

**FMX FUTURES EXCHANGE, L.P.
CORE PRINCIPLES COMPLIANCE CHART
EXHIBIT L-1**

IN SUPPORT OF PETITION TO AMEND ORDER OF CONTRACT MARKET DESIGNATION

CONTRACT MARKET CORE PRINCIPLES	DESCRIPTION OF COMPLIANCE	RELEVANT REFERENCES
<p>Core Principle 1 – Designation as Contract Market:</p> <p>(A) <i>In General.</i> —To be designated, and maintain a designation, as a contract market, a board of trade shall comply with—</p> <ul style="list-style-type: none"> (i) any core principle described in this subsection; and (ii) any requirement that the Commission may impose by rule or regulation pursuant to section 8a(5). <p>(B) <i>Reasonable Discretion Of Contract Market</i> — Unless otherwise determined by the Commission by rule or regulation, a board of trade described in subparagraph (A) shall have reasonable discretion in establishing the manner in which the board of trade complies with the core principles described in this subsection.</p>	<p>All materials submitted with the Petition of FMX Futures Exchange, LLC (the “Exchange”) to Amend Order of Contract Market Designation (the “Application”), including but not limited to the Exchange Rulebook (the “Rules”) provided in <u>Exhibit M</u> to Form DCM in support of the Petition.</p> <p>Capitalized terms that are used in this <u>Exhibit L-1</u> without definition have the meaning ascribed to those terms in the Rules.</p>	<p>This Application.</p>

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<p>Core Principle 2 - Compliance with Rules:</p> <p>(A) <i>In General.</i>—The board of trade shall establish, monitor, and enforce compliance with the rules of the contract market, including—</p> <ul style="list-style-type: none"> (i) access requirements; (ii) the terms and conditions of any contracts to be traded on the contract market; and (iii) rules prohibiting abusive trade practices on the contract market. <p>(B) <i>Capacity of Contract Market.</i>—The board of trade shall have the capacity to detect, investigate, and apply appropriate sanctions to any person that violates any rule of the contract market.</p> <p>(C) <i>Requirement of Rules.</i>—The rules of the contract market shall provide the board of trade with the ability and authority to obtain any necessary information to perform any function described in this subsection, including the</p>	<p>Chapter II of the Rules provides clear and transparent access criteria and requirements for FMX Division Participants. Rule II-5 sets forth the eligibility standards for FMX Division Participants, including that an applicant must satisfy such financial criteria as may be prescribed by the Exchange from time to time and have sufficient technical and operational capabilities to fulfill any other obligations applicable to FMX Participants. In accordance with Rule II-5, BGC Group, Inc., Cantor Fitzgerald, L.P., or any Person Affiliated with either of the foregoing are not eligible to be Participants, Direct Access Customers or Customers. Rules II-2 and II-3 provide clear and transparent criteria and requirements for Responsible Trading Agents and Direct Access Customers, respectively, who access the Exchange Trading System.</p> <p>The Exchange will apply these criteria in an impartial manner through the application process described in Rule II-6. Failure of an applicant to demonstrate a capacity to comply with the requirements of the Rules or of Applicable Law may lead to a denial of the application under Rule II-5(f). Applicants have the right to appeal a denial or conditional grant of their Participant application under II-6(d). Other provisions in the Rulebook, including Rules II-2(d), II-3(d) and II-5(g), set out the authority of the Exchange to revoke, suspend or limit a Participant’s, Responsible Trading Agent’s or Direct Access Customer’s access to the Exchange Trading System.</p> <p>The General Rules of the Exchange apply equally to the FMX Division. Pursuant to Rule XI-12, Participants, Direct Access Customers, Customers and Responsible Trading Agents agree by accessing, or entering any order into, the Exchange Trading System to abide by the Rules and consent to the Exchange’s jurisdiction. Pursuant to Rule XII-1, each (FMX Division)</p>	<p><u>Exhibit M-1</u> - Rules; <u>Exhibit N</u> - RSA; <u>Exhibit O</u> - Compliance Manual</p> <p>Rules, Chapter II</p> <p>Rule II-2; Rule II-3; Rule II-5; Rule II-6;</p> <p>Rule XI-12; XII-1</p>

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<p>capacity to carry out such international information-sharing agreements as the Commission may require.</p>	<p>Participant is required to cooperate with an Exchange investigation by making its books and records available to the Exchange and its authorized representatives.</p> <p>Rule XII-2 sets out the minimum financial and related reporting requirements for Participants that are registered with the Commodity Futures Trading Commission (“CFTC” or the “Commission”) and for those Participants that are not so registered.</p> <p>The terms and conditions of contracts offered to be traded on the FMX Division will be set forth on the Exchange’s website. The Exchange will monitor and enforce compliance with these Rules and with its other Rules prohibiting abusive trade practices (which includes trading of FMX Division Contracts). The Rules of Chapter XII and Chapter XIII set forth the obligations of Participants (which includes both FMX Division and CX Division Participants). These Rules require Participants to utilize the Exchange’s services in a responsible manner, comply with all Rules of the Exchange, cooperate with Exchange investigations, inquiries, audits, examinations, and proceedings, and observe high standards of integrity, market conduct, commercial honor, fair dealing and just and equitable principles of trade.</p> <p>Chapter XII and Chapter XIII of the Rules contain the Exchange’s business conduct rules. The Rules prohibit several forms of prohibited conduct and trade practices including fraudulent acts (Rule XIII-2), fictitious or noncompetitive transactions (Rule XIII-3), fraudulent or misleading communications (Rule XII-8), market demoralization (Rule XIII-4), price manipulation (Rule XIII-5), misstatements (Rule XIII-6), and acts detrimental to the Exchange (Rule XIII-8). <i>See</i></p>	<p>Rule XII-2</p> <p>Rules, Chapter XII; Chapter XIII</p> <p>Rules, Chapter XII; Chapter XIII</p>

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	<p><i>also</i> Core Principle 4 (Prevention of Market Disruption).</p> <p>Chapter XIII also includes rules regarding rule violations and just and equitable principles of trade (Rule XIII-1), adherence to law (Rule XIII-7), supervision (Rule XIII-9), disclosing orders (Rule XIII-10), and pre-execution discussions of orders (Rule III-6; Rule XXII-7). Finally, Rule XIII-12 contains a prohibition on any Person engaging in any trading practice or conduct that would constitute a “disruptive trading practice.”</p> <p>Chapter XIV of the Rules sets forth the Exchange’s disciplinary and enforcement process and demonstrates the Exchange’s capacity to detect and investigate rule violations, including those relating to trading on the FMX Division. The Compliance Department, in accordance with Rule XIV-2, has the authority to initiate and conduct inquiries and investigations, prepare investigative reports, make disciplinary recommendations, and prosecute violations. In practice, the National Futures Association (“NFA”), acting in its capacity as the Exchange’s Regulatory Services Provider is primarily responsible for conducting investigations and preparing investigation reports pursuant to the Regulatory Services Agreement (“RSA”) between the Exchange and NFA. <i>See Exhibit N-1.</i> Rule XIV-2 also provides the Compliance Department (including the Regulatory Services Provider) with the authority to collect information and documents and examine Participants’ books and records during an investigation.</p> <p>Rule XIV-2 also provides that the Compliance Department (or the Regulatory Services Provider) will commence an investigation upon the discovery or receipt of information that indicates a possible basis for a finding that a violation has occurred or will occur. Pursuant to Rule XIV-2, all investigations must be completed in a timely manner. Under</p>	<p>Rule III-6; Rule XXII-7; Rules, Chapter XIII</p> <p>Rules, Chapter XIV <u>Exhibit N - RSA</u></p> <p>Rule XIV-2; Rule XIV-3</p>

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	<p>Rule XIV-3, each investigation as well as its disposition will be maintained in a log. Investigations may be resolved through a warning letter.</p> <p>Additional disciplinary and enforcement procedures are discussed below in Core Principle 13 (Disciplinary Proceedings).</p> <p>In accordance with Rule X-12, the Exchange has entered into the RSA with NFA, which acts as the Exchange’s Regulatory Services Provider. The Regulatory Services Agreement is included in <u>Exhibit N</u>. The Exchange, with respect to trading on the FMX Division, with the assistance of NFA, performs automated trade surveillance and real-time market monitoring. NFA maintains an automated trade surveillance system capable of detecting potential trade practice violations for further investigation. <i>See also</i> Core Principle 4 (Prevention of Market Disruption). The Exchange shall retain ultimate decision-making authority with respect to any powers or functions that are delegated to NFA. Under Rule III-10, the Exchange, in respect of trading on the FMX Division may, in its absolute and sole discretion, adjust trade prices or cancel any trade if it believes that allowing the trade or trades to stand as executed could have a material, adverse effect on the integrity of the market.</p> <p>Pursuant to Rule X-4, the Regulatory Oversight Committee (“ROC”) assists the Board in monitoring the design, implementation, and effectiveness of the Exchange programs to promote and enforce compliance with Applicable Law and the Rules. The ROC is responsible for overseeing all facets of the regulatory program and for monitoring to ensure that the Exchange in respect of trading on the FMX Division has the capacity to detect and investigate rule violations. The ROC also prepares an annual report assessing the Exchange’s self-</p>	<p>Rule III-10; Rule X-12; RSA</p> <p>Rule X-4</p> <p>Rule X-11</p>

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	<p>regulatory program for the Board and the CFTC.</p> <p>Rule X-11 permits the Exchange to enter into information-sharing agreements to coordinate surveillance with other markets as the Exchange may consider necessary or appropriate or as the CFTC may require.</p>	
<p>Core Principle 3 - Contracts Not Readily Subject to Manipulation: The board of trade shall list on the contract market only contracts that are not readily susceptible to manipulation.</p>	<p>The Exchange proposes to list for trading on the FMX Division interest rate futures for which LCH Limited acts as the Derivatives Clearing Organization and which are traded using intermediation.</p> <p>Interest rate futures that will be traded on the FMX Division will be either cash settled or based on the delivery of widely available Treasury securities. The contracts will not be subject to manipulation as they will be based on widely traded and available rates.</p> <p>The terms and conditions and a justification that the contracts are not readily susceptible to manipulation will be submitted separately for approval or via self-certification under the procedures available under Commission Rule 40.2.</p> <p>The Exchange is required by law to permit trading on the FMX Division only of futures that are not readily susceptible to manipulation. When filing a self-certification (or requesting CFTC approval) to list a new futures contract the Exchange will include a demonstration that the contract to be traded is not readily susceptible to manipulation. The Exchange therefore will provide information in accordance with Appendix C to Part 38 of CFTC Regulations, as applicable.</p> <p>Finally, the Rules prohibit trading on the basis of non-public</p>	<p><u>Exhibit N</u> – Clearing Services Agreement</p> <p>Rule X-9</p>

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	information. In particular, Rule X-9 prohibits Exchange officials from trading in Contracts or related contracts absent prior written consent from the Exchange.	
<p>Core Principle 4 - Prevention of Market Disruption:</p> <p>The board of trade shall have the capacity and responsibility to prevent manipulation, price distortion, and disruptions of the delivery or cash-settlement process through market surveillance, compliance, and enforcement practices and procedures, including—</p> <p>(A) methods for conducting real-time monitoring of trading; and</p> <p>(B) comprehensive and accurate trade reconstructions.</p>	<p>Pursuant to Rule X-4, the ROC oversees the Exchange’s regulatory program on behalf of the Exchange and has the authority to monitor the sufficiency, effectiveness, and independence of the Exchange’s regulatory program. The ROC oversees all facets of the regulatory program, including: (i) trade practice and market surveillance, audits, examinations, and other regulatory responsibilities with respect to Participants (including ensuring compliance with, if applicable, financial integrity, financial reporting, sales practice, recordkeeping, and other requirements), and the conduct of investigations; (ii) reviewing the size and allocation of the regulatory budget and resources, and the number, hiring, termination, and compensation of regulatory personnel; (iii) reviewing the performance of the Chief Compliance Officer, who reports directly to the ROC; (iv) preparing an annual report assessing the Exchange’s self-regulatory program for the Board of Directors and the CFTC, which sets forth the regulatory program’s expenses, describes its staffing and structure, catalogues disciplinary actions taken during the year, and reviews the performance of disciplinary committees and panels; (v) recommending changes that would ensure fair, vigorous, and effective regulation; (vi) reviewing all regulatory proposals prior to implementation and advising the Board as to whether and how such changes may impact regulation; and (vii) reviewing such other matters and performing such additional activities, within the scope of its responsibilities, as the Board deems necessary or appropriate.</p> <p>Chapter XIII of the Rules sets forth certain prohibited trading</p>	<p>Rule X-4</p> <p>Rules, Chapters XIII and XIV</p>

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	<p>practices and specifically proscribes manipulation, price distortion and disruptive trading practices. Chapter XIV of the Rules describes the Exchange’s disciplinary and enforcement procedures, which include inquiries, investigations, and disciplinary proceedings and which applies to trading on the FMX Division (as well as to trading on the CX Division). <i>See also</i> Core Principle 2 (Compliance with Rules).</p> <p>The Chief Compliance Officer, Compliance Department and Regulatory Services Provider implement the Exchange’s monitoring, surveillance and other enforcement functions, and the ROC oversees this activity. The Rules, the Compliance Manual, and Regulatory Services Agreement provide the framework for the Exchange’s enforcement activities. The Exchange has licensed an automated trade surveillance system that captures trade and order data, including modifications and cancellations, makes such data available to Compliance Department staff, and provides alerts about activities that may warrant review. The Regulatory Services Provider uses data from the Exchange Trading System to perform trade practice and market surveillance services and conducts market monitoring for the Exchange on a trade day plus one (“T+1”) basis. The Regulatory Services Provider is also responsible for reviewing the Exchange’s trades on a routine basis to determine whether suspicious activity relating to the Exchange’s trading standards exists. The performance of the Regulatory Services Provider’s functions is supervised by the Compliance Department and the Chief Compliance Officer.</p> <p>FMX Participants are subject to certain audit trail requirements which assure the Exchange’s ability comprehensively and accurately to reconstruct all trading on the Trading Platform. <i>See also</i> Core Principle 10 (Trade Information).</p>	<p><u>Exhibit N - RSA</u> <u>Exhibit O - Compliance Manual</u></p>

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	<p>The Compliance and Surveillance Manuals provide the monitoring procedures for FMX Division Contracts. The Exchange monitors the pricing of the underlying against which the Contract settles and has the ability to address circumstances that may threaten market disruption, manipulation and/or distortion. To the extent that the FMX Division lists physically settled products for trading, additional procedures that will be specified in the FMX Division Compliance Manual will apply.</p> <p>Pursuant to Rule XII-1, Participants that access the Exchange Trading System are responsible for maintaining records pursuant to the CEA, CFTC Regulations and the Rules. Participants must make records available to the Exchange and its authorized representatives upon request.</p> <p>Pursuant to Rule III-13, each FMX Division Participant and Authorized Customer that is not itself a Clearing Member must establish a clearing relationship with a Clearing Member.</p> <p>Under III-13, all Orders submitted to the FMX Division shall be subject to the risk controls as established by the Clearing Member.</p> <p>The Compliance Manual provides an overview of the Exchange's trading risk controls, including its procedures to suspend, pause or halt trading when warranted by market conditions. As described in the Compliance Manual, the Exchange will implement trading risk controls, including a maximum quantity limit for any single order, and a price variance warning. These risk controls are designed to avoid market disruptions and interference with the Exchange's price discovery function.</p>	<p>Compliance Manual</p> <p>Rule XII-1</p> <p>Rule III-13</p> <p>Rule III-13</p>

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<p>Core Principle 5 - Position Limitations or Accountability:</p> <p>(A) <i>In General.</i>—To reduce the potential threat of market manipulation or congestion (especially during trading in the delivery month), the board of trade shall adopt for each contract of the board of trade, as is necessary and appropriate, position limitations or position accountability for speculators.</p> <p>(B) <i>Maximum Allowable Position Limitation.</i>—For any contract that is subject to a position limitation established by the Commission pursuant to section 4a(a), the board of trade shall set the position limitation of the board of trade at a level not higher than the position limitation established by the Commission.</p>	<p>Rule XI-3 set forth the Exchange’s position accountability rule. The Exchange may establish position accountability levels in its discretion pursuant to Rule XI-3. Detailed procedures regarding the establishment, maintenance and review of appropriate position accountability levels as well as aggregation will be specified in the Compliance Manual for each contract before it is submitted to the Commission for approval or certification, as appropriate.</p> <p>The Exchange will monitor and enforce compliance with its position accountability regime through the Regulatory Service Provider’s market surveillance arrangements provided for under the RSA. The Exchange will sanction Participants for failing to observe their obligations with respect to position accountability levels pursuant to Chapter XIV of the Rules.</p> <p>Pursuant to Rule XI-9, the Exchange may impose or modify trading limits or position limits or order the reduction of positions in the event of an Emergency. <i>See also</i> Core Principle 6 (Emergency Authority).</p>	<p>Rule XI-3</p> <p>Rules, Chapter XIV; <u>Exhibit N - RSA</u></p> <p>Rule XI-9</p>
<p>Core Principle 6 - Emergency Authority: The board of trade, in consultation or cooperation with the Commission, shall adopt rules to provide for the exercise of emergency authority, as is necessary and appropriate, including the authority—</p> <p>(A) to liquidate or transfer</p>	<p>The Exchange has adopted procedures and guidelines for implementing an emergency intervention in the market. Pursuant to Rule XI-9, the Board may implement temporary emergency procedures and rules (“Emergency Rules”), subject to applicable provisions of the Commodity Exchange Act (“CEA”) and Commission Regulations. The Emergency Rules may require or authorize the Exchange, the Board, any committee of the Board, the Chief Executive Officer or any other Officer to take actions necessary or appropriate to respond to the</p>	<p>Rule XI-9</p>

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<p>Core Principle 7 - Availability of General Information: The board of trade shall make available to market authorities, market participants, and the public accurate information concerning—</p> <p>(A) the terms and conditions of the contracts of the contract market; and</p> <p>(B)</p> <p style="padding-left: 40px;">(i) the rules, regulations, and mechanisms for executing transactions on or through the facilities of the contract market; and</p> <p style="padding-left: 40px;">(ii) the rules and specifications describing the operation of the contract market's—</p> <p style="padding-left: 80px;">(I) electronic matching platform; or</p> <p style="padding-left: 80px;">(II) trade execution facility.</p>	<p>The Exchange will post general information, including its contract specifications and the Rules, in respect of trading in FMX Division Contracts on the Exchange website. A copy of the Rules, any rule amendments, notices of non-confidential regulatory submissions and new product listings will be made available through the website.</p> <p>Pursuant to Rule XI-14, the Exchange will publish a notice for each addition to, modification of or clarification of the Rules or of any action taken to implement any of the Rules. Any such notice will be published on the Exchange's website in a form and manner that is reasonably designed to enable each Participant to become aware of and familiar with, and to implement any necessary preparatory measures to be taken by it prior to the effective date of the rule change; provided that any failure of the Exchange to publish such a notice will not affect the effectiveness of the amended rule. In addition to the foregoing, the Exchange will also ensure that applicable specifications relating to the operation of the Trading Platform are made publicly available on the Exchange's website.</p> <p>The Exchange website will make the following information publicly available: (i) the names of all members of the Board and the ROC; whether such member is a Public Director; (ii) an organization chart of the Exchange indicating the lines of responsibility and accountability for each operational unit; and (iii) summaries of all decisions relating to access, membership, and disciplinary procedures.</p>	<p>Rule XI-14 Compliance Manual</p>

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<p>Core Principle 8 - Daily Publication of Trading Information: The board of trade shall make public daily information on settlement prices, volume, open interest, and opening and closing ranges for actively traded contracts on the contract market.</p>	<p>The Exchange will publish daily information on settlement prices, volume and opening and closing ranges for actively traded FMX Division Contracts on its website. The Exchange will also publish open interest information on its website for FMX Division Contracts.¹</p>	<p>Rule XI-10</p>
<p>Core Principle 9 - Execution of Transactions:</p> <p>(A) <i>In General.</i>—The board of trade shall provide a competitive, open, and efficient market and mechanism for executing transactions that protects the price discovery process of trading in the centralized market of the board of trade.</p> <p>(B) <i>Rules.</i>—The rules of the board of trade may authorize, for bona fide business purposes—</p> <ul style="list-style-type: none"> (i) transfer trades or office trades; (ii) an exchange of— <ul style="list-style-type: none"> (I) futures in connection 	<p>Except for transfer trades, as described in Rule III-8, all Orders submitted to the Exchange Trading System will be matched in accordance with FIFO unless the Exchange determines to implement another matching algorithm, Rule III-4 specifies the types of Orders that will be accepted by the Trading Platform and Rule III-3 governs the submission of Orders by Participants, their Responsible Trading Agents and Direct Access Customers.</p> <p>Subject to certain limitations related to concurrent long and short positions, Rule III-10 permits transfer trades from one Clearing Member to another Clearing Member provided: (i) the transfer merely constitutes a change from one account to another account, provided the underlying beneficial ownership in said accounts remains the same; or (ii) an error has been made in the clearing of a trade and the error is discovered and the transfer is completed within two Business Days after the trade date. Transfers may also be permitted in connection with a merger, asset purchase, consolidation, or similar non-recurring transaction. Transfer trades may be transacted in accordance with the rules of the applicable Derivatives Clearing</p>	<p>Rule III-3; Rule III-4; Rule III-8</p> <p>Rule III-10</p>

¹ Block trades are not permitted at this time.

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<p>with a cash commodity transaction;</p> <p>(II) futures for cash commodities;</p> <p>or</p> <p>(III) futures for swaps; or</p> <p>(iii) a futures commission merchant, acting as principal or agent, to enter into or confirm the execution of a contract for the purchase or sale of a commodity for future delivery if the contract is reported, recorded, or cleared in accordance with the rules of the contract market or a derivatives clearing organization.</p>	<p>Organization.</p> <p>The Exchange will conduct periodic objective testing and review of the Exchange Trading System to ensure it is reliable, secure, and scalable as described in <u>Exhibit V-1</u> and the Technology Questionnaire. <i>See also</i> the Compliance Manual.</p>	<p>Rule XI-6; Rule XI-8</p>
<p>Core Principle 10 - Trade Information: The board of trade shall maintain rules and procedures to provide for the recording and safe storage of all identifying trade information in a manner that enables the contract market to use</p>	<p>The Exchange will maintain all information with respect to each order (whether or not such order results in a consummated trade) and each consummated trade, as well as all other information relating to the trade environment that determines the matching and clearing of trades (<i>e.g.</i>, information from Clearing Members indicating the number and types of Contracts such Clearing Members will clear for Participants). As such, any order</p>	<p>Rule III-19</p>

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<p>the information—</p> <p>(A) to assist in the prevention of customer and market abuses; and</p> <p>(B) to provide evidence of any violations of the rules of the contract market.</p>	<p>submitted to the Exchange Trading System can be tracked from the time it is entered into the system until the time that it is matched, canceled, or otherwise removed.</p> <p>Participants are required under Rule III-19 to record in writing any Order which is not in the form of an electronic or written record, and which is not immediately entered into the Exchange Trading System.</p> <p>Pursuant to the RSA and in accordance with the FMX Division Compliance Manual, the Regulatory Services Provider conducts annual reviews of the Exchange’s audit trail arrangements to assess compliance by Participants, Direct Access Customers and Responsible Trading Agents with the requirements set out above. Participants that have demonstrated deficiencies in complying with the audit trail requirements may be subject to enforcement actions and possible sanctions in order to deter future violations. <i>See also</i> Core Principle 13 (Disciplinary Procedures).</p> <p>Procedures relating to Data Retention are contained in <u>Exhibit S</u> to this Application.</p>	<p><u>Exhibit N – RSA</u> Compliance Manual</p> <p><u>Exhibit S</u></p>
<p>Core Principle 11 - Financial Integrity of Transactions: The board of trade shall establish and enforce—</p> <p>(A) rules and procedures for ensuring the financial integrity of transactions entered into on or through the facilities of the contract market (including the clearance and settlement of the transactions with a derivatives clearing</p>	<p>The Exchange has entered into a clearing arrangement with LCH Limited as provided in the Clearing Services Agreement dated June 7, 2021 between LCH Limited and the Exchange (<u>Exhibit N</u>).</p> <p>Under Rule III-13, each Participant that is not a Clearing Member and desires to enter into transactions in Contracts must obtain the prior authorization from a Clearing Member who will guarantee such transactions or enter into an appropriate arrangement with a Person that has such an authorization from a Clearing Member.</p>	<p>Clearing Services Agreement</p> <p>Rule III-13</p> <p>Rule IV-1</p>

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<p>organization); and</p> <p>(B) rules to ensure—</p> <p style="padding-left: 40px;">(i) the financial integrity of any—</p> <p style="padding-left: 80px;">(I) futures commission merchant; and</p> <p style="padding-left: 80px;">(II) introducing broker; and</p> <p style="padding-left: 40px;">(ii) the protection of customer funds.</p>	<p>Rule IV-1 provides that clearing services provided by LCH Limited with respect to any Contract, and the rights and obligations of purchasers and sellers under cleared Contracts, will be governed by the rules of LCH Limited.</p> <p>Rule III-18 and Rule XII-2 require Participants that are registered with the Commission to comply with the applicable minimum financial and financial reporting requirements. The Rule also requires contemporaneous submission of any such reports to the Exchange.</p> <p>Under Rule III-16, any Participant that is required to be registered with the Commission must comply with the Applicable Law related to the treatment of Customer funds.</p> <p>In addition, Participants handling customer Orders are subject to specific Rules prohibiting certain trade practices as described in Core Principle 2 (Compliance with Rules). Participants must further comply with the customer margin requirements described in Rule III-15.</p> <p>The Exchange Trading System will permit Participants and/or Clearing Members to set real-time risk limits. <i>See</i> Core Principle 4 (Prevention of Market Disruption). Participants and Clearing Members are required to monitor and enforce compliance with risk limits, and the Exchange Trading System will prevent the execution of orders that would exceed such limits.</p> <p>The Compliance Manual provides the Exchange policies and procedures for ensuring that FMX Division Participants comply with the minimum financial standards and for monitoring member financial soundness.</p>	<p>Rule III-18; Rule XII-2</p> <p>Rule III-16</p> <p>Rule III-15</p> <p>Compliance Manual</p>

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<p>Core Principle 12 - Protection of Markets and Market Participants: The board of trade shall establish and enforce rules—</p> <p>(A) to protect markets and market participants from abusive practices committed by any party, including abusive practices committed by a party acting as an agent for a participant; and</p> <p>(B) to promote fair and equitable trading on the contract market.</p>	<p>As described in the Compliance Manual and in the Regulatory Services Agreement, the Exchange and the Regulatory Services Provider will conduct a market surveillance and trade practice monitoring program applicable to trading on the Exchange, including trading on the FMX Division. <i>See also</i> Core Principle 4 (Prevention of Market Disruption). The Exchange will develop a real-time market monitoring system for the FMX Division which will be shared with the Regulatory Services Provider. The Exchange maintains ultimate responsibility for market surveillance on the FMX Division.</p> <p>Chapter XIII of the Rules protects the market and market participants from abusive, disruptive, fraudulent, noncompetitive, and unfair conduct and trade practices. Improper conduct and trade practices will be investigated and adjudicated as described in Chapter XIV of the Rules.</p> <p><i>See also</i> Core Principle 2 (Compliance with Rules); Core Principle 4 (Prevention of Market Disruption); Core Principle 8 (Daily Publication of Trading Information); Core Principle 9 (Execution of Transactions); and Core Principle 13 (Disciplinary Procedures).</p>	<p>Compliance Manual <u>Exhibit N - RSA</u></p> <p>Rules, Chapters XIII and XIV</p>
<p>Core Principle 13 - Disciplinary Procedures: The board of trade shall establish and enforce disciplinary procedures that authorize the board of trade to discipline, suspend, or expel members or market participants that violate the rules of the board of trade, or similar methods for</p>	<p>Core Principle 2 (Compliance with Rules) describes the Exchange’s procedures for ensuring that the Exchange has adequate enforcement staff, and the Exchange’s general procedures for inquiries, investigations, and warning letters. Chapter XIV of the Rules describes the disciplinary procedures of the Exchange. Following an investigation, if the Regulatory Services Provider does not have reason to believe that the inquiry or investigation should be forwarded to the Exchange, the Regulatory Services Provider will close the inquiry or</p>	<p>Rules, Chapter XIV</p>

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<p>performing the same functions, including delegation of the functions to third parties.</p>	<p>investigation internally and shall notify the Chief Compliance Officer accordingly. Alternatively, if the Regulatory Services Provider has reason to believe that the inquiry or investigation requires further review by the Exchange, the Regulatory Services Provider will prepare a written report summarizing its investigative findings and forward such report to the Chief Compliance Officer. Under Rule XIV-5, if the Chief Compliance Officer authorizes Disciplinary Proceedings, the Compliance Department will prepare a notice of charges in accordance with Rule XIV-5.</p> <p>Under Rule XIV-5, the notice of charges must: (i) state the acts, practices or conduct that the respondent is alleged to have engaged in, (ii) state the Rule of the Exchange or provision of Applicable Law alleged to have been violated or about to be violated, (iii) state the proposed sanctions, (iv) advise the respondent of its right to submit a written statement explaining why a disciplinary proceeding should not be instituted or one or more of the potential charges should not be brought, which statement must be submitted within 20 Business Days after service of the notice of charges, (v) advise the respondent of its right to a hearing and its right to have counsel present, (vi) state the period of time within which the respondent can request a hearing on the notice of charges, in lieu of submitting a written statement pursuant to Rule XIV-5(b)(iv), which will not be less than 20 Business Days after service of the notice of charges, (vii) advise the respondent that any failure to request a hearing within the period stated, except for good cause, will be deemed to constitute a waiver of the right to a hearing, and (viii) advise the respondent that any allegation in the notice of charges that is not expressly denied will be deemed to be admitted. Rule XIV-5 explicitly provides that the respondent has the right to counsel after it is served with the notice of charges.</p>	<p>Rule XIV-5</p>

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	<p>To answer the notice of charges, under Rule XIV-6, the Participant must: (i) specify the allegations that it denies or admits; (ii) specify the allegations that it does not have sufficient information to either deny or admit; (iii) specify any specific facts that contradict the notice of charges; (iv) specify any affirmative defenses to the notice of charges; and (v) sign and serve the answer on the Director of Hearings. If a respondent admits or fails to deny any of the allegations in the notice of charges, the Director of Hearings shall find that the violations set forth in the allegations have been committed and shall impose a sanction for each violation.</p> <p>Pursuant to Rule XIV-8, the respondent may propose in writing an offer or settlement to the anticipated Disciplinary Proceedings any time after the issuance of the notice of charges. The Chief Compliance Officer, upon recommendation of the Compliance Department, will determine whether to accept the offer.</p> <p>Rules XIV-9, XIV-10, XIV-11, XIV-12, and XIV-13 establish procedures for the formation of a Disciplinary Panel, convening of a Disciplinary Proceeding, respondent review of evidence, conducting hearings and decisions of the Disciplinary Panel. Rule XIV-16 provides appeal procedures that allow the respondent to appeal an adverse decision of the Hearing Panel to an Appeals Panel.</p> <p>Under Rule XIV-18, the Chief Compliance Officer may summarily suspend a Participant's right to access the Trading Platform, upon a good faith determination that there are substantial reasons to believe that such immediate action is necessary to protect the public or the best interests of the</p>	<p>Rule XIV-6</p> <p>Rule XIV-8</p> <p>Rules XIV-9–XIV-13; Rule XIV-16</p> <p>Rule XIV-18</p>

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	Exchange. If practicable, the Exchange will serve the party against whom the action is contemplated with written notice. If prior notice is not practicable, the Exchange will give notice at the earliest possible opportunity to the respondent against whom the action is brought. The respondent shall have the right to be represented by legal counsel, or any other representative of its choosing at its own expense, in all proceedings subsequent to the emergency action.	
<p>Core Principle 14 - Dispute Resolution: The board of trade shall establish and enforce rules regarding and provide facilities for alternative dispute resolution as appropriate for, market participants and any market intermediaries.</p>	<p>Chapter XV of the Rules provides for the resolution of disputes between or among Participants, Direct Access Customers, and/or Responsible Trading Agents arising from any Contract or one or more transactions made or to be made on the Exchange or subject to the Rules. Pursuant to the Regulatory Services Agreement, NFA will conduct such arbitrations pursuant to NFA’s member arbitration rules, as if each party to such arbitration was an “NFA Member.” The Exchange believes that the NFA’s arbitration programs satisfy the criteria set forth in Appendix B to Part 38.</p> <p>The Exchange’s arbitration rules do not apply to disputes between Participants that: (i) such Participants are required by the rules of a Self-Regulatory Organization to submit to the dispute resolution procedures of that Self-Regulatory Organization; or (ii) such Participants have, by valid and binding agreement, committed to arbitrate or litigate in a forum other than NFA.</p>	Rules, Chapter XV
<p>Core Principle 15 - Governance Fitness Standards: The board of trade shall establish and enforce appropriate fitness standards for directors, members of any</p>	The Rules provide fitness standards and eligibility requirements for Persons involved in the governance of, and persons trading on, the FMX Division. Rule X-6 provides fitness standards and eligibility criteria for Officers, Chief Compliance Officers, and members of any disciplinary committee, arbitration panel or	Rule X-6

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<p>disciplinary committee, members of the contract market, and any other person with direct access to the facility (including any party affiliated with any person described in this paragraph).</p>	<p>oversight panel of the FMX Division.</p> <p>Participants, Responsible Trading Agents and Direct Access Customers will be subject to eligibility standards provided in Rules II-5, II-2, and II-3, respectively. Under Rule II-5, each prospective Participant is required to complete an application, which will be used to verify that the Participant meets the eligibility criteria. Rules II-2 and II-3 require each Responsible Trading Agent and Direct Access Customer to meet the eligibility criteria on an ongoing basis.</p>	<p>Rule II-2; Rule II-3; Rule II-5 Compliance Manual</p>
<p>Core Principle 16 - Conflicts of Interest: The board of trade shall establish and enforce rules—</p> <p>(A) to minimize conflicts of interest in the decision making process of the contract market; and</p> <p>(B) to establish a process for resolving conflicts of interest described in subparagraph (A).</p>	<p>Rule II-5 prohibits BGC Group, Inc., Cantor Fitzgerald, L.P., or any Person Affiliated with either of the foregoing from being a Participant, Direct Access Customer or Customer.</p> <p>Rule X-2 minimizes conflicts of interest by requiring that, at all times, not less than 35% of the Directors (and no fewer than three individuals) are Public Directors. In addition, Rule X-4 requires the Exchange to establish an ROC that is composed solely of Public Directors. The ROC will oversee the Exchange’s regulatory program and review the performance of the Chief Compliance Officer on behalf of the Board.</p> <p>Rule X-10 provides the Exchange rules for minimizing and resolving conflicts of interest. Under Rule X-10, no Officer of the Exchange, Chief Compliance Officer or member of the Board of Directors or any standing committee, “disciplinary committee” or “oversight panel” will participate in such body’s</p>	<p>Rule II-5</p> <p>Rule X-2; Rule X-4</p> <p>Rule X-10</p>

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	<p>deliberations and voting on any significant action if 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; (iv) has a family relationship with a named party in interest; (v) has a direct and substantial financial interest in the result of the vote; or (vi) is associated with a named party in interest through a broker association. Rule X-10 also requires documentation of all conflicts of interest and establishes a process for resolving conflicts of interest.</p> <p>Rule X-9 limits the use and disclosure of material, non-public information gained in connection with a member’s participation on the Board or any committee for any purpose other than the performance of his or her official duties as a member of the Board or committee. In addition, the Compliance Manual sets out the Exchange’s policies regarding the use of data collected in connection with its regulatory obligations.</p> <p>Pursuant to Rule XIV-9 and Rule XIV-16, a respondent may seek to disqualify any individual named to a Disciplinary Panel and Appeal Panel due to a conflict of interest or for any other reasonable grounds.</p> <p><i>See also</i> Core Principle 2 (Compliance with Rules); Core Principle 4 (Prevention of Market Disruption); and Core Principle 17 (Composition of Governing Boards of Contract Markets).</p>	<p>Rule X-9; Compliance Manual</p> <p>Rule XIV-9; Rule XIV-16</p>
<p>Core Principle 17 - Composition of Governing Boards of Contract Markets: The governance arrangements of the board of trade</p>	<p>Pursuant to Rule X-1, the Board of Directors shall consist of seven directors, at least three of whom will be Public Directors as defined in Commission Regulations. As such, at least 42% of the Board of Directors will be Public Directors.</p>	<p>Rule X-2; Compliance Manual</p>

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<p>shall be designed to permit consideration of the views of market participants.</p>	<p>Pursuant to Rule X-3, the Board shall initially have one standing committee: the ROC.</p> <p>As described in Rule X-4, the ROC, which consists solely of Public Directors, oversees the FMX Division’s regulatory program on behalf of the Board. <i>See</i> Core Principle 2 (Compliance with Rules).</p>	<p>Rule X-3</p> <p>Rule X-4</p>
<p>Core Principle 18 - Recordkeeping: The board of trade shall maintain records of all activities relating to the business of the contract market—</p> <p>(A) in a form and manner that is acceptable to the Commission; and</p> <p>(B) for a period of at least 5 years.</p>	<p>Rule X-13 specifies that the Exchange’s recordkeeping program satisfies the relevant criteria set forth in Commission Regulation 1.31. Under Rule X-4, the ROC will oversee all facets of the regulatory program, including compliance with recordkeeping requirements. Under Rule XI-13, the Exchange may record conversations and retain copies of electronic communications between Exchange officials and Participants Direct Access Customers or Responsible Trading Agents.</p> <p>The Exchange also maintains records relating to the futures contracts traded on or pursuant to the Rules of the Exchange, including in particular an obligation to maintain full, complete, and systematic records, together with all pertinent data and memoranda, of all of the FMX Division’s activities with respect to trading.</p> <p>The Exchange also maintains records in connection with its financial surveillance program.</p> <p>The Regulatory Services Provider generates records relating to the provision of services pursuant to the Regulatory Services Agreement. Such records are maintained in accordance with the CEA and Commission Regulations and will be provided to the Exchange and the Commission upon request.</p>	<p>Rule X-4; Rule X-13</p>

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	<p><u>Exhibit S</u> describes the procedures for maintaining trade data for transactions on the FMX Division. In addition, the Exchange maintains records of Board meetings.</p>	
<p>Core Principle 19 - Antitrust Considerations: Unless necessary or appropriate to achieve the purposes of this Act, the board of trade shall not—</p> <p>(A) adopt any rule or taking any action that results in any unreasonable restraint of trade; or</p> <p>(B) impose any material anticompetitive burden on trading on the contract market.</p>	<p>The Exchange’s Rules and policies have been designed to avoid unreasonable restraints of trade or the imposition of any material anticompetitive burden on the FMX Division.</p> <p>The Exchange will not require FMX Division Participants to acquire an equity interest in the Exchange and access will be available to a broad number of Participants. As set forth in Core Principle 2 (Compliance with Rules), the Exchange will not restrict access or impose burdens on access in a discriminatory manner within each category or class of FMX Division Participants or between similarly situated categories or classes of FMX Division Participants. Moreover, the FMX Division will make public daily information on settlement prices, volume, open interest, and opening and closing ranges for actively traded contracts on the contract market. Trading information will be published on the Exchange website at the end of the day.</p> <p><i>See also</i> Core Principle 8 (Daily Publication of Trading Information) and Core Principle 9 (Execution of Transactions).</p>	
<p>Core Principle 20 - System Safeguards: The board of trade shall:</p> <p>(A) establish and maintain a program of risk analysis and oversight to identify and minimize sources of operational risk, through the development of appropriate</p>	<p>The Exchange has developed a program of risk analysis and oversight to identify and minimize sources of operational risk, through the development of appropriate controls and procedures, and the development of automated systems that are reliable, secure, and have adequate scalable capacity. This program is described in <u>Exhibit V-1</u> (Technology Questionnaire), which includes information regarding the security of those systems, the Exchange’s risk assessment reviews, internal controls for</p>	<p><u>Exhibit V-1</u> – Technology Questionnaire</p>

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<p>controls and procedures, and the development of automated systems, that are reliable, secure, and have adequate scalable capacity;</p> <p>(B) establish and maintain emergency procedures, backup facilities, and a plan for disaster recovery that allow for the timely recovery and resumption of operations and the fulfillment of the responsibilities and obligations of the board of trade; and</p> <p>(C) periodically conduct tests to verify that backup resources are sufficient to ensure continued order processing and trade matching, price reporting, market surveillance, and maintenance of a comprehensive and accurate audit trail.</p>	<p>operations, functional testing, security testing and capacity planning and testing.</p> <p><u>Exhibit V-1</u> also describes the Exchange’s emergency plan and includes a description of the back-up systems and emergency procedures that include recovery time objectives. Under the emergency plan, the Exchange has procedures to conduct failover tests twice a year to ensure that backup resources are sufficient to ensure continued order processing and trade matching, price reporting, market surveillance, and maintenance of a comprehensive and accurate audit trail.</p> <p>In addition, Rule XI-9 authorizes the Exchange to adopt and implement Emergency Rules. <i>See also</i> Core Principle 6. <i>See</i> <u>Exhibit V-1</u> – Technology Questionnaire.</p>	<p>Rule XI-9</p>
<p>Core Principle 21 - Financial Resources:</p> <p>(A) <i>In General.</i>—The board of trade shall have adequate financial, operational, and managerial resources to discharge each responsibility of the board of trade.</p> <p>(B) <i>Determination of Adequacy.</i> — The financial resources of the board of trade shall be considered to be adequate if the</p>	<p>The Exchange has adequate financial, operational, and managerial resources to discharge each responsibility of the Exchange in respect of trading on the Exchange. As required by Commission Regulations, the Exchange calculates its financial resources to ensure that the amount of such resources are sufficient (and sufficiently liquid) to cover its operating costs for a one-year period, as calculated on a rolling basis. In preparing these financial resources calculations, the Exchange applies “haircuts” to the market value of certain resources where appropriate to reflect market and credit risk, and the ROC may require that the value of financial resources be calculated more</p>	<p><u>Exhibit I</u></p>

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value of the financial resources exceeds the total amount that would enable the contract market to cover the operating costs of the contract market for a 1-year period, as calculated on a rolling basis.	often than monthly if the ROC determines that doing so is necessary or advisable. The Exchange submits quarterly reports of its financial resources calculations to the Commission.	
Core Principle 22 - Diversity of Board of Directors: The board of trade, if a publicly traded company, shall endeavor to recruit individuals to serve on the board of directors and the other decision-making bodies (as determined by the Commission) of the board of trade from among, and to have the composition of the bodies reflect, a broad and culturally diverse pool of qualified candidates.	Reserved	Reserved
Core Principle 23 - Securities and Exchange Commission: The board of trade shall keep any such records relating to swaps defined in section 1a(47)(A)(v) open to inspection and examination by the Securities and Exchange Commission.	Not applicable.	Not applicable.