As agreed by the parties.
Trade Date	Date on which trade terms are agreed by the parties.

Trade Start Types	Immediate or delayed start, as agreed by the parties.
Notional Amount	Any amount agreed by the parties.
Benchmark (for financing leg)	Any widely used benchmark rate agreed by the parties, such as the Available Benchmark Rates.
Calculation Method (for financing leg)	As agreed by the parties.
Day Count (for financing leg)	As agreed by the parties: 30/360 – assumes 30 days in a month and 360 day in a year Actual/360 – actual number of days in the relevant calculation period divided by 360 Actual/365 – actual number of days in the relevant calculation period divided by 365 (or 366 in the case of a leap year) Actual/365 (Fixed) – actual number of days in the relevant calculation period divided by 365
Settlement	Cash settlement or physical settlement, as agreed by the parties.
Settlement Payments – Cash Settlement	Receiver of returns pays, on the relevant Payment Date: (i) the agreed Benchmark, plus a spread, and (ii) the negative price performance (if applicable) on the underlying equity security. Payer of returns pays, on the relevant Payment Date, the positive price performance (if applicable) on the underlying equity security (if applicable) and accrued dividends (if any). All payments are based on the agreed Notional Amount.
Settlement Payments and Deliveries – Physical Settlement	Receiver of returns pays, on the relevant Payment Date: (i) the agreed Benchmark, plus a spread, and

	<p>(ii) the notional amount related to an agreed upon number of underlying equity security shares to be delivered.</p> <p>Payer of returns (i) pays, on the relevant Payment Date, accrued dividends (if any) and (ii) delivers, on the relevant date specified therefor, the agreed upon number of underlying equity security shares to be delivered.</p> <p>All payments are based on the agreed Notional Amount.</p>
Payment Dates / Resets	A schedule of dates agreed by the parties, which dates may vary by payment type.
Final Settlement Date	As agreed by the parties.
Business Days	As agreed by the parties.
Business Day Convention	As agreed by the parties.
Right to Terminate	As agreed by the parties.
Option to Physically Settle	As agreed by the parties.

Available Currencies and Benchmarks		
Region / Country	Available Currencies	Available Benchmarks
UK	GBP	Sterling Overnight Index Average (SONIA)
	EUR	Euro Short-Term Rate (ESTR)
	USD	Secured Overnight Financing Rate (SOFR)
EEA	EU	EUR, USD Euro Short-Term Rate (ESTR) Secured Overnight Financing Rate (SOFR)
	Finland	EUR Euro Short-Term Rate (ESTR)
	Norway	NOK, EUR Norwegian Interbank Offered Rate (NIBOR) Norwegian Overnight Weighted Average (NOWA) Euro Short-Term Rate (ESTR)
	Sweden	SEK, EUR Stockholm Interbank Offered Rate (STIBOR) Swedish krona Short Term Rate (SWESTR) Euro Short-Term Rate (ESTR)
	Denmark	DKK, EUR Copenhagen Interbank Offered Rate (CIBOR) Denmark Short Term Rate (DESTR) Euro Short-Term Rate (ESTR)

D. CH Equity Basket Total Return Swaps & CH Single Name Equity Total Return Swaps (“CH TRS”)

(i) Discussion of Contracts; Not Readily Susceptible to Manipulation:

With respect to CH TRS, the SBSEF limits the equities underlying the equity leg of equity basket total return swaps and single name equity total return swaps to equity securities admitted to trading on a regulated market (i) organized or established in Switzerland (“CH”) and (ii) authorized/licensed by the Swiss Financial Market Supervisory Authority FINMA (“FINMA”) pursuant to the Swiss Federal Act on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading (“FMIA”; SR 958.1) and its implementing ordinances (including the Ordinance on Financial Market Infrastructures and Market Conduct in Securities and Derivatives Trading (“FMIO”; SR 958.11)). Such regulated markets (each a “Regulated Swiss Market”) are required to comply with the provisions of the FMIA and FMIO.

The FMIA guarantees the transparency and functionality of the securities markets and ensures the equal treatment of investors.²⁸ To this end, Chapter 5 of Title 3 FMIA regulates market conduct that is prohibited under supervisory law by prohibiting the exploitation of insider information and market manipulation and Chapter 1 of Title 4 subjects the exploitation of insider information and market manipulation to criminal punishment.

FINMA, with respect to the regulatory provisions of the FMIA, or the Federal Department of Finance, in the case of violations of the criminal law provisions of the FMIA, investigates, enforces and punishes insider trading and market manipulation.²⁹ It can enforce the market abuse rules against all market participants, regardless of whether they are subject to prudential supervision and whether they are natural persons or legal entities. In addition to the FMIA, FINMA’s supervision and enforcement is also specified in the FMIO. FINMA’s practice is set out in particular in FINMA Circular 2013/8 “Market conduct rules”.

According to article 31 FMIA, a Swiss trading venue (exchange or multilateral trading facility), and based on article 73b FMIA, a regulated trading facility for DLT securities (“DLT trading facility”) in Switzerland, shall supervise price formation and the transactions conducted on the trading venue so that insider trading, price and market manipulation and other violations of statutory and regulatory provisions can be detected. For this purpose, it shall also review the transactions conducted outside of the trading venue that are reported to it or are brought to its attention in any other way. In the event of suspected violations of the law or other irregularities, the body responsible for supervising trading (trading supervisory body) shall notify FINMA. If the violations of the law involve criminal offences, it shall also inform the competent prosecution authority without delay. FINMA, the competent prosecution authority, the Takeover Board and the trading supervisory body shall exchange information which they require within the context of their collaboration and in order to carry out their tasks. They shall use the information received solely to carry out their respective tasks.

To meet the requirements of article 31 FMIA, on the basis of the self-regulation provided for by the FMIA, SIX Exchange Regulation (“SIX SER”) performs the regulatory functions for SIX

²⁸ See Art. 1 para. 2 FMIA.

²⁹ See Art. 145 FMIA in conjunction with Art. 29 et seqq. Financial Market Supervision Act (“FINMASA”; SR 956.1).

Swiss Exchange and the BX Swiss Regulatory Board for BX Swiss in the case of exchange trading and the admission of securities and the associated follow-up obligations.³⁰ SIX SER has issued Listing Rules (“LR SER”) and Trading Rules (“TR SER”) for this purpose, as has the BX Swiss with its Listing Rules (“LR BX Swiss”) and Trading Rules (“TR BX Swiss”).

In order to have securities admitted to exchange trading and listing, an application must be submitted to SIX Exchange Regulation AG or BX Swiss AG. In addition to the provisions of the FMIA³¹, the LR SER / TR SER and LR BX Swiss / TR BX Swiss and the implementing provisions of SIX SER and BX Swiss must be observed. In addition, an approved prospectus in accordance with article 35 et seqq. of the Financial Services Act (“FinSA”; SR 950.1) must be published in advance in order to admit securities to trading on these trading venues.

The prospectus provisions in articles 35 et seqq. FinSA set out strict requirements for the preparation, official approval, and publication of the prospectus. A prospectus must contain the information essential for an investor's decision, such as (a) information about the issuer and any guarantor, in particular its governing bodies, semi-annual or annual financial statements, business situation, significant prospects, risks or disputes; (b) information about the securities offered to the public or admitted to trading on a trading venue; and (c) about the offer, in particular the type of placement and the estimated net proceeds of the issue.

The FMIA has a broad scope of application and applies to (i) all securities within the meaning of article 2 let. b and bbis FMIA (standardized certificated and uncertificated securities, in particular uncertificated securities in accordance with article 973c of the Code of Obligations (“CO”) and ledger-based securities in accordance with article 973d of the CO, as well as derivatives and intermediated securities, which are suitable for mass trading) that are listed or admitted to trading on a trading venue or DLT trading facility in Switzerland and (ii) all market participants who trade in such securities. In addition, the regulatory prohibition of market manipulation under article 143 FMIA also applies to prudentially supervised persons in view of the requirement of proper business conduct with regard to (i) the primary market for securities, (ii) securities and financial instruments derived from them that are only admitted for trading on a foreign trading venue and (iii) business activities in markets other than the securities market, such as the foreign exchange, precious metals, commodities or interest rate markets.³²

The FMIA generally contains a prohibition on market manipulation. Pursuant to article 143 para. 1 FMIA a person behaves inadmissibly when he or she (a) publicly disseminates information which he or she knows or should know gives false or misleading signals regarding the supply, demand or price of securities admitted to trading on a trading venue or DLT trading facility which has its registered office in Switzerland; or (b) carries out transactions or acquisition or disposal orders which he or she knows or should know give false or misleading signals regarding the supply, demand or price of securities admitted to trading on a trading venue or DLT trading facility which has its registered office in Switzerland.

In addition, the FMIA contains a general prohibition on insider trading. Pursuant to article 142

³⁰ See Art. 27 FMIA.

³¹ See in particular the requirements for admission under Art. 35 FMIA and the prospectus requirements under Art. 35-37 FinSA.

³² FINMA Circular 2013/08 “Market conduct rules”, N 41 et seqq.

para. 1 FMIA, any person who has insider information and who knows or should know that it is insider information or who has a recommendation that he or she knows or should know is based on insider information shall behave inadmissibly when he or she (a) exploits it to acquire or dispose of securities admitted to trading on a trading venue or DLT trading facility which has its registered office in Switzerland or to use derivatives of such securities (b) discloses it to another; or (c) exploits it to recommend to another to acquire or dispose of securities admitted to trading on a trading venue or DLT trading facility which has its registered office in Switzerland or to use derivatives of such securities.

The corresponding criminal prohibitions are somewhat narrower but follow broadly similar lines.

The trading venue monitors price formation and trades executed on the trading venue in such a way that the exploitation of insider information, price and market manipulation and other violations of the law and regulations can be detected.³³ In the event of suspected violations of the law or other irregularities, the trading supervisory body notifies FINMA, which pursues the appropriate action.³⁴

If a security admitted to trading no longer meets the rules of the relevant trading venue, in particular in the event of extraordinary circumstances, especially if the issuer has violated important information obligations, this could lead to the temporary suspension and removal of the security from trading and/or listing on the exchange.³⁵

Because the SBSEF only allows the equities underlying its CH TRS to include equity securities listed on a Regulated Swiss Market, the rules of the relevant Regulated Swiss Market as mandated pursuant to FMIA that prevent manipulation in the underlying component of the security-based swap will similarly act to prevent manipulation in the CH TRS referencing such underlying equity securities. Further, given the broad scope of the FMIA, which for the prohibition of insider dealing specifically includes derivative contracts³⁶ where the underlying is a security admitted to trading on a Swiss trading venue or DLT trading facility, the CH TRS are directly in-scope of such provisions of the FMIA.

Further, the SBSEF has established rules and an enforcement infrastructure to prevent manipulation. tpSEF staff conducts real-time market surveillance and NFA provides regulatory services on a T+1 basis. NFA's services include comprehensive trade practice and market surveillance services. The SBSEF is required to and will monitor all trading on the SBSEF in order to identify manipulative activities.

³³ See Art. 31 para. 1 FMIA.

³⁴ See Art. 31 para. 2 FMIA.

³⁵ See Art. 33 para. 1 FMIA in conjunction with Art. 57 LR SER and Art. 22 LR BX Swiss.

³⁶ FINMA Circular 2013/08 "Market conduct rules", N 12 et seqq.: "*The term "security-related derivatives" under Article 142 para. 1 FMIA also includes non-standardised over-the-counter (OTC) products. The question of whether a derivatives transaction is made on or off a trading venue is immaterial for the purpose of determining misuse of information. It is equally immaterial whether the security-related derivatives are traded in Switzerland or abroad if they are derived from securities admitted to trading on a trading venue in Switzerland.*"

(ii) Terms and Conditions:

(1) **CH Equity Basket Total Return Swaps**

Contract Description	An agreement to pay or receive the total return of a custom basket of equities securities, based upon an agreed upon notional amount, in exchange for a financing payment.
Available Equity Underliers	Any equity securities admitted to trading on a Regulated Swiss Market.
Currency	CHF or EUR, as agreed by the parties.
Trading Hours	As specified in Rule 4000(c)(2).
Minimum and Incremental Price	No minimum or incremental price.
Quote Conventions	Quoted in basis points as a spread.
Tenor	As agreed by the parties.
Trade Date	Date on which trade terms are agreed by the parties.
Trade Start Types	Immediate or delayed start, as agreed by the parties.
Notional Amount	Any amount agreed by the parties.
Benchmark (for financing leg)	Any widely used benchmark rate agreed by the parties, such as the Swiss Average Rate Overnight.
Calculation Method (for financing leg)	As agreed by the parties.
Day Count (for financing leg)	As agreed by the parties: 30/360 – assumes 30 days in a month and 360 day in a year Actual/360 – actual number of days in the relevant calculation period divided by 360 Actual/365 – actual number of days in the relevant calculation period divided by 365 (or 366 in the case of a leap year) Actual/365 (Fixed) – actual number of days in the relevant calculation period divided by 365
Settlement	Cash settlement or physical settlement, as agreed by the parties.
Settlement Payments – Cash Settlement	Receiver of returns pays, on the relevant Payment Date: (i) the agreed Benchmark, plus a spread, and

	<p>(ii) the negative price performance (if applicable) on the basket.</p> <p>Payer of returns pays, on the relevant Payment Date, the positive price performance (if applicable) on the basket (if applicable) and accrued dividends (if any).</p> <p>All payments are based on the agreed Notional Amount.</p>
Settlement Payments and Deliveries – Physical Settlement	<p>Receiver of returns pays, on the relevant Payment Date:</p> <p>(i) the agreed Benchmark, plus a spread, and</p> <p>(ii) with respect to each equity security in the basket, the notional amount related to an agreed upon number of underlying equity security shares to be delivered.</p> <p>Payer of returns (i) pays, on the relevant Payment Date, accrued dividends (if any) and (ii) delivers, on the relevant date specified therefor, with respect to each equity security in the basket, the agreed upon number of underlying equity security shares to be delivered.</p> <p>All payments are based on the agreed Notional Amount.</p>
Payment Dates / Resets	A schedule of dates agreed by the parties, which dates may vary by payment type.
Final Settlement Date	As agreed by the parties.
Business Days	Zurich.
Business Day Convention	As agreed by the parties.
Option to Physically Settle	As agreed by the parties.
Right to Terminate	As agreed by the parties.
Substitution Rights	As agreed by the parties.

(2) CH Single Name Equity Total Return Swaps

Contract Description	An agreement to pay or receive the total return of a single name equity security, based upon an agreed upon notional amount, in exchange for a financing payment.
Available Equity Underliers	Any equity securities admitted to trading on a Regulated Swiss Market.
Currency	CHF or EUR, as agreed by the parties.
Trading Hours	As specified in Rule 4000(c)(2).
Minimum and Incremental Price	No minimum or incremental price.

Quote Conventions	Quoted in basis points as a spread.
Tenor	As agreed by the parties.
Trade Date	Date on which trade terms are agreed by the parties.
Trade Start Types	Immediate or delayed start, as agreed by the parties.
Notional Amount	Any amount agreed by the parties.
Benchmark (for financing leg)	Any widely used benchmark rate agreed by the parties, such as the Swiss Average Rate Overnight.
Calculation Method (for financing leg)	As agreed by the parties.
Day Count (for financing leg)	As agreed by the parties: 30/360 – assumes 30 days in a month and 360 day in a year Actual/360 – actual number of days in the relevant calculation period divided by 360 Actual/365 – actual number of days in the relevant calculation period divided by 365 (or 366 in the case of a leap year) Actual/365 (Fixed) – actual number of days in the relevant calculation period divided by 365
Settlement	Cash settlement or physical settlement, as agreed by the parties.
Settlement Payments – Cash Settlement	Receiver of returns pays, on the relevant Payment Date: (i) the agreed Benchmark, plus a spread, and (ii) the negative price performance (if applicable) on the underlying equity security. Payer of returns pays, on the relevant Payment Date, the positive price performance (if applicable) on the underlying equity security (if applicable) and accrued dividends (if any). All payments are based on the agreed Notional Amount.
Settlement Payments and Deliveries – Physical Settlement	Receiver of returns pays, on the relevant Payment Date: (i) the agreed Benchmark, plus a spread, and (ii) the notional amount related to an agreed upon number of underlying equity security shares to be delivered.

	Payer of returns (i) pays, on the relevant Payment Date, accrued dividends (if any) and (ii) delivers, on the relevant date specified therefor, the agreed upon number of underlying equity security shares to be delivered. All payments are based on the agreed Notional Amount.
Payment Dates / Resets	A schedule of dates agreed by the parties, which dates may vary by payment type.
Final Settlement Date	As agreed by the parties.
Business Days	Zurich.
Business Day Convention	As agreed by the parties.
Right to Terminate	As agreed by the parties.
Option to Physically Settle	As agreed by the parties.

E. Brazilian Equity Basket Total Return Swaps & Brazilian Single Name Equity Total Return Swaps (“BR TRS”)

(i) Discussion of Contracts; Not Readily Susceptible to Manipulation:

With respect to BR TRS, the SBSEF limits the equities underlying the equity leg of equity basket total return swaps and single name equity total return swaps to equity securities admitted to trading on the Brazilian stock exchange B3 S.A. – Brasil, Bolsa, Balcão (“B3”).

The Brazilian capital market is regulated and supervised by the Brazilian securities exchange commission (*Comissão de Valores Mobiliários* – “CVM”). The Brazilian regulatory framework adopts the principle of full disclosure of information, which must be observed by the issuers of securities within the Brazilian capital market. The information that listed companies in Brazil must disclose to the market, shareholders and investors are defined in the Brazilian Corporation Law (Federal Law No. 6,404, of December 15, 1976, as amended) and in rules enacted by the CVM, including, among others, financial statements (*demonstrações financeiras*), reference form (*formulário de referência*), quarterly information form (*formulário de informações trimestrais*), relevant fact (*fato relevante*), meeting calls (*editais de convocação*) and minutes of shareholders’ meetings (*atas de assembleias*).

Additionally, public companies in Brazil are also subject to regulation from the B3.

CVM Resolution No 160, dated as of July 13, 2022 (“CVM Resolution 160”) regulates public offering for distribution of securities. It qualifies as an offering any act for promotion, by any means or form, of communication aiming to raise the interest in the subscription or acquisition of certain securities being offered or to be offered. Any disclosure regarding the public offering must be carried out in accordance with the CVM Resolution 160, which generally establishes quiet period and lock-up period rules to avoid manipulation during a certain public offering.

Also, publicly traded companies are subject to the reporting rules established by the Brazilian securities law, which requires the company to provide periodic information to the CVM and B3, including, but not limited to, the Reference Form (as defined below) and other registration forms, financial documents (such as standardized financial statements, the annual and quarterly information, quarterly management reports, independent audit reports), among other documents. Additionally, the company is required to file with the CVM all shareholders' agreements, documents relating to general meetings of shareholders (such as call notices, management proposals related to the agenda, a summary of the resolutions taken and minutes of the annual general meeting and copies of minutes from general meetings, as well as the ballot papers for remote voting and the voting maps), among other documents.³⁷

Since 2010, as a replacement for the previous IAN form (similar to the US 20-F-based Form), the CVM introduced the Reference Form (in Portuguese, *Formulário de Referência*), which must be annually presented in an updated form in its entirety. CVM Resolution No 80, dated as of March 29, 2022 (“CVM Resolution 80”) establishes the rules and structure for the Reference Form, as well as the deadline for its annual presentation and other deadlines for interim updates that must be carried out in the form in case specific events take place (*i.e.*, as a result of certain public offerings of securities). Inspired by the “shelf registration system” model developed by the International Organization of Securities Commissions (“IOSCO”), the Reference Form is equivalent to IOSCO’s “shelf document” and is intended to provide information to investors periodically and at certain material events conducted by the company.

Pursuant to CVM’s rules, directors and officers, members of the audit committee, if established, as well as members of any other technical or advisory committee, are required to disclose, to the company, the CVM and B3, within the timeframe and with the specific information required by the proper regulation, the number and type of securities issued by the company or subsidiaries held by them or by persons related to them, as well as any change to their respective interests.

According to the CVM Resolution No 44, dated as of August 23, 2021, as amended (“CVM Resolution 44”), any material negotiation conducted by controlling shareholders, directors and officers, shareholders entitled to appoint directors and members of the audit committee, as well as investors of a listed company, resulting in increases or decreases of interest of multiples of 5%, triggers the obligation to disclosure of such persons, who must report to the company, among other information, the ownership percentage held, including other securities entitling rights to shares, and intended to be held in the company, as well as the purpose associated with such ownership percentage. Interests (or rights) held by investors, related parties, and any other person acting together or representing the same interest – namely, entities under common control and funds managed by the same entity or related party – are calculated into such thresholds.

Also, pursuant to the CVM Resolution 44, a publicly traded company is required to inform the CVM and B3 of any material developments relating to the company or its business. A material development consists of an event with the potential to affect the price of securities, the decision of investors to buy, sell, or hold such securities, or their decision to exercise any of the rights inherent to such securities.

³⁷ See, e.g., CVM Resolution 80.

More particularly to the listing of securities on the Brazilian stock exchange, the B3 has three special listing segments, known as Level 1 (in Portuguese, *Nível 1*), Level 2 (*Nível 2*), and the New Market (*Novo Mercado*). Such classification was originally created to foster a secondary market for securities issued by Brazilian corporations, encouraging such corporations to follow good corporate governance practices. The listing segments were designed to trade shares issued by corporations that voluntarily agree to abide by additional corporate governance practices and disclosure requirements along with those already imposed by the applicable Brazilian laws. These rules generally increase shareholders' rights and enhance the quality of information provided to shareholders.³⁸

In order to be listed in the New Market, the tier with the higher corporate governance, an issuer must generally meet all of the requirements for Level 1 and Level 2 corporations and must issue only common shares, except in cases of denationalization of the company, which might admit preferred shares to grant specific political rights to the denationalized entity. Additionally, New Market listed corporations must have an audit committee acting as an advisory body linked to the board of directors and comply with the particularities established in the regulation.

The CVM also acts in the prevention and control of administrative conducts related to illicit activities in the capital markets. The Federal Law No 6.385, of December 7, 1976, as amended, is responsible for establishing guidelines for market manipulation, misuse of privileged information and irregular exercise of activity or function. Regarding to the insider trading conduct, the rules in Brazil are very similar to those applicable in the United States and apply either to the source of information (i.e. tippers, such as the managerial bodies of the company) or to individuals to whom the information is presented, who misappropriate such information and trade based on it (i.e. tippers, such as lawyers and financial advisers). The Brazilian legislation prohibits the trading of securities based on privileged information and imposes administrative, civil, and criminal penalties, depending on the degree of the infraction and position of individuals involved. These three penalties may be imposed either individually or collectively.

In addition, the interest rate for the financing leg of equity basket total return swaps and single name equity total return swaps is one of several widely used benchmarks, such as the Federal Funds Effective Rate, the Secured Overnight Financing Rate or the Overnight Bank Funding Rate. These rates are administered and calculated by third-parties using specific guidelines.

Further, the SBSEF has established rules and an enforcement infrastructure to prevent manipulation. tpSEF staff conducts real-time market surveillance and NFA provides regulatory services on a T+1 basis. NFA's services include comprehensive trade practice and market surveillance services. The SBSEF is required to and will monitor all trading on the SBSEF in order to identify manipulative activities.

³⁸ See, e.g., B3 Guidelines

(ii) Terms and Conditions:

(1) **BR Equity Basket Total Return Swaps**

Contract Description	An agreement to pay or receive the total return of a custom basket of equities securities, based upon an agreed upon notional amount, in exchange for a financing payment.
Available Equity Underliers	Any equity security listed for trading on B3.
Currency	USD or BRL, as agreed by the parties.
Trading Hours	As specified in Rule 4000(c)(2).
Minimum and Incremental Price	No minimum or incremental price.
Quote Conventions	Quoted in basis points as a spread.
Tenor	As agreed by the parties, 1 month to 10 years.
Trade Date	Date on which trade terms are agreed by the parties.
Trade Start Types	Immediate or delayed start, as agreed by the parties.
Notional Amount	Any amount agreed by the parties.
Benchmark (for financing leg)	Any widely used benchmark rate agreed by the parties, such as the Federal Funds Effective Rate, the Secured Overnight Financing Rate (term or overnight) or the Overnight Bank Funding Rate.
Calculation Method (for financing leg)	As agreed by the parties.
Day Count (for financing leg)	As agreed by the parties: 30/360 – assumes 30 days in a month and 360 day in a year Actual/360 – actual number of days in the relevant calculation period divided by 360 Actual/365 – actual number of days in the relevant calculation period divided by 365 (or 366 in the case of a leap year) Actual/365 (Fixed) – actual number of days in the relevant calculation period divided by 365

Settlement	Cash settlement or physical settlement, as agreed by the parties.
Settlement Payments – Cash Settlement	<p>Receiver of returns pays, on the relevant Payment Date:</p> <ul style="list-style-type: none"> (i) the agreed Benchmark, plus a spread, and (ii) the negative price performance (if applicable) on the underlying equity security. <p>Payer of returns pays, on the relevant Payment Date, the positive price performance (if applicable) on the underlying equity security (if applicable) and accrued dividends (if any).</p> <p>All payments are based on the agreed Notional Amount.</p>
Settlement Payments and Deliveries – Physical Settlement	<p>Receiver of returns pays, on the relevant Payment Date:</p> <ul style="list-style-type: none"> (i) the agreed Benchmark, plus a spread, and (ii) the notional amount related to an agreed upon number of underlying equity security shares to be delivered. <p>Payer of returns (i) pays, on the relevant Payment Date, accrued dividends (if any) and (ii) delivers, on the relevant date specified therefor, the agreed upon number of underlying equity security shares to be delivered.</p> <p>All payments are based on the agreed Notional Amount.</p>
Payment Dates / Resets	A schedule of dates agreed by the parties.
Final Settlement Date	As agreed by the parties.
Business Days	New York.
Business Day Convention	As agreed by the parties.
Right to Terminate	As agreed by the parties.
Substitution Rights	As agreed by the parties.

(2) **BR Single Name Equity Total Return Swaps**

Contract Description	An agreement to pay or receive the total return of a single name equity security, based upon an agreed upon notional amount, in exchange for a financing payment.
Available Equity Underliers	Any equity security listed for trading on B3.
Currency	USD or BRL, as agreed by the parties.
Trading Hours	As specified in Rule 4000(c)(2).
Minimum and Incremental Price	No minimum or incremental price.
Quote Conventions	Quoted in basis points as a spread.
Tenor	As agreed by the parties, 1 month to 10 years.
Trade Date	Date on which trade terms are agreed by the parties.
Trade Start Types	Immediate or delayed start, as agreed by the parties.
Notional Amount	Any amount agreed by the parties.
Benchmark (for financing leg)	Any widely used benchmark rate agreed by the parties, such as the Federal Funds Effective Rate, the Secured Overnight Financing Rate (term or overnight) or the Overnight Bank Funding Rate.
Calculation Method (for financing leg)	As agreed by the parties.
Day Count (for financing leg)	As agreed by the parties: 30/360 – assumes 30 days in a month and 360 day in a year Actual/360 – actual number of days in the relevant calculation period divided by 360 Actual/365 – actual number of days in the relevant calculation period divided by 365 (or 366 in the case of a leap year) Actual/365 (Fixed) – actual number of days in the relevant calculation period divided by 365
Settlement	Cash settlement or physical settlement, as agreed by the parties.

<p>Settlement Payments – Cash Settlement</p>	<p>Receiver of returns pays, on the relevant Payment Date:</p> <ul style="list-style-type: none"> (i) the agreed Benchmark, plus a spread, and (ii) the negative price performance (if applicable) on the underlying equity security. <p>Payer of returns pays, on the relevant Payment Date, the positive price performance (if applicable) on the underlying equity security (if applicable) and accrued dividends (if any).</p> <p>All payments are based on the agreed Notional Amount.</p>
<p>Settlement Payments and Deliveries – Physical Settlement</p>	<p>Receiver of returns pays, on the relevant Payment Date:</p> <ul style="list-style-type: none"> (i) the agreed Benchmark, plus a spread, and (ii) the notional amount related to an agreed upon number of underlying equity security shares to be delivered. <p>Payer of returns (i) pays, on the relevant Payment Date, accrued dividends (if any) and (ii) delivers, on the relevant date specified therefor, the agreed upon number of underlying equity security shares to be delivered.</p> <p>All payments are based on the agreed Notional Amount.</p>
<p>Payment Dates / Resets</p>	<p>A schedule of dates agreed by the parties.</p>
<p>Final Settlement Date</p>	<p>As agreed by the parties.</p>
<p>Business Days</p>	<p>New York.</p>
<p>Business Day Convention</p>	<p>As agreed by the parties.</p>
<p>Right to Terminate</p>	<p>As agreed by the parties.</p>

F. Turkish Equity Basket Total Return Swaps & Turkish Single Name Equity Total Return Swaps (“TR TRS”)

(i) Discussion of Contracts; Not Readily Susceptible to Manipulation

With respect to TR TRS, the SBSEF limits the equities underlying the equity leg of equity basket total return swaps and single name equity total return swaps to equities listed on the stock exchange in the Republic of Türkiye (“Türkiye”), the applicable regulatory framework (as discussed in detail below) ensures that these contracts are not readily susceptible to manipulation.

The Capital Markets Board of Türkiye (“CMB”) is the primary regulatory authority overseeing the capital markets in Türkiye. The CMB enforces the Capital Markets Law No. 6362 (as amended from time to time) (“CML”) and its secondary regulations, which establish a comprehensive regulatory framework for the trading of capital market instruments, including securities and derivatives.

Borsa İstanbul (“BIST”) operates as the principal and sole stock exchange in Türkiye where equity securities are traded. BIST operates under stringent regulations and guidelines promulgated by the CMB to ensure fair, orderly, and transparent trading. Both the CMB and BIST have market surveillance systems in place to monitor trading activities and detect any potential market abuse, including insider trading and market manipulation.

Analogous to the EU Market Abuse Regulation, Türkiye has also implemented regulations to prevent market abuse in capital markets. Accordingly, the CML, along with the the CMB Communiqué on Market Abuse numbered VI-104.1 (“Turkish MAR Communiqué”) (CML and Turkish MAR Communiqué together “Turkish MAR Legislation”), delineates prohibitions against insider trading, market manipulation, and the dissemination of false or misleading information.

Articles 104, 106, and 107 of the CML set out market abuse violations and crimes as follows:

- **Article 104** establishes the general framework for the Turkish civil market abuse regime, and defines market abuse as any act or transaction that undermines or distorts the safe, transparent and stable functioning of exchanges and other organized markets, unless such act or transaction do not have a reasonable economic or financial rationale. According to the Turkish MAR Communiqué, the types of behaviour that constitute market abuse includes insider dealing, improper disclosure, manipulative transactions, dissemination of misleading information.

The CML sets out certain offences such as insider trading and market manipulation, which actually deals with similar unlawful behaviour, and which would come into play if there is a specific intent to commit these offences. However, civil market abuse regime would only be applicable where the specific intent to commit these offences is not present.

- **Article 106** regulates insider trading and defines it as the act of trading in capital market instruments based on non-public information that can affect the prices, values, or investment decisions related to those instruments. This provision ensures that individuals with access to confidential information cannot exploit it for personal gain, thereby maintaining market integrity.

- **Article 107** regulates market manipulation, prohibiting actions with the intent to create false or misleading impressions regarding the price, price changes, supply, or demand of capital market instruments. Such actions can include buying or selling securities, placing, cancelling, or changing orders or conducting account movements. Additionally, providing false, misleading, or deceptive information, spreading rumours, making announcements, comments, or reports, or disseminating such information to influence the prices, values, or decisions of investors in capital market instruments is also considered market manipulation. This provision aims to ensure the functioning and development of the capital market in a reliable, transparent, efficient, stable, fair, and competitive environment and to protect the rights and interests of investors.

Turkish MAR Legislation applies to all financial instruments traded on BIST (including those underlying TR TRS) and collectively ensures that the Turkish market operates transparently and fairly, thereby reducing the susceptibility of TR TRS to manipulation. The CMB possesses the authority to investigate and enforce compliance with market regulations. Violations of market abuse regulations can result in significant penalties, including fines, suspension of trading, and criminal charges. As a result, the CMB's enforcement actions serve as a deterrent to potential market manipulators.

In terms of listing requirements under Turkish law, to be eligible for admission to trading on BIST, an issuer's securities must comply with stringent listing rules and regulations set forth by the CMB and BIST. These rules ensure that listed securities are capable of being traded in a fair, orderly, and efficient manner. The listing criteria include minimum market capitalisation, free float requirements, compliance with the CMB's Corporate Governance Principles (which include requirements related to the structure and functioning of the board of directors, shareholder rights, and transparency), and the publication of a prospectus containing material information about the issuer.

The preparation, approval, and publication of a prospectus is governed by the CMB's Communiqué on Prospectus and Issuance Certificates numbered II-5.1 ("Communiqué No. II-5.1"), which is applicable to securities listed in Türkiye. According to the Communiqué No. II-5.1, a prospectus must contain all necessary information that is material to an investor, including detailed information on the issuer's financial position, business operations, and risks. Such prospectus must also be approved by the CMB before it can be published and distributed to the public.

The CMB further mandates periodic and ongoing disclosure requirements for issuers of listed securities. Pursuant to the Communiqué on Material Events Disclosure numbered II-15.1 and the Communiqué on Principles Regarding Financial Reporting in Capital Markets numbered II-14.1, issuers are required to publish, among other things, periodic financial reports, disclose significant events, and provide timely information to the market. Major shareholders and holders of financial instruments must also disclose their holdings when crossing certain thresholds. These transparency measures ensure that investors have access to accurate and timely information, thereby reducing the risk of market manipulation.

If a security admitted to trading were to fall out of compliance with the applicable listing rules, it could result in the security’s suspension and removal from trading on BIST, as well as impose by the CMB of additional fines and penalties to the relevant issuers.

Therefore, the comprehensive Turkish MAR Legislation established by the CMB, combined with the stringent listing requirements, transparency measures, and robust market surveillance systems, ensures that TR TRS on equities listed on BIST are not readily susceptible to manipulation. The alignment of Turkish regulations with international standards further enhances the integrity and stability of the Turkish capital markets.

Further, the SBSEF has established rules and an enforcement infrastructure to prevent manipulation. tpSEF staff conducts real-time market surveillance and NFA provides regulatory services on a T+1 basis. NFA’s services include comprehensive trade practice and market surveillance services. The SBSEF is required to and will monitor all trading on the SBSEF in order to identify manipulative activities.

(ii) Terms and Conditions:

(1) **TR Equity Basket Total Return Swaps**

Contract Description	An agreement to pay or receive the total return of a custom basket of equities securities, based upon an agreed upon notional amount, in exchange for a financing payment.
Available Equity Underliers	Any equity securities admitted to trading on an equity securities exchange in the Republic of Türkiye.
Currency	TRY
Trading Hours	As specified in Rule 4000(c)(2).
Minimum and Incremental Price	No minimum or incremental price.
Quote Conventions	Quoted in basis points as a spread.
Tenor	As agreed by the parties.
Trade Date	Date on which trade terms are agreed by the parties.
Trade Start Types	Immediate or delayed start, as agreed by the parties.
Notional Amount	Any amount agreed by the parties.
Benchmark (for financing leg)	Any widely used benchmark rate agreed by the parties, such as the Turkish Lira Overnight Reference Rate.
Calculation Method (for financing leg)	As agreed by the parties.
Day Count (for financing leg)	As agreed by the parties: 30/360 – assumes 30 days in a month and 360 day in a year

	<p>Actual/360 – actual number of days in the relevant calculation period divided by 360</p> <p>Actual/365 – actual number of days in the relevant calculation period divided by 365 (or 366 in the case of a leap year)</p> <p>Actual/365 (Fixed) – actual number of days in the relevant calculation period divided by 365</p>
Settlement	Cash settlement or physical settlement, as agreed by the parties.
Settlement Payments – Cash Settlement	<p>Receiver of returns pays, on the relevant Payment Date:</p> <ul style="list-style-type: none"> (i) the agreed Benchmark, plus a spread, and (ii) the negative price performance (if applicable) on the basket. <p>Payer of returns pays, on the relevant Payment Date, the positive price performance (if applicable) on the basket (if applicable) and accrued dividends (if any).</p> <p>All payments are based on the agreed Notional Amount.</p>
Settlement Payments and Deliveries – Physical Settlement	<p>Receiver of returns pays, on the relevant Payment Date:</p> <ul style="list-style-type: none"> (i) the agreed Benchmark, plus a spread, and (ii) with respect to each equity security in the basket, the notional amount related to an agreed upon number of underlying equity security shares to be delivered. <p>Payer of returns (i) pays, on the relevant Payment Date, accrued dividends (if any) and (ii) delivers, on the relevant date specified therefor, with respect to each equity security in the basket, the agreed upon number of underlying equity security shares to be delivered.</p> <p>All payments are based on the agreed Notional Amount.</p>
Payment Dates / Resets	A schedule of dates agreed by the parties, which dates may vary by payment type.
Final Settlement Date	As agreed by the parties.
Business Days	Istanbul.
Business Day Convention	As agreed by the parties.
Option to Physically Settle	As agreed by the parties.
Right to Terminate	As agreed by the parties.
Substitution Rights	As agreed by the parties.

(2) **TR Single Name Equity Total Return Swaps**

Contract Description	An agreement to pay or receive the total return of a single name equity security, based upon an agreed upon notional amount, in exchange for a financing payment.
Available Equity Underliers	Any equity securities admitted to trading on an equity securities exchange in the Republic of Türkiye.
Currency	TRY
Trading Hours	As specified in Rule 4000(c)(2).
Minimum and Incremental Price	No minimum or incremental price.
Quote Conventions	Quoted in basis points as a spread.
Tenor	As agreed by the parties.
Trade Date	Date on which trade terms are agreed by the parties.
Trade Start Types	Immediate or delayed start, as agreed by the parties.
Notional Amount	Any amount agreed by the parties.
Benchmark (for financing leg)	Any widely used benchmark rate agreed by the parties, such as the Turkish Lira Overnight Reference Rate.
Calculation Method (for financing leg)	As agreed by the parties.
Day Count (for financing leg)	As agreed by the parties: 30/360 – assumes 30 days in a month and 360 day in a year Actual/360 – actual number of days in the relevant calculation period divided by 360 Actual/365 – actual number of days in the relevant calculation period divided by 365 (or 366 in the case of a leap year) Actual/365 (Fixed) – actual number of days in the relevant calculation period divided by 365
Settlement	Cash settlement or physical settlement, as agreed by the parties.
Settlement Payments – Cash Settlement	Receiver of returns pays, on the relevant Payment Date: (i) the agreed Benchmark, plus a spread, and (ii) the negative price performance (if applicable) on the underlying equity security.

	<p>Payer of returns pays, on the relevant Payment Date, the positive price performance (if applicable) on the underlying equity security (if applicable) and accrued dividends (if any).</p> <p>All payments are based on the agreed Notional Amount.</p>
Settlement Payments and Deliveries – Physical Settlement	<p>Receiver of returns pays, on the relevant Payment Date:</p> <ul style="list-style-type: none"> (i) the agreed Benchmark, plus a spread, and (ii) the notional amount related to an agreed upon number of underlying equity security shares to be delivered. <p>Payer of returns (i) pays, on the relevant Payment Date, accrued dividends (if any) and (ii) delivers, on the relevant date specified therefor, the agreed upon number of underlying equity security shares to be delivered.</p> <p>All payments are based on the agreed Notional Amount.</p>
Payment Dates / Resets	A schedule of dates agreed by the parties, which dates may vary by payment type.
Final Settlement Date	As agreed by the parties.
Business Days	Istanbul.
Business Day Convention	As agreed by the parties.
Right to Terminate	As agreed by the parties.
Option to Physically Settle	As agreed by the parties.

G. Japanese Equity Basket Total Return Swaps & Japanese Single Name Equity Total Return Swaps (“JP TRS”)

(i) Discussion of Contracts; Not Readily Susceptible to Manipulation:

With respect to JP TRS, the SBSEF limits the equities underlying the equity leg of equity basket total return swaps and single name equity total return swaps to equity securities listed on a Japanese licensed financial instruments exchange, as described more fully below. The applicable regulatory framework (as discussed in detail below) ensures that these contracts are not readily susceptible to manipulation.

Tokyo Stock Exchange (“TSE”), the largest spot financial instruments exchange in Japan, and Osaka Exchange (“OSE”), the derivatives exchange in Japan, have outsourced the self-regulatory services to Japan Exchange Regulation, a self-regulatory corporation under the Financial Instruments and Exchange Act of Japan (“FIEA”). Japan Exchange Regulation conducts a daily analysis of trading trends for stocks whose share prices or trading volumes have fluctuated sharply or for stocks for which information is provided by parties inside or outside Japan Exchange Group

Inc., in order to check for unfair trading practices such as market manipulation at TSE and OSE. All transactions suspected of unfair are reported to the Securities and Exchange Surveillance Commission of Japan. Also, Japan Exchange Regulation also provides guidelines for the prevention of unfair trading, including market manipulation.

In addition, according to Article 110 of the FIEA, a licensed financial instruments exchange must be operated in a way that facilitates the fair and facilitative trading of securities and market derivatives transactions and contributes to the protection of investors. Each licensed financial instruments exchange has the Articles of Incorporation and the business regulations, the contents of which are subject to examination by the Financial Services Agency of Japan (“FSA”) when they are granted a license to open a financial instruments exchange, and any changes to these Articles of Incorporation and the business rules require the approval of the FSA in advance (Article 149 of the FIEA).

As described above, the financial instruments exchanges in Japan are licensed in accordance with the above requirements under the FIEA and are required to operate in compliance with them under the FSA’s supervision, therefore it can be said that the fair trading and facilitative operation of the financial instruments exchanges is ensured.

In order to be considered for listing on a Japanese licensed financial instruments exchange, an issuer generally must be a “reporting issuer” pursuant to the FIEA. Reporting issuers are subject to periodic (continuous) disclosure and timely disclosure requirements. In Japan, reporting issuers are required to file certain disclosure documents on EDINET, a publicly available electronic database. Additionally, the FIEA requires the officers and the major shareholders of the issuer to report the transactions related to the listed securities to the competent local finance bureau via the securities firms. The issuer must also be periodically audited by an independent public accountant.

There is some variation in the listing standards of the equity listing markets, and TSE has different listing market tiers that impose heightened requirements for a listed company to qualify for the higher tier. However, the listing standards for all listing exchanges include general requirements related to: (i) initial and continued quantitative listing standards with respect to number of shareholders, unrestricted publicly held shares, round lot holders, average daily trading volume, and net income, and (ii) corporate governance requirements.

If a listed security were to fall out of compliance with the above listing standards, it would be subject to the halting, suspension and delisting process which, if the security remained out of compliance following the applicable cure and appeals periods, could result in the security’s suspension and delisting.

Because the SBSEF only allows the equities underlying its equity basket total return swaps and single name equity total return swaps to include equity securities listed on a Japanese exchange, the equity change listing standard including the rules that prevent manipulation in the underlying component of the security-based swap will similarly act to prevent manipulation in the equity basket total return swaps and single name equity total return swaps referencing such underlying equity securities.

The interest rate for the financing leg of equity basket total return swaps and single name equity total return swaps is one of several widely used benchmarks, such as the Tokyo Overnight Average Rate or the Secured Overnight Financing Rate. These rates are administered and calculated by third-parties using specific guidelines.

Further, the SBSEF has established rules and an enforcement infrastructure to prevent manipulation. tpSEF staff conducts real-time market surveillance and NFA provides regulatory services on a T+1 basis. NFA’s services include comprehensive trade practice and market surveillance services. The SBSEF is required to and will monitor all trading on the SBSEF in order to identify manipulative activities.

(ii) Terms and Conditions:

(1) **JP Equity Basket Total Return Swaps**

Contract Description	An agreement to pay or receive the total return of a custom basket of equities securities, based upon an agreed upon notional amount, in exchange for a financing payment.
Available Equity Underliers	Any equity security listed for trading on a Japanese licensed financial instruments exchange.
Currency	JPY or USD, as agreed by the parties.
Trading Hours	As specified in Rule 4000(c)(2).
Minimum and Incremental Price	No minimum or incremental price.
Quote Conventions	Quoted in basis points as a spread.
Tenor	As agreed by the parties.
Trade Date	Date on which trade terms are agreed by the parties.
Trade Start Types	Immediate or delayed start, as agreed by the parties.
Notional Amount	Any amount agreed by the parties.
Benchmark (for financing leg)	Any widely used benchmark rate agreed by the parties, such as the Tokyo Overnight Average Rate or the Secured Overnight Financing Rate (term or overnight).
Calculation Method (for financing leg)	As agreed by the parties.
Day Count (for financing leg)	As agreed by the parties:

	<p>30/360 – assumes 30 days in a month and 360 day in a year</p> <p>Actual/360 – actual number of days in the relevant calculation period divided by 360</p> <p>Actual/365 – actual number of days in the relevant calculation period divided by 365 (or 366 in the case of a leap year)</p> <p>Actual/365 (Fixed) – actual number of days in the relevant calculation period divided by 365</p>
Settlement	Cash settlement or physical settlement, as agreed by the parties.
Settlement Payments – Cash Settlement	<p>Receiver of returns pays, on each Payment Date and on the Final Settlement Date:</p> <ul style="list-style-type: none"> (i) the agreed Benchmark, plus a spread, and (ii) the negative price performance (if applicable) on the basket. <p>Payer of returns pays, on each Payment Date and on the Final Settlement Date, the positive price performance (if applicable) on the basket (if applicable) and accrued dividends (if any).</p> <p>All payments are based on the agreed Notional Amount.</p>
Settlement Payments and Deliveries – Physical Settlement	<p>Receiver of returns pays, on the relevant Payment Date:</p> <ul style="list-style-type: none"> (i) the agreed Benchmark, plus a spread, and (ii) with respect to each equity security in the basket, the notional amount related to an agreed upon number of underlying equity security shares to be delivered. <p>Payer of returns (i) pays, on the relevant Payment Date, accrued dividends (if any) and (ii) delivers, on the relevant date specified therefor, with respect to each equity security in the basket, the agreed upon number of underlying equity security shares to be delivered.</p> <p>All payments are based on the agreed Notional Amount.</p>

Payment Dates / Resets	A schedule of dates agreed by the parties.
Final Settlement Date	As agreed by the parties.
Business Days	Tokyo.
Business Day Convention	As agreed by the parties.
Option to Physically Settle	As agreed by the parties.
Right to Terminate	As agreed by the parties.
Substitution Rights	As agreed by the parties.

(2) JP Single Name Equity Total Return Swaps

Contract Description	An agreement to pay or receive the total return of a single name equity security, based upon an agreed upon notional amount, in exchange for a financing payment.
Available Equity Underliers	Any equity security listed for trading on a Japanese licensed financial instruments exchange.
Currency	JPY or USD, as agreed by the parties.
Trading Hours	As specified in Rule 4000(c)(2).
Minimum and Incremental Price	No minimum or incremental price.
Quote Conventions	Quoted in basis points as a spread.
Tenor	As agreed by the parties.
Trade Date	Date on which trade terms are agreed by the parties.
Trade Start Types	Immediate or delayed start, as agreed by the parties.
Notional Amount	Any amount agreed by the parties.
Benchmark (for financing leg)	Any widely used benchmark rate agreed by the parties, such as the Tokyo Overnight Average Rate or the Secured Overnight Financing Rate (term or overnight).
Calculation Method (for financing leg)	As agreed by the parties.
Day Count (for financing leg)	As agreed by the parties:

	<p>30/360 – assumes 30 days in a month and 360 day in a year</p> <p>Actual/360 – actual number of days in the relevant calculation period divided by 360</p> <p>Actual/365 – actual number of days in the relevant calculation period divided by 365 (or 366 in the case of a leap year)</p> <p>Actual/365 (Fixed) – actual number of days in the relevant calculation period divided by 365</p>
Settlement	Cash settlement or physical settlement, as agreed by the parties.
Settlement Payments – Cash Settlement	<p>Receiver of returns pays, on the relevant Payment Date:</p> <ul style="list-style-type: none"> (i) the agreed Benchmark, plus a spread, and (ii) the negative price performance (if applicable) on the underlying equity security. <p>Payer of returns pays, on the relevant Payment Date, the positive price performance (if applicable) on the underlying equity security (if applicable) and accrued dividends (if any).</p> <p>All payments are based on the agreed Notional Amount.</p>
Settlement Payments and Deliveries – Physical Settlement	<p>Receiver of returns pays, on the relevant Payment Date:</p> <ul style="list-style-type: none"> (i) the agreed Benchmark, plus a spread, and (ii) the notional amount related to an agreed upon number of underlying equity security shares to be delivered. <p>Payer of returns (i) pays, on the relevant Payment Date, accrued dividends (if any) and (ii) delivers, on the relevant date specified therefor, the agreed upon number of underlying equity security shares to be delivered.</p> <p>All payments are based on the agreed Notional Amount.</p>
Payment Dates / Resets	A schedule of dates agreed by the parties.
Final Settlement Date	As agreed by the parties.

Business Days	Tokyo.
Business Day Convention	As agreed by the parties.
Right to Terminate	As agreed by the parties.
Option to Physically Settle	As agreed by the parties.

II. Credit SB Swap Product Listings

Single-name credit default swaps (“CDS”) in various currencies and with various underliers are available for trading on the SBSEF, as described more fully below. A single-name CDS is a credit derivative contract under which the protection buyer pays premium to the protection seller in return for compensation in connection with a credit event occurring in respect of a single reference obligation, based upon an agreed upon notional amount.

Single-name CDS which are cleared will be reported by the SBSEF in accordance with SBSEF Rule 8004(a). Single-name CDS which are not cleared must be reported by the applicable party that is the Reporting Side in accordance with the requirements of Regulation SBSR, as set forth in SBSEF Rule 8004(b).

A. ICE Clear Credit-Cleared Single-Name CDS

(i) Discussion of Contracts; Not Readily Susceptible to Manipulation:

Because the CDS will be effected through a registered SBSEF, all single-name CDS transactions must be reported to the SEC under Regulation SBSR, and certain CDS transaction information, including price, will be subject to public dissemination under Regulation SBSR.³⁹ In addition, tpSEF will apply an Order Price Delta Limit to all Orders for single-name CDS transactions executed on the SBSEF, as described in SBSEF Rule 4005(d)(1)(ii).

As with other categories of Security-Based Swaps available for trading on the SBSEF, the SBSEF has established rules and an enforcement infrastructure to prevent manipulation. tpSEF staff conducts real-time market surveillance and NFA provides regulatory services on a T+1 basis. NFA’s services include comprehensive trade practice and market surveillance services. The SBSEF is required to and will monitor all trading on the SBSEF in order to identify manipulative activities.

Moreover, the SEC has adopted rules that enable the SEC to enforce penalties against market participants with respect to manipulation of Security-Based Swaps, including the CDS that will be traded on the SBSEF.⁴⁰ For example, the SEC stated in proposing Securities Exchange Act Rule 9j-1 that Rule 9j-1(a)(6) (which prohibits manipulation of the price or valuation of any Security-Based Swap) “was intended to address, among other things, a number of the manufactured credit events or other opportunistic strategies in the CDS market observed over the last decade.”⁴¹

For all of the reasons above, the CDS are not readily susceptible to manipulation. In particular, transactions in the CDS will be subject to a reporting and dissemination regime under Regulation SBSR through which transaction prices will be publicly available and any potentially manipulative activity can be readily monitored. In addition, the market surveillance and enforcement mechanisms described above that are available to monitor activity and enforce against fraudulent

³⁹ See 17 CFR 242.901(c); 17 CFR 242.902.

⁴⁰ See 17 CFR 240.9j-1. See also 15 U.S.C. 78i(j) (expanding the anti-manipulation provisions of section 9 of the Securities Exchange Act to encompass purchases or sales of Security-Based Swaps and requiring the SEC to adopt rules to prevent fraud, manipulation, and deception in connection with Security-Based Swaps).

⁴¹ Securities Exchange Act Release Number 97656 (June 7, 2023), 88 FR 42546, 42562 (June 30, 2023).

or manipulative acts and practices serve as additional mitigants regarding the potential for manipulative activity.

(ii) Terms and Conditions:

Contract Description	An agreement cleared through ICE Clear Credit LLC (“ICE Clear Credit”) pursuant to which the protection buyer pays premium to the protection seller in return for compensation in connection with a credit event occurring in respect of a single reference obligation, based upon an agreed upon notional amount.
Available Underliers	Any reference obligation underlying a single-name CDS contract eligible for clearing through ICE Clear Credit.
Currency	The currency specified in respect of the relevant contract by ICE Clear Credit.
Trading Hours	All hours during which ICE Clear Credit is open for clearing.
Minimum and Incremental Price	No minimum or incremental price.
Quote Conventions	Quoted in basis points.
Tenor	As agreed by the parties, 1 month to 10 years.
Trade Date	Date on which trade terms are agreed by the parties.
Trade Start Type	Immediate start.
Notional Amount	Any amount agreed by the parties.
Upfront Fee	As determined in accordance with the ISDA CDS Standard Model.
Premium / Fixed Coupon	As determined by ICE Clear Credit.
Settlement	As determined by ICE Clear Credit.
Settlement Payments	<ul style="list-style-type: none"> • Contingent Payment: Payments related to a credit event settlement will be as specified by ICE Clear Credit. Contingent payments are paid by the protection seller to the protection buyer. • Fixed Quarterly Cash Payments: Reflected in basis points and paid by the protection buyer to the protection seller.

	<ul style="list-style-type: none"> • Upfront Fee Payment: The upfront fee is a portion of the payments, expressed in percentage points of the notional, which is present valued and paid upfront. The upfront fee may be payable by either party.
Final Settlement Date	As agreed by the parties.
Documentation	As specified by ICE Clear Credit for the relevant contract.

B. Bilateral USD Single-Name CDS

(i) Discussion of Contracts; Not Readily Susceptible to Manipulation:

See discussion in Section II.A.(i) above.

(ii) Terms and Conditions:

Contract Description	A credit derivative contract under which the protection buyer pays premium to the protection seller in return for compensation in connection with a credit event occurring in respect of a single reference obligation, based upon an agreed upon notional amount.
Available Underliers	Any reference obligation of a reference entity set forth in the list of Available Reference Entities included below.
Currency	USD
Trading Hours	24 hours per day on any Business Day.
Minimum and Incremental Price	No minimum or incremental price.
Quote Conventions	Quoted in basis points and spread.
Tenor	As agreed by the parties.
Trade Date	Date on which trade terms are agreed by the parties.
Trade Start Type	Immediate start.
Notional Amount	Any amount agreed by the parties.
Upfront Fee	Any amount agreed by the parties.

Premium / Fixed Coupon	Any amount agreed by the parties.
Settlement	Cash settlement or physical settlement, as agreed by the parties.
Settlement Payments	<p>Buyer of protection receives, following a relevant credit event, either:</p> <ul style="list-style-type: none"> • in the case of a cash settled transaction, payment of the difference between an agreed-upon reference price of the relevant underlier (typically par) and the market value of those obligations at the time of settlement; or • in the case of physical settlement, an agreed-upon reference price of the relevant underlier (typically par). <p>Seller of protection receives:</p> <ul style="list-style-type: none"> • on a periodic basis, Premium / Fixed Coupon payments; and • following a credit event, in the case of physical settlement, delivery of the relevant reference underlier(s). <p>Either party may receive, at trade inception, an upfront fee that is a portion of the payments, expressed in percentage points of the notional, which is present valued and paid upfront.</p>
Payment Dates / Resets	A schedule of dates agreed by the parties.
Final Settlement Date	As agreed by the parties.
Business Days	New York
Business Day Convention	As agreed by the parties.
Right to Terminate	As agreed by the parties.

<u>Available Reference Entities - USD</u>
Reference Entity
American Tower Corporation
Apple Inc

AvalonBay Communities, Inc.
Avis Budget Car Rental LLC
BOYD GAMING Corporation
Brandywine Operating Partnership LP
Broadcom Inc
Brookfield Corp
Camden Property Trust
Cargill Inc
Carvana Co.
Cheniere Energy Partners LP
Chiquita Brands International Inc
Clear Channel Outdoor Holdings, Inc.
Cloud Software Group Inc
CMS Energy Corp
CNA Financial Corp
Colgate-Palmolive Co
Comcast Cable Communications LLC
Commscope Inc
Constellation Brands Inc
Costco Wholesale Corp
Cummins Inc
Deluxe Corp
Dole Food Co Inc
Elevance Health Inc
Elme Communities
Entergy Corp
Enterprise Products Operating LLC
Equity Commonwealth
Federal Realty OP LP
First Industrial Realty Trust
HRTI
Hub International Inc
IheartCommunications Inc
Intelsat US LLC
Jetblue Airways Corporation
John Deere Capital Corp
Kellogg Company
Kimberly-Clark Corp
Liberty Mutual Group Inc
Liberty Mutual Insurance Company
LifePoint Health Inc
Linde Inc
Marathon Oil Corporation
Medline Borrower LP
Medtronic Inc

MPT Operating Partnership LP
NCL Corp Ltd
Noble Holding Corporation PLC
Organon & Co.
PepsiCo, Inc.
PPG Industries Inc
Pride International LLC
Regency Centers LP
RPM International Inc
Sanmina Corp
Seagate Technology HDD Holdings
SL Green Realty Corp
Standard Building Solutions Inc
Stanley Black & Decker Inc
Suncor Energy Inc
Tanger Inc
The Clorox Company
The Coca-Cola Company
The Hershey Company
The Mosaic Co
UDR Inc
Unisys Corp
Univision Communications Inc
Unum Corp
Ventas Realty LP/Ventas Capital Corp
Venture Global LNG, Inc.
Veris Residential LP
Waste Management, Inc.
Welltower OP LLC
Wendy's International, LLC

C. Bilateral EUR Single-Name CDS

(i) Discussion of Contracts; Not Readily Susceptible to Manipulation:

See discussion in Section II.A.(i) above.

(ii) Terms and Conditions:

Contract Description	A credit derivative contract under which the protection buyer pays premium to the protection seller in return for compensation in connection with a credit event occurring in respect of a single reference obligation, based upon an agreed upon notional amount.
Available Underliers	Any reference obligation of a reference entity set forth in the list of Available Reference Entities included below.
Currency	EUR
Trading Hours	24 hours per day on any Business Day.
Minimum and Incremental Price	No minimum or incremental price.
Quote Conventions	Quoted in basis points and spread.
Tenor	As agreed by the parties.
Trade Date	Date on which trade terms are agreed by the parties.
Trade Start Types	Immediate start.
Notional Amount	Any amount agreed by the parties.
Upfront Fee	Any amount agreed by the parties.
Premium / Fixed Coupon	Any amount agreed by the parties.
Settlement	Cash settlement or physical settlement, as agreed by the parties.
Settlement Payments	Buyer of protection receives, following a relevant credit event, either: <ul style="list-style-type: none"> • Cash settled transaction, payment of the difference between an agreed-upon reference price of the relevant underlier (typically par) and

	<p>the market value of those obligations at the time of settlement; or</p> <ul style="list-style-type: none"> in the case of physical settlement, an agreed-upon reference price of the relevant underlier (typically par). <p>Seller of protection receives:</p> <ul style="list-style-type: none"> on a periodic basis, Premium / Fixed Coupon payments; and following a credit event, in the case of physical settlement, delivery of the relevant reference underlier(s). <p>Either party may receive, at trade inception, an upfront fee that is a portion of the payments, expressed in percentage points of the notional, which is present valued and paid upfront.</p>
Payment Dates / Resets	A schedule of dates agreed by the parties.
Final Settlement Date	As agreed by the parties.
Business Days	London
Business Day Convention	As agreed by the parties.
Right to Terminate	As agreed by the parties.

<u>Available Reference Entities - EUR</u>
Altice France Holding S.A.