

## **Work-Up Protocol**

1. Overview. The occurrence of a match in the Order Book (other than during a Work-Up Session or FBS Period) triggers the commencement of a “Work-Up Session”. The commencement of a Work-Up Session is intended to promote Order Book liquidity by affording certain execution priorities to the Work-Up Session initiators and, secondarily, to traders whose Orders are executed in whole or in part during a Work-Up Session. During a Work-Up Session the modified Order execution priorities and entitlements described in this Protocol are operative until expiration of the Work-Up Session. All transactions during a Work-Up Session are executed in accordance with the priorities described in this Protocol at the price of the match triggering the session. A Work-Up Session may be followed by periods in which traders whose Orders are executed in whole or in part during the Work-Up Session are granted a time-limited, secondary execution priority of specified duration.

The modified Order execution priorities and entitlements applicable to a Work-Up Session or FBS or LBS Period are specified below in Section 4(c). Provisions governing Order types, Order entry and Order modification are described below in Sections 5-7.

2. Certain Definitions.

- (a) Work-Up Definitions.

- (i) Passive Side of the Market. The Passive Side of the Market is the side of the market (bid or offer) that contained a resting Order or Orders that were matched by an incoming Order on the opposite side of the market.
    - (ii) Aggressive Side of the Market. The Aggressive Side of the Market is the side of the market opposite the Passive Side of the Market.
    - (iii) Aggressor. An Aggressor is a trader who enters an Order that matches immediately with resting Orders on the Passive Side of the Market, thereby triggering a Work-Up Session; or, a trader who submits an Order on the Aggressive side of the market, at the Work-Up Price, while a Work-Up Session is underway.
    - (iv) Passive Trader. A Passive Trader is a trader with an Order or Orders at the Work-Up price on the Passive Side of the Market.
    - (v) Aggressive Owner. An Aggressive Owner is an Aggressor who triggers a Work-Up Session and matches all the displayed resting Orders of all traders at the top-of-book price on the Passive Side of the Market that are executable by the trader [under Rule 404.E(e) [intra-firm matching]]. An Aggressor who matches less than all of the displayed Order size at the top price on the Passive Side of the Market does not become an Aggressive Owner.
    - (vi) Passive Owner. The Passive Owner is the trader whose resting Order is at the top of the book and is hit or lifted, in whole or in part, by a trader with a matching Order on the opposite side of the market.
    - (vii) Work-Up Price. The Work-Up Price is the price at which the matching Orders triggering the Work-Up Session are executed.

- (b) Filled Buyer / Seller (FBS) and Last Buyer / Seller (LBS) Definitions.

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- (i) Priority 1 FBS Trader. A Priority 1 FBS Trader is a trader whose Order is partially executed during a Work-Up Session. Priority 1 status can only be determined at the end of a Work-Up Session. It is impossible to know prior to that whether an Order will be fully or partially filled.
  - (ii) Priority 2 FBS Trader. A Priority 2 FBS trader is a trader whose Order is executed in whole during a Work-Up Session. Priority 2 status can be determined at any time during a Work-Up Session.
  - (iii) FBS Period. The FBS Period is the period immediately following a Work-Up Session lasting eight seconds (or such other period as the SEF shall specify by Notice to Participants pursuant to Rule 310, following solicitation of comments from Participants) during which a Last Buyer, Last Seller, Priority 1 FBS Trader and Priority 2 FBS Trader are granted trading priorities described below in Section 4(b).
  - (iv) Last Buyer. The Last Buyer is the buyer with the latest fill time during a Work-Up Session.
  - (v) Last Seller. The Last Seller is the seller with the latest fill time during a Work-Up Session.
- (c) Other capitalized terms not defined herein shall have the meaning given such terms in the DW SEF LLC Rulebook.
3. Work-Up Session.
- (a) A Work-Up Session has two phases: a “Timed Phase” which is automatically triggered by a match in the Order Book and a subsequent phase, called the “Rolling Phase”.
    - (i) The Timed Phase extends for a period of ten seconds for all USD IRS instruments traded on the SEF (or such other period as the SEF shall specify by Notice to Participants pursuant to Rule 310, following solicitation of comments from Participants).
    - (ii) The Rolling Phase commences upon expiration of the Timed Phase and expires at the time when no match has occurred within the preceding ten seconds for all USD IRS instruments traded on the SEF (or such other period as the SEF shall specify by Notice to Participants pursuant to Rule 310, following solicitation of comments from Participants).
4. Modified Order Execution Priorities.
- (a) Timed Phase.
    - (i) After execution of the Orders triggering a Work-Up Session, all Orders queued at the top of the book price prior to the match triggering a Work-Up Session on the Passive Side of the Market, are matched in time priority against Orders on the Aggressive Side of the Market.
    - (ii) Thereafter, the Passive Owner has the exclusive right to match with any Orders at the Work-Up Price on the Aggressive Side of the Market during that period. If there is an Aggressive Owner, the Aggressive Owner is the sole Aggressor able to match with the Passive Owner. If there is no Aggressive Owner, Orders on the Aggressive Side of the Market will match with any Order balance from the Passive Owner in time priority.

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- (iii) Passive traders other than the Passive Owner can submit Orders on the Passive Side of the Market at the Work-Up price, but will be unable to match until the expiration of the Timed Phase. Such Orders are ranked in time priority.
  - (iv) If there is an Aggressive Owner, Aggressors other than the Aggressive Owner can submit Orders on the Aggressive Side of the Market at the Work-Up Price, but will be unable to match until the expiration of the Timed Phase. Such Orders are ranked in time priority.
- (b) Rolling Phase.
- (i) Once the Timed Phase expires the Rolling Phase begins immediately. Queued unexecuted Orders at the Work-Up price on either side of the market are matched at the commencement of the Rolling Phase. These queues may contain balance Orders from the Passive Owner or Aggressive Owner that were unfilled at the end of the Timed Phase.
  - (ii) Thereafter, Orders entered into the Order Book during the Rolling Phase are queued in the Order Book and matched in price-time priority. Neither the Passive Owner nor Aggressive Owner has unique privileges during the Rolling Phase.
- (c) Filled Buyer / Seller (FBS) and Last Buyer / Seller (LBS) Privileges.
- (i) Last Buyer / Seller Privilege.
    - (A) During the FBS Period immediately following a Work-Up Session, the Last Buyer and Last Seller in that Work-Up Session will take priority at any price point on their respective sides of the market. If they have a balance at the Work-Up Price, such balance will automatically be placed at the top of the queue. If the Last Buyer and / or Last Seller has no balance Order at the Work-Up Price, but returns to the queue and places an Order at any price within the FBS Period, the Last Buyer and / or Last Seller will rank first at their chosen price.
    - (B) The Last Buyer and / or Last Seller can be either a Priority 1 FBS Trader or Priority 2 FBS Trader. The Last Buyer / Seller privilege supersedes FBS privileges.
    - (C) At a given price, a Priority 1 FBS Trader's Orders ("Priority 1 Orders") will rank ahead of a Priority 2 FBS Trader's Orders ("Priority 2 Orders"), and a Last Buyer / Last Seller's Orders ("LBS Orders") will rank ahead of Priority 1 Orders.
  - (ii) Priority 1 FBS Privilege.
    - (A) The balance of a Priority 1 Order will be automatically queued in priority position at the end of a Work-Up Session, with older Orders ranking ahead of newer Priority 1 Orders.
    - (B) A Priority 1 FBS Trader also has the ability to re-price his / her balance Order, or cancel the balance Order and submit a new Order, in either case, at a price worse than or equal to the preceding Work-

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Up Price until the end of the FBS Period. That Order, along with any other Priority 1 Orders, will rank ahead of all other Orders at that price, other than LBS Orders, which will rank first. If there are multiple Priority 1 Orders, Older Priority 1 Orders will rank ahead of newer Priority 1 Orders at that price.

- (C) The time used to determine “newer” or “older” is the time at which the privilege was earned (i.e., when the Priority 1 FBS Trader’s Order was partially filled during the Work-Up Session), and not the time it entered the queue.
- (D) A Priority 1 FBS Trader is only entitled to one Priority 1 Order (whether by re-pricing of a balance Order or submission of a new Order) for each Work-Up Session following which such trader qualifies as a Priority 1 FBS Trader.

(iii) Priority 2 FBS Privilege.

- (A) If a Priority 2 FBS Trader returns to the queue at the Work-Up Price or at a worse-than-Work-Up Price on the same side of the market during the Work-Up Session, the trader will join the queue in time priority. Once the Work-Up Session ends, the Priority 2 FBS Trader’s Order will rank ahead of any Orders at that price that are not Priority 1 Orders or LBS Orders.
- (B) If a Priority 2 FBS Trader returns to the queue at the Work-Up Price or at a worse-than-Work-Up Price on the same side of the market during the FBS Period, the Priority 2 FBS Trader’s Order will rank ahead of any Orders at that price that are not Priority 1 Orders or LBS Orders.
- (C) If there are multiple Priority 2 Orders at a given price, they will be ranked newest (top) to oldest (bottom). The time used to determine “newer” or “older” is the time at which the privilege was earned (i.e., when the Priority 2 FBS Trader’s Order was filled during the Work-Up Session), and not the time it entered the queue.
- (D) A Priority 2 FBS Trader is only entitled to one Priority 2 Order (whether during or following the Work-Up Session) for each Work-Up Session during which such trader qualifies as a Priority 2 FBS Trader.

5. Order Submission During the Work-Up Session.

(a) Order Submission at the Work-Up Price.

Orders submitted on either side of the market at the Work-Up Price will be subject to the Work-Up Protocol, described above.

(b) Order Submission at a Price Worse than the Work-Up Price.

Orders submitted on either side of the market at a worse price (i.e., a bid lower than the Work-Up Price or an offer higher than the Work-Up Price) than the Work-Up Price will be ranked in price-time priority.

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(c) Order Submission at a Price Better than the Work-Up Price.

During the Work-Up Session, Orders cannot be submitted at a better price (i.e., a bid higher than the Work-Up Price or an offer lower than the Work-Up Price) than the Work-Up Price. Any such Order will be automatically re-priced at the Work-Up Price.

(d) Updating Fully Filled Orders During the Work-Up Session.

During the Work-Up Session, it is possible to increase the size of a fully filled Order. When Orders are ranked at the end of the Work-Up Session, partially-filled Orders rank ahead of unfilled Orders as described in Section 4(b) above. If a trader wants to increase Order size once the original Order is filled, updating the fully filled Order is more advantageous than submitting a new Order. For example, if a trader's Order does not match for any of its incremental size, the modified Order will be ranked as a partially-filled Order. By contrast, if the trader submitted the incremental size as a new Order, and none of that incremental size matched, that Order would be ranked as an unfilled Order. Accordingly, where applicable, the SEF will automatically modify the size of a fully-filled Order, rather than submit a new Order for the incremental size.

6. Order Types and Order Conditions Eligible for Submission During the Work-Up Session.

(a) Order Types at the Work-Up Price.

With the exception of GTE Orders, all Order Types can be submitted during the Work-Up Session at the Work-Up Price. All such Orders must be aggressive.

(b) Order Types at a Price Worse than the Work-Up Price.

All Order Types (FaS, FaK, FaKI, FoK, FaF, and GTE) can be used for Orders with prices that are worse than the Work-Up Price.

(c) Order Conditions During the Work-Up Session.

With two exceptions, all Order Conditions (Best, RoK, and OCO) can be used during the Work-Up Session at the Work-Up Price or at a price worse than the Work-Up Price. Orders submitted with an RoK Order Condition at the Work-Up Price or a Best Condition at a worse-than Work-Up Price will be cancelled immediately.

		(Only) Best	Rest or Kill (RoK)	One Cancels Other (OCO)
Outside of Work-Up Session		Yes	Yes	Yes
During Work-Up Session	Order submitted at Work-Up Price	Yes	Yes (but will cancel immediately)	Yes
	Order submitted at worse-than Work-Up Price	Yes (but will cancel immediately)	Yes	Yes

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7. Order Modification / Cancellation / Suspension.

(a) Order Modification During the Work-Up Session.

(i) Order Price Modification During the Work-Up Session.

An Order's price can be modified up or down, but the price can never be better than the Work-Up Price (i.e., a bid price higher than the Work-Up Price, or an offer price lower than the Work-Up Price). If a trader attempts to change an Order Price to a better price than the Work-Up Price, the modification will be rejected.

(ii) Displayed Order Size Modification During the Work-Up Session.

A Displayed Order Size size can be modified to any amount that satisfies the minimum and incremental size amounts for the instrument in question (table below). During a Work-Up Session, the Displayed Order Size may be depleted to a size lower than the instrument's minimum Order size, in multiples of minimum increment size, however, at the end of the Work-Up Session, any Order with a sub-minimum quantity is deleted.

<b>Tenor</b>	<b>Minimum</b>	<b>Increment</b>
1 yr	250	250
2 yr	250	250
3 yr	150	150
4 yr	100	100
5 yr	100	100
6 yr	75	75
7 yr	75	75
8 yr	50	50
9 yr	50	50
10 yr	50	50
11 yr	50	50
12 yr	50	50
13 yr – 30 yr	25	25
40 yr	10	10

(iii) Reserve Order Size Modification During the Work-Up Session.

An Order reserve size can be modified to any amount that satisfies the incremental size amount for the instrument in question (table above).

(iv) Order Type Modification During the Work-Up Session.

(A) At the Work-Up Price. It is possible to change an Order from a GTE Order to any other Order Type. It is NOT possible to change an Order from another Order Type to a GTE Order. Otherwise, all Order Type changes are allowed.

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(B) Away from the Work-Up Price. All Order Type changes are allowed away from the Work-Up Price.

(v) Order Condition Modification During the Work-Up Session at the Work-Up Price.

(A) (Only) Best Modification.

The (Only) Best Order Condition can be added or removed with no loss of priority during the Work-Up Session.

(B) One Cancels Other (OCO) Modification.

Adding or removing an Order from an OCO basket will not result in a loss of priority during the Work-Up Session.

(C) Rest or Kill (RoK) Modification. The RoK Order Condition can be added or removed with no loss of priority during the Work-Up Session.

(b) Suspending and Resuming an Order During the Work-Up Session.

All Orders can be suspended or resumed during the Work-Up Session. Orders lose their original priority when suspended. When the Order is resumed it will rank in price-time priority.

(c) Order Cancellation During the Work-Up Session.

(i) All Orders can be cancelled during the Work-Up Session. If an Order has been partially matched during the Work-Up Session, only the remaining balance can be cancelled.

(ii) When an Order that belongs to a One Cancels Other (OCO) basket matches during a Work-Up Session, all other Orders in that basket are immediately cancelled. Treatment of the executed Order's balance, if any, is consistent with the Order Type and Order Conditions applicable to the Order.